



April 13, 2018

Carlos Cordeiro, President
United States Soccer Federation, Inc.
1801 South Prairie Avenue
Chicago, Illinois 60614

via Email

Dear Mr. Cordeiro:

Let me start by applauding USSF for reversing course and allowing the New York Cosmos, Jacksonville Armada and Miami FC to field their NPSL teams in the 2018 Lamar Hunt U.S. Open Cup. Expanding the roster to include these clubs is consistent with the core tenets of open competition and inclusiveness which have guided the Open Cup from the very beginning.

My main purpose in writing is to present USSF with a second opportunity to do the right thing—this time by acting to further one of the goals stated in its Bylaws: “to promote . . . the growth and development of soccer in all its recognized forms in the United States.” Specifically, I would like to initiate a dialogue which, I am confident, will lead to the creation of a broader-based and more sustainable ecosystem for men’s professional soccer.

Over the past two decades, MLS and USSF have become so deeply intertwined, financially and otherwise, that the Federation has lost its independence and fallen short in performing its duty to serve the best interests of American soccer as a whole. USSF’s anti-competitive approach has greatly benefitted MLS, but stunted the growth of professional soccer and disenfranchised other stakeholders that USSF has a duty to nurture to at least the same degree as MLS.

For instance, while USSF has been focused on insuring the financial success of MLS, the U.S. Men’s National Team has become largely a disappointment to millions of American fans who take immense pride in watching our country compete on the world stage. We have won only two World Cup matches since 2003 and have failed to qualify for the past two Olympics as well as the 2018 World Cup. Although the Women’s National Team has enjoyed far greater success over the past 20 years, its accomplishments have come despite USSF’s disparate treatment of the women’s game.

Another example of the harmful effects of USSF’s subservience to MLS can be found in its discriminatory application of the Professional League Standards (PLS) to NASL. This past January, USL, which includes teams owned by MLS, was granted sole D-2 sanction for the 2018 season and a two-year runway to reach full compliance with the PLS. In stark contrast, last September, USSF not only denied NASL continued D-2 sanctioning, but also refused to allow an appeal of that decision or to grant NASL a similar grace period to cure perceived deficiencies in its qualifications for D-2 status.

By withholding from NASL the kinds of indulgences it has routinely granted MLS and recently extended to USL, USSF effectively eliminated the competitive threat posed by NASL to those two leagues. In doing so, it disregarded the high costs of conferring this benefit upon MLS and USL: the hundreds of millions of dollars invested and lost by NASL owners; the elimination of hundreds of jobs for players, coaches and front-office personnel; a reduction in the resources available for development of U.S. players; and the broken spirits of the clubs’ loyal and passionate fans.

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As you are well aware, there are several ongoing legal actions aimed at redressing the harm done by USSF's lopsided favoritism. I am confident that at the conclusion of these proceedings, USSF will be forced to fix its unbalanced system of governance that is riddled with conflicts of interest. However, these much needed reforms are unlikely to occur in time for the Cosmos to formulate and implement plans for the 2019 season. Accordingly, at the same time that we are seeking recourse in the courts for the wrongs of the past, I am also pursuing other alternatives that look to the near future.

Over the past four months, I have actively developed plans to raise the capital needed to allow new as well as select existing clubs to effectively compete at the highest level of American professional soccer. I am confident that we could raise at least \$500 million in the initial round of funding, with my personal commitment to provide at least \$250 million as the lead investor in this undertaking. If the USSF is willing to work with us as outlined below, my expectation is that we could also complete subsequent rounds of financing that could see the initial funding amount double.

This new investment would produce enormous benefits for U.S. soccer at many levels. In addition, if USSF's contract with Soccer United Marketing (SUM) were ended, I would be willing to buy, directly or through a consortium, the same rights for a higher price than SUM currently pays USSF, providing extra money that could be used to support youth, amateur and women's professional soccer.

The main obstacle to achieving these benefits is a hard lesson that I have learned from my experience as a new NASL owner—as long as USSF remains joined at the hip with MLS, if MLS perceived this new investment as creating a competitive threat, those of us providing the funding would face the risk that USSF would deny or withdraw the sanctioning needed for the clubs we finance to be taken seriously by players, fans, sponsors, and investors.

