LIV Golf's Last-Ditch Financing Plan Collapses, Leaving Scant Assets in Wind-Down

Reuters

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November 5, 2026

[Link]

LIV Golf's failed attempt to secure new financing was a last-ditch effort to keep the Saudi-launched circuit alive, and its collapse is likely to leave players as free agents and creditors with little to recover, a restructuring expert said on Thursday.

LIV said it would wind down operations after a proposed financing deal with London-based BC Partners fell apart, ending a costly effort launched in 2022 to build a rival to the PGA Tour.

John Sparacino, a principal at law firm McKool Smith who has more than 30 years of experience in complex bankruptcies and restructurings, said LIV's search for new capital followed a familiar restructuring playbook.

"They needed a source of go-forward funding," Sparacino said. "They weren't going to ever find traditional bank lending or any other kind of traditional funding."

Instead, LIV needed an equity-backed partner prepared to finance what could have been substantial initial losses, he said. BC Partners required LIV to secure commitments from a critical mass of elite players - a condition that appeared increasingly uncertain in recent weeks.

A HAIL MARY

The financing effort was "a Hail Mary from the beginning," Sparacino said, particularly given the time needed to organise the 2027 season. BC Partners was believed to be LIV's only serious funding option rather than the winner of a competitive process, he added.

The league's golfers, including players owed money under existing contracts, could now be free to pursue opportunities elsewhere, though disputes over amounts owed, could remain. Sparacino said those claims may not be worth litigating if recoveries are expected to be only pennies on the dollar.

"Big fat numbers will just get tiny little recoveries," he said.

Incoming PGA Tour commissioner Brian Rolapp has said the tour's position is that until LIV players are out of contract, the tour will not engage in conversations.

Jon Rahm reached a separation agreement with LIV and walked away from an estimated $100 million in future guaranteed money in exchange for cutting ties early. Bryson DeChambeau is owed approximately $5.7 million.

Rolapp, meanwhile, has said he is not considering another returning member program like the one that Brooks Koepka took advantage of to rejoin the tour.

SCANT ASSETS

LIV's remaining assets may also be limited. Aside from intellectual property, branded merchandise and possible contractual rights, sports leagues such as LIV are generally asset-light businesses, Sparacino said.

He questioned how much value LIV's trademarks and other branding would fetch in a liquidation, and said he had seen no indication that the company possessed significant litigation claims that could generate recoveries for creditors.

Sparacino said the case could move quickly into a Chapter 7 liquidation, although any fight over conversion from a Chapter 11 restructuring could center on professional fees and other administrative claims.

A Chapter 7 trustee is generally less expensive than maintaining a Chapter 11 case, but conversion can alter the payment priority for lawyers and other professionals.

Absent valuable assets or major litigation, Sparacino said, LIV's final chapter could be uneventful.

"Other than the fact that it's a name in golf," he said, "this is going to probably be a very boring and mundane process."