**Constitution and By-Laws of Global Basketball Association.**

 **CONSTITUTION AND**

**BY-LAWS**

**OF**

**GLOBAL BASKETBALL ASSOCIATION**

 **ARTICLE I**

 **Name and Principal Office; Binding Contract**

  **Section 1.**  The association's name is "Global Basketball Association", a joint venture formed under the laws of the State of Georgia, referred to hereinafter as "GBA" or the "League".

  **Section 2.**  The Board of Governors of the GBA shall designate at its annual meeting the GBA's principal and branch offices. Initially, the principal offices shall be located in Atlanta, Georgia.

  **Section 3.**  This Constitution and By-Laws constitutes a binding contract among the member Clubs of the GBA. Players, coaches, Club employees, the member Club, as well as its principals, owners, directors and officers, are governed by this Constitution and By- Laws.

 **ARTICLE II**

 **Purposes and Objectives**

The purposes and objectives of the GBA shall be to:

  **Section 1.**  Operate an international league of professional basketball teams and to promote the interests of professional basketball, and the interests of each individual member Club.

  **Section 2.**  Do everything and anything reasonably and lawfully necessary, proper, suitable and convenient for the purpose stated above.

  **Section 3.**  Operate the GBA for profit.

 **ARTICLE III**

 **Definitions**

  **Section 1. Affirmative Vote of Two-Thirds ([2]/[3]) of the Entire Board of Governors.** Any action which is required to be approved by the affirmative vote of two-thirds of the entire Board of Governors shall mean that two-thirds ([2]/[3]) of all Governors must vote in favor of the action. Governors representing Clubs not in good standing shall not be included in calculating the total number of Governors for this purpose. The Commissioner shall not be counted as a Governor in determining the total number of Governors for this purpose.

  **Section 2. By-Laws.** By-Laws means this Constitution and By-Laws.

  **Section 3. Certificate.** Certificate means the document representing the Club's membership in the joint venture constituting the GBA.

  **Section 4. Club/Team.** The Club or Team is the designation given to an operating entity within a specifically designated territory which has been admitted as a member of the League and has executed the League Joint Venture Agreement.

  **Section 5. Currency.** All references to monetary sums as set forth herein and in all communiques from the GBA shall refer to United States currency.

  **Section 6. Good Standing.** Clubs in good standing shall be defined as those Clubs which are no more than $6,000 in arrears in any dues, assessments or monetary sums owing to the GBA.

  **Section 7. Governor.** Governor means a person designated by a Club to represent it on the League's Board of Governors, as established by these By-Laws.

  **Section 8. Owner.** Owner refers to the owner or owners of a Club.

  **Section 9. Player.** Player means a skilled basketball player as that term is used in the League's Uniform Player's Contract.

  **Section 10. Territory.** Territory shall be the geographic area assigned to a member Club within which it shall have the exclusive right to operate.

 **ARTICLE IV**

 **Board of Governors and Officers**

  **Section 1.**

 **A.** The GBA shall be managed by a Board of Governors ("Board"). Each Club shall select one Governor and one Alternate Governor. In addition to the Governors elected by the Clubs, the Commissioner shall serve as a member of the Board of Governors, but shall vote only in the event of a tie.

 **B.** Each Governor and Alternate Governor shall hold office until his term expires or until his resignation or removal.

 **C.** If any Club ceases to be a member Club of the GBA, the term of its Governor shall terminate immediately.

 **D.** An Alternate Governor may attend Board meetings, but shall vote and exercise a Governor's powers only in the absence of his Club's Governor. No one, other than Governors and Alternate Governors may attend Board meetings without the express invitation of the Board.

 **E.** Any Governor or Alternate Governor may be removed with or without cause by the Club responsible for the Governor's selection, by written notification sent to the Commissioner.

 **F.** If a Club's Governor and Alternate Governor are both absent, a Governor may designate in writing a proxy, valid for one meeting, to cast his vote.

 **G.** In the case of an act of God, the Governor representing a home Club may postpone a game, provided:

1. That the home Club has obtained the Commissioner's acquiescence; and

2. That the visiting Club is notified at least twelve (12) hours before the game's starting time. The home Club shall reimburse the visiting Club for any additional expense incurred as a result of such postponement.

 **H.** For voting purposes at Board Meetings, only those Governors whose Clubs are in "Good Standing" shall be entitled to vote.

  **Section 2.**  The budget of the GBA and all administrative/operating contracts for the League must be ratified by the Board. This shall be done at the Board's annual meeting and shall require the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors.

  **Section 3.**  The Board of Governors shall appoint the Commissioner, the Chairman of the Board, League Presidents and Vice Presidents, the League Secretary and Treasurer, and such other officers as it sees fit. In addition, the Board shall fix the compensation, term and expenses of each such officer and the Commissioner.

  **Section 4.**  If the Commissioner dies or is incapacitated (as determined by the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors), the Board must call a special meeting to elect a new Commissioner within ninety (90) days after the Commissioner's death or the determination of his incapacity, as applicable.

  **Section 5.**  All Governors, Alternate Governors and officers will be indemnified by the GBA against expenses actually and necessarily incurred by them in connection with defense of any action, suit, or proceedings to which they are made a party, by reason of their being or having been selected to serve as such, except to the extent they are adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of his or their duties. Such right of indemnification is not exclusive of any rights to which he or they may be entitled elsewhere herein or pursuant to any agreement.

  **Section 6.**

 **A.** Any officer, including the Commissioner, may be removed from office for:

 **1.** Conviction of a felony or of a crime involving moral turpitude.

 **2.** Physical or mental incapacity to perform the duties of that office, as determined by the Board.

 **3.** Conduct detrimental to the GBA, including, but not limited to, failure to abide by these By-Laws, as determined by the Board.

 **B.** Upon presentation of proof of the above to the Board, the Board may remove or suspend any officer and terminate his contract, if any, after fifteen (15) days notice and hearing, by the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors.

 **Section 7.** No Governor, Alternate Governor, officer or employee of the GBA may have a financial interest, direct or indirect, in any other professional basketball league, nor be permitted to represent any player playing in or negotiating to play in the GBA, without the written consent of the Board. No person having financial interest in any Club may have a financial interest in any other Club or may have any other financial interest in any other professional basketball league, without the written consent of the Board; provided, however, that this Section 7 shall not prohibit any of the foregoing from owning five percent (5%) or less of the outstanding publicly traded stock of any publicly held company; further provided, however, that any financial interest of Mr. Ted J. Stepien, whether direct or indirect, in any professional basketball league or in any Club, as disclosed in writing to the Board of Governors on or prior to the date of the execution of the League's Joint Venture Agreement by Mr. Stepien, shall be exempt from the prohibitions of this Article IV, Section 7.

  **Section 8.**  At the close of his tenure, or at the request of two-thirds ([2]/[3]) of all Governors, each officer, including the Commissioner, must promptly deliver to his successor or to the Board, all GBA funds, records and property in his possession.

 **ARTICLE V**

 **Commissioner**

  **Section 1.**

 **A.** Subject to these By-Laws, the Commissioner shall have full authority to manage and bind the League, pursuant to a contract which must be approved by the two-thirds ([2]/[3]) affirmative vote of the entire Board of Governors.

 **B.** The GBA and each Club hereby vest the Commissioner with full authority to carry out the duties delegated to him in these By-Laws. If there is no Commissioner, an interim Commissioner shall be elected by the two-thirds ([2]/[3]) affirmative vote of the entire Board of Governors.

  **Section 2.**  The Commissioner shall preside at all Board Meetings. In his absence the President, if any, shall preside, and if there shall be no President or if he shall be absent, an elected chairman of the meeting shall preside.

  **Section 3.**  The Commissioner shall appoint all committees, with the approval of two- thirds ([2]/[3]) of the Board of Governors. All committees must be made up of an odd number of members.

  **Section 4.**  The Commissioner, with approval of two-thirds ([2]/[3]) of the entire Board of Governors, may take legal action and other steps against any persons and organizations, other than a Club, to protect the best interests of the GBA or professional basketball.

  **Section 5.**  If any Governor, Alternate Governor, League officer, Club officer, player, coach, official or owner, director or employee of a Club has knowledge of any offer, and/or receives an offer, directly or indirectly, by insinuation or implication, to control, to fix or to bet money or anything of value on the outcome or score of any GBA game in any manner whatsoever, and fails to report the same immediately to the Commissioner, then the Commissioner is authorized, after fifteen (15) days' notice and hearing, to act in any one of, or combination of, the following manners:

 **A.** To suspend for a specified period of time; and

 **B.** To suspend indefinitely; and

 **C.** To suspend and bar from GBA for life; and

 **D.** To cause a Team to cancel and terminate any employee contracts; and

 **E.** To order the sale, within sixty (60) days, of Club stock or any comparable equity interest therein; and

 **F.** To levy an appropriate fine.

  **Section 6.**  The Commissioner is authorized, after such notice and investigation as he shall deem necessary:

 **A.** To suspend and/or levy a fine, not exceeding Ten Thousand and No/100 Dollars ($10,000.00), against any Club, player, coach, employee, Club officer, owner or director or any Governor, referee or Team personnel, for violation of any provision of these By-Laws or for any action detrimental to the best interests of the GBA or of professional basketball.

 **B.** To suspend and/or levy a fine, not exceeding one-third (?) of the current GBA initial capital contribution for new Clubs, against any Club, officer, director, coach, Governor or stockholder for exceeding the GBA spending limit for Team player salaries for any season, or for refusing or failing to adequately cooperate or produce materials in any investigation by the Commissioner of the Board.

 **C.** To cancel the contract of any person for violation of the provisions of these By- Laws or for any action detrimental to the welfare of the GBA or of professional basketball. The suspension or cancellation of any contract by the Commissioner may be appealed by any Club within ten (10) days. The Board may modify or reverse the Commissioner's action by the affirmative vote of two-thirds ([2]/[3]) of a quorum of Governors.

 **D.** To levy a fine not exceeding Ten Thousand [and No/100] Dollars ($10,000.00) and/or revoke any draft pick or picks in any GBA draft of players, against any Club tampering with a player on the roster or reserve list of another Club.

 **E.** To levy a fine not exceeding Fifty Thousand and No/100 Dollars ($50,000.00) against any Club not ready to play at the scheduled starting time of a game, or which fails to start and finish a playing season due to the Club's withdrawal from the GBA pursuant to Article VIII of these By-Laws.

 **F.** To levy a fine not exceeding Two Thousand Five Hundred and No/100 Dollars ($2,500.00) against any Club not having proper representation at any Board meeting.

 **G.** To levy a fine not exceeding Five Hundred and No/100 Dollars ($500.00) against any Club or individual which announces or causes to be announced over a public address system or otherwise publicly that it has or will protest a game and fails to file a protest.

 **H.** To levy a fine not exceeding Two Thousand and No/100 Dollars ($2,000.00) against, or to suspend, any person who gives, makes, issues, authorizes or endorses any statement having or designated to have a prejudicial or detrimental effect on the GBA or a Club.

 **I.** To levy a fine not exceeding Fifty Thousand and No/100 Dollars ($50,000.00) against any Club which willfully fails to appear for a game, or willfully fails to complete any exhibition, regular season or playoff game, including any overtime period, except as the result of causes beyond its reasonable control.

 **J.** To levy a fine not exceeding Two Hundred Fifty and No/100 Dollars ($250.00) against any home Club for failing to communicate to the GBA official game statistics for each home game within two hours of the completion thereof.

 **K.** To levy a fine not exceeding Five Thousand and No/100 Dollars ($5,000.00) against any Club for each player in excess of the roster limit provided in these By- Laws or in the Rules and Regulations of the GBA.

The Commissioner will notify the Club or any person he has fined within forty-eight (48) hours of the fine. A Club or person has ten (10) days (after notice) to pay said fine. If the fine is not paid within ten (10) days, the Commissioner may deduct the fine from any funds held by him for the Club or person fined, or take such action as is provided for under these By-Laws or the League's Rules and Regulations. The foregoing notwithstanding, in the event any Club or person is fined in excess of $5,000, such Club or person may, prior to the expiration of the ten (10) day period referenced above, file an appeal of such fine with the Board of Governors. The affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors shall be required to revoke any such fine. If any such appeal is unsuccessful, such fine must be paid upon the later of the expiration of the ten (10) day period or two (2) business days following the Board's decision.

The Commissioner shall place all fines in the GBA treasury. However, when more than one Club is fined for the same infraction, the fines are distributed only to non-offending Clubs. When one Club is fined, it does not share in the distribution of the fine.

  **Section 7.**  The Commissioner may revoke any fine or suspend any disciplinary action imposed by him.

  **Section 8.**  The Commissioner may negotiate a working agreement with other leagues on behalf of the GBA. The affirmative [2]/[3] vote of the entire Board of Governors must approve all working agreements before they are executed.

  **Section 9.**  The Commissioner must keep accurate records and accounts of all GBA proceedings and business transacted. At each GBA annual meeting, the Commissioner must make a full and complete audited report of all business transacted. Additionally, the Commissioner shall provide each Club with a monthly League income statement.

  **Section 10.**  The Commissioner must submit at the annual meeting, and at all other times when requested by the Board, a detailed statement of all League receipts and disbursements and a balance sheet showing the GBA's exact financial condition.

  **Section 11.**  The Commissioner shall select the referees for all GBA games, and each Club must accept the referees.

  **Section 12.**  The Commissioner, in the formulation of Regulations, will include rules governing training camps, including the date for opening of training camps.

  **Section 13.**  The Commissioner shall recommend to the Board candidates to serve as legal counsel and accountants for the GBA. Two-thirds ([2]/[3]) of the entire Board of Governors must approve the appointment and method and amount of compensation of all such legal counsel and accountants.

  **Section 14.**  The Commissioner shall issue, to each Club and to the public, press releases at regular intervals containing information about the GBA and the Clubs, including player transactions, attendance and other matters useful to promote the best interests of the GBA and the Clubs. The Commissioner shall have the sole authority to issue press releases with respect to the GBA and the Clubs.

  **Section 15.**  Only the Commissioner may issue information concerning business transacted at Board meetings. The Commissioner shall be the sole spokesman for the League, and all matters requiring comment must be referred to him.

  **Section 16.**  The Commissioner shall prepare the League schedule of games, in accordance with guidelines set by the Board concerning:

 **A.** Minimum and maximum number of games to be played throughout the season, and within each division.

 **B.** The starting date and concluding date for the exhibition season, regular season, and playoffs.

 **C.** Divisional alignment.

The schedule of games must be approved by the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors.

  **Section 17.**  The Commissioner shall fill any vacancies which may occur in elective offices until the Board fills the vacancy.

  **Section 2.**  The Board shall approve all minutes of Board meetings and such minutes shall be distributed to all Governors by mail within fourteen (14) business days of each meeting.

  **Section 3.**  The Secretary may be, but shall not be required to be, a member of the Board.

 **ARTICLE VII**

 **Membership and Transfer of Membership**

  **Section 1.**  Each Club shall have full and complete control over its internal affairs and property, its officers, employees, and players, except as its rights, duties and obligations are or may be fixed or limited by these By-Laws, the GBA Rules and Regulations and the League Joint Venture Agreement, or by any agreement to which this League may be a party or by any legislation or rules made or adopted pursuant thereto.

  **Section 2.**

 **A.** A new Club may be admitted only with the approval of two-thirds ([2]/[3]) of the entire Board of Governors. The Board shall determine application standards and fees on an annual basis.

 **B.** Applications shall be sent in writing to the Commissioner and at a minimum shall contain:

 **1.** Financial Statements of the principals of the applicant;

 **2.** Proposed Operational Budget, to include anticipated Income and Expense Statements;

 **3.** Arena Rental Lease;

 **4.** Listing of fifty available playing dates;

 **5.** Marketing Plan;

 **6.** Outline of Organizational Structure; and

 **7.** Such other information as the Commissioner and/or the Board may require.

 **Section 3.**

 **A.** The Commissioner shall issue a membership certificate to each Club in good standing, which certificate shall remain the Club's until the termination of its membership in the GBA. Such certificate shall not be transferable unless the Club's membership in the GBA is forfeited, sold or transferred as provided in these By-Laws or the GBA Joint Venture Agreement.

 **B.** A Club may request approval from the GBA Board of Governors to move to a new area by giving the GBA written notice of the request. The Board shall have discretionary authority to grant the request; provided, however, that no request will be granted if the area requested conflicts with the geographic or economic area of an existing Club. Subject to Article VIII, Section 1.B, a Club shall have the right to join the National Basketball Association, and if it so desires, to move to a new geographic or economic area, as long as the geographic or economic area to which it desires to move does not conflict with that of an existing Club.

 **C.** Approval for a request to move must receive the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors, and no move may be authorized after July 1 for the following next season. No in-season move will be allowed.

  **Section 18.**  The Commissioner may perform any duties not inconsistent with these By-Laws and which are in the best interests of the GBA.

  **Section 19.**  The Commissioner shall hear and finally decide any dispute (a) to which a player, Governor, or any Club personnel is a party, or (b) between Clubs, concerning any business matter which the disputing party has certified, or which the Commissioner has determined to involve a question pertaining to the policy and standards of the GBA. In all matters pertaining to the eligibility of players and all disputes arising between Clubs relative to title to players' contracts, the Commissioner shall make. such investigation, call such witnesses and demand such papers as he deems necessary.

  **Section 20.**  The Commissioner may resolve any dispute which exists between a Club and a National Basketball Association ("NBA") team as it relates to the sale of a player contract from a Club to an NBA team.

  **Section 21.**  In the event of an emergency, the Commissioner shall, in his sole judgment, have the lawful right and due authority to take over any Club, its books, accounts and receivables and manage said Club for the best interest of the GBA. Members of the GBA shall be assessed for any deficit incurred, and shall receive any profit, with respect to said operation. Within thirty (30) days of taking over any Club, the Commissioner shall present to the Board a proposal for the League's continued operation of such Club, and such proposal must be ratified by the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors.

  **Section 22.**  Except as otherwise provided in these By-Laws, the Commissioner's decision or action in every matter is final, binding, conclusive and without appeal within the GBA. In addition, any Club or agent or employee thereof who brings suit or any proceeding against the Commissioner, individually or in his official capacity, or against the GBA, any Club or any Club employee, owner, director or officer, for any claim or demand whatsoever arising out of or in connection with any decision or action of the Commissioner, individually or in his official capacity, or of the GBA, any Club or Club employee, director or officer, agrees to pay the attorneys' fees and costs of defending any such action or proceeding if the person or Club who brings suit or proceedings does not completely prevail in the suit or proceedings. As security for the payment of the attorneys' fees and costs, if the party bringing the suit or proceeding does not completely prevail, the person or Club instituting the suit must file with the GBA a letter of credit in a form determined by the Board and in an amount not to exceed Twenty Thousand and No/100 Dollars ($20,000.00).

  **Section 23.**  Except as otherwise set forth herein, the Commissioner shall have sole authority to interpret these By-Laws and to adjudicate any actions arising hereunder, and his findings and decisions shall be final and conclusive, and all matters arising hereunder shall be construed to be exclusively intra-League affairs and not subject to other authority.

 **ARTICLE VI**

 **Secretary**

  **Section 1.**  The Secretary shall perform such duties as the Commissioner assigns and shall also (a) maintain the records of the League, (b) take minutes of all meetings of the Board and its Committees and of hearings thereof and (c) maintain all official player and team statistics.

 **D.** A Club must play all of its home games in its designated area and arena unless it receives the Commissioner's written permission to play elsewhere.

 **Section 4.**

 **A.** The proposed name, nickname, logo, colors, and uniform design of each Club must be submitted in writing and in detail to the Commissioner for approval.

 **B.** When two or more Clubs are in the same nation, state, or city, neither may use the national, state or city name without first obtaining written permission from the other Teams located within the same nation, state or city. If one Club, however, precedes a second Club into an area and is currently utilizing a national, state or city name, then the current Club may retain its name.

  **Section 5.**  Yearly, prior to the annual meeting of the Board, each Club must submit to the Commissioner a detailed report of the ownership structure of the Club. Such information shall include but not be limited to: amount and character of stock or other equity ownership, names and addresses of and amount owned by each equity owner, and a listing of all officers and employees, exclusive of players.

  **Section 6.**  Each Club must pay annual dues in an amount determined by the Board at its annual meeting. Upon certification made by the Commissioner to the Board that the available funds of the GBA are insufficient for the proper operation of the GBA, the Board may, within ten (10) days of receipt of such certification, by affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors, levy an equal assessment upon each Club, such assessments not to exceed, in the aggregate, the total amount of the insufficiency.

  **Section 7.**  Each Club and each and of its owners, officers, governors, stockholders, directors or partners, and any personnel officially connected with the Club, agree to be bound by the following obligations:

 **A.** Each will observe all decisions of the Commissioner and/or the Board in all matters within their respective jurisdictions.

 **B.** Every contract between any Club and its employees, including coaches and players, must include a provision requiring the parties to the contract to agree to be bound by these By-Laws and the Rules and Regulations. Copies of such contracts for an upcoming season must be filed with the Commissioner no later than the November 1st immediately prior thereto.

 **C.** After becoming a member Club of the GBA, the primary purpose of the Club must remain the operation of a professional basketball team in the GBA and the promotion of the interests of professional basketball, and this primary purpose may not be changed.

 **D.** Each Club agrees to be bound by all of the terms and provisions of the GBA Joint Venture Agreement, these By-Laws and the Rules and Regulations of the GBA and all contracts binding the GBA and its Clubs, as may now or hereafter exist.

 **Section 8.** Subject to the provisions of Article XIII of the Joint Venture Agreement, all transactions which might effect the transfer, sale or assignment of a Club or of any interest therein, or effect the cancellation or retirement of any equity interest in a Club or which might change substantially the ownership composition of a Club or of an owner of a Club must be submitted to the Commissioner for approval. The Commissioner shall make such investigation as he deems necessary or desirable, a written summary of which will be furnished to the applicant upon demand. Upon completing his investigation of any such proposed transaction, the Commissioner must make a recommendation to the Board. The Board must approve any such transaction by the affirmative vote of a majority of a quorum of the Board of Governors. If any person holding an equity interest in a Club or in the owner of a Club dies, his equity interest may pass by his will or through intestacy, without the approval of the Board or the Commissioner. Furthermore, any person owning an interest in a Club or in the owner of a Club may transfer his interest to anyone already owning an interest in said Club or owner, without obtaining the approval of the Board or the Commissioner.

  **Section 9.**  When the GBA receives any revenue for its own benefit or the benefit of the Clubs, the revenue is the property of the GBA and not the Clubs. The Board may divide the revenue and transfer it to a Club or Clubs. But, if the Commissioner finds that an "emergency situation" exists with regard to (a) the ownership of a GBA Club, or (b) the attachment or "freezing" of any of the stock or assets of a Club, the Board may exclude that Club from any division or transfer. The funds which would have been transferred to that Club if the "emergency situation" did not exist shall remain in the GBA general account under the control and ownership of the GBA. The Board may transfer the funds to the Club if and when it finds the "emergency situation" no longer exists.

 **ARTICLE VIII**

 **Withdrawal, Termination and Expulsion**

  **Section 1.**

 **A.** Any GBA Club may withdraw from membership in the League:

 **1.** By selling, assigning or transferring its joint venture interest pursuant to Article VII, Section 8, of these By-Laws; or

 **2.** By tendering its written notice of withdrawal to the Commissioner and simultaneously surrendering its certificate, making full payment of any and all dues, assessments and other debts owed to the League or its member Clubs, and assigning to the League, or its nominee if the Commissioner so requests, all player contracts and leases of its playing facility; provided, however, that such voluntary withdrawal may only be made within thirty (30) days following the date of a season's final League championship game.

 **B.** If any Club withdraws from the GBA for the purpose of joining any other professional basketball league, or takes any other action the result of which places the Club in another professional basketball league:

 **1.** All right, title and interest in such Club as the League may designate, including without limitation, contract rights, intangible property rights, team uniforms and equipment, facility leases, and rights in television and radio contracts, shall in the sole discretion of the League become the immediate property of the League; and

 **2.** The Club's share of all monies held by the League as agent for the Club shall be forfeited, and the League shall acquire the proceeds of any bond or letter of credit of any type posted by the Club with the League; and

 **3.** The Club shall be obligated to pay to the League

Two Million and No/100 Dollars ($2,000,000) as liquidated damages. It is understood and agreed that the individual owners of each Club will be jointly and severally liable for all payments under the provisions of this Article VIII, Section 1.B.

The foregoing notwithstanding, paragraphs 1 and 3 above shall not apply to any Club which withdraws from the GBA for the purpose of joining the National Basketball Association provided, however, that such withdrawing Club has reached an agreement with the GBA as to the amount of and the terms of payment of a withdrawal fee payable from the withdrawing Club to the GBA. In the event the withdrawing Club and the GBA are unable to reach an agreement as to the amount and terms of payment of such withdrawal fee, such amount and terms shall be determined in accordance with the rules of the American Arbitration Association.

  **Section 2.**  Membership in the GBA shall automatically terminate whenever a Club is adjudicated as bankrupt or makes an assignment for the benefit of creditors, or a receiver or trustee is appointed for all or a substantial part of the property or assets of a Club in any insolvency proceeding. Player contracts of the Club, at the option of the Commissioner, shall automatically vest in the Commissioner, who may appoint a person to take title to such contracts and to deal with and dispose of them subject to the direction of the Commissioner. The foregoing notwithstanding, a Club's membership in the GBA shall not terminate as set forth above, if the Commissioner and two-thirds ([2]/[3]) of the entire Board of Governors of the GBA determine that it is in the best interest of the League for such Club to remain a member of the GBA.

  **Section 3.**

 **A.** A Club's membership in the GBA may be suspended or terminated at any time by the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors, subject to subparagraph B below, if:

 **1.** The Club willfully violates any provision of these By-Laws, the Rules and Regulations and/or the GBA Joint Venture Agreement.

 **2.** The Club fails to pay dues, assessments, fines or any other indebtedness owed to the GBA or any other Club in an aggregate amount of $6000 or more within ten days after written notice from the Commissioner of such failure to pay.

 **3.** The Club fails or refuses to fulfill its contractual obligations to the GBA, the other Clubs, players, coaches, or any other third party in such a way as to affect the GBA or the Clubs adversely.

 **4.** The Club's officers or employees wager or bet on any game in which a GBA Club participates or on any other basketball event.

 **5.** The Club or its officers or employees offer, agree, conspire, or attempt to control the score of any game participated in by a Club, or fail to suspend immediately any officer, coach, player or other employee of the Club who is found guilty, in a court of law or in any hearing sanctioned by these By-Laws, of offering, agreeing, conspiring or attempting to lose or control the score of any such game or of having participated in any pool or wager on any game in which a GBA Club participates.

 **6.** The Club states in writing its intent to disband, or in fact disbands, or dissolves its business organization, or ceases its operation at any time.

 **7.** The Club willfully fails to present itself and its players at the time and place it is scheduled to play in a GBA exhibition, regular season or playoff game, unless prevented by unavoidable accident in travel or conditions beyond the control of the Club or its officers.

 **B.** A Club's membership in the GBA may be suspended or terminated if any event described in the prior Sections 1 through 7 occurs, provided the following procedures are followed:

 **1.** Any GBA Club or the Commissioner may prefer charges that a Club has violated one or more of such Sections 1 through 7. The charge must be made in writing and must be filed with the Commissioner. No later than ten (10) business days after the charges are filed the Commissioner must serve, by registered or certified mail, or overnight express courier, or FAX, a copy of the charges to the Club against whom the charges were made.

 **2.** The Club charged has five (5) days after receipt of the charges to file its written or wire answer with the Commissioner. The Commissioner must then transmit the charges and answer to each Governor and must call a special Board meeting to hear and rule on the charges.

 **3.** At the hearing, the Board shall elect a chairman of the meeting not associated with the complaining Club or the Club charged.

 **4.** At the hearing, the Club charged may appear by counsel. Strict rules of evidence do not apply, and all relevant and material evidence submitted may be received and considered.

 **5.** After considering the evidence, the Board shall determine whether the charges have been sustained. A determination that the charges brought against a Club are valid shall require the affirmative vote of two-thirds ([2]/[3]) of the entire Board of Governors.

 **6.** If the Board sustains the charges, the Board shall determine whether (a) to suspend the Club, or (b) to expel the Club from the GBA, or (c) to direct that the Club be suspended or expelled only if the Club fails to pay a stated fine in a stipulated manner and by a stipulated date. This fine may be required to be paid, in whole or in part, to any other Club or Clubs or to the GBA for damages sustained by reason of such act or acts of omission or commission by the offending Club.

 **7.** The decisions of the Board made in accordance with these procedures are final and without further appeal. If the membership of a Club is terminated pursuant to this Article, the membership of the Club shall automatically terminate and all of the Club's player contracts shall, at the discretion of the Commissioner, automatically vest in the Commissioner for the benefit of the GBA. In such event, the Commissioner may dispose of them as if the Club had suffered an event described in Article VII, Section 2.

 **ARTICLE IX**

 **Competition**

  **Section 1.**  The Board shall divide the Clubs into playing divisions.

  **Section 2.**  The Board shall adopt the playing rules of the GBA.

  **Section 3.**  The Board shall determine the number of players permitted on a Club's roster. Initially, until modified by the Board, each Team may have no more than ten (10) players on its roster.

 **ARTICLE X**

**General Violations and Prohibitions**

  **Section 1.**  It shall be a violation of these By-Laws and shall be deemed conduct detrimental to the GBA and professional basketball for any Club, director, stockholder, governor, official or referee or any person connected in any way with a Club or the GBA:

 **A.** To own stock or have any financial interest directly or indirectly in more than one Club or in any professional basketball organization or team, other than as allowed by Article IV, Section 7 hereof, without the prior approval of the Commissioner and two-thirds (2/3) of the entire Board of Governors.

 **B.** To loan money to or become surety or guarantor for any other Club.

 **C.** To loan money to or become surety or guarantor for any GBA referee.

 **D.** To tamper with a player on the roster or reserve list of another Club.

 **E.** To tamper with players of college teams who are not eligible under GBA rules.

 **F.** To enter an official's dressing room at any time.

 **G.** To publicize or take part in the promotion