Naturally, neither I nor other potential investors can prudently move forward without written assurances that USSF will give us a sufficiently long runway to allow this new initiative to have a realistic chance to succeed. We are not seeking, however, anything different in substance from the kinds of support given by USSF to MLS during its formative years.

During MLS's first 20 years, it did not fully comply with the PLS as they exist today. MLS survived and grew only because USSF applied less onerous standards and granted whatever waivers were needed to insure the long-term success of MLS. For example, MLS initially relied heavily on a few wealthy individuals like Phil Anschutz, Lamar Hunt, and Robert Kraft to finance multiple teams. If MLS had needed to comply at the outset with the 2018 PLS, most likely it would not be around today. In this and other cases, USSF has never forced MLS to adapt to meet the PLS, but instead has adjusted the content and application of the PLS to fit MLS's evolving circumstances.

All I am asking of USSF is to give our proposal an equal chance to succeed. The ban on multiple teams owned by one individual is a prime example. With appropriate safeguards to protect competitive integrity, permitting wealthy individuals or companies (as is the case today in Mexico) to invest in multiple teams for a limited time would pose no greater danger to the game than during all those years when MLS investors could own more than one team. Granting at a minimum a 10-year runway to come into full compliance with the ownership and other challenging requirements of the PLS would allow a reasonable time to attract new investors and build sustainable, independently-owned teams.

I also need assurances that USSF, to the extent it continues to regulate professional soccer in America, is structured and acts as a truly independent, unbiased governing body for our sport. At a minimum this should include the following:

- Elimination of the conflicts arising from USSF's relationship with MLS and SUM, MLS's for-profit marketing arm. At a minimum, there needs to be a strong conflict of interest policy that will allow the existing conflicts to be properly managed.
- Equal representation and voting power on USSF's Board for each professional league.

- Rules addressing the club “poaching” strategies utilized by both MLS and USL to destabilize competing leagues to insure that all of the leagues are on an equal footing and none has an unfair advantage over any of the others.
- Precluding Board members with ties to professional leagues governed by USSF and/or USSF’s business partners (e.g., MLS Commissioner and SUM CEO, Don Garber) from playing any role in the selection of independent directors or Athlete Council members.
- Utilization of an open and competitive bidding process for the licensing of the U.S. Men’s and Women’s National Team rights currently held by SUM.

Finally, the current divisional structure created by the PLS is meaningless absent a system of promotion/relegation. I strongly believe that the PLS should be revised so that all professional leagues possessing or seeking USSF sanctioning must participate in an open system which includes promotion/relegation by no later than the 2020 season. This move would bring the U.S. into alignment with all of the national soccer powers which have won World Cups since 1930. Amazingly, of the 41 different nations that reached the quarter-final round in all the World Cups played to date, only the U.S. has not instituted a professional soccer system of promotion/relegation.

Although long overdue, the introduction of promotion/relegation would also finally carry out former USSF President Werner Fricker’s recommendation for the U.S. in 1988, when we won the bid for the 1994 World Cup (see Attachment). Combined with a move towards the primacy of independent clubs over centralized closed leagues, promotion/relegation would unleash huge investments, develop a world class home-grown player pool and significantly enhance fan and media interest in American professional soccer. In my opinion, it is the critical path forward that would finally lead our country to a place among the premier soccer nations in the world—a place which, under the leadership of a MLS-dominated Federation, U.S. men soccer has not reached to date and may never reach in the future.

In conclusion, with the support of USSF, I stand ready and willing to put capital behind an attainable plan to finally make soccer one of America’s preeminent sports. My sincere hope is that this letter jump starts a productive conversation about how we can achieve that goal by working together.*

Given the time sensitivities for the 2019 season, I am available to meet with you as early as next week. Unless you decline my invitation or this letter otherwise becomes public, I do not plan to make the letter public before April 20, 2018.

Sincerely,



Rocco B. Commisso
Chairman, New York Cosmos

cc: Members of USSF Board of Directors
Gianni Infantino, FIFA President
Victor Montagliani, CONCACAF President
U.S. Senate Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security

*We are willing to agree that it would be subject to Rule 408 of the Federal Rules of Evidence and any state court analogs including, but not limited to, CPLR Section 4547, so that neither party could use anything said in our discussions against the other in the pending lawsuits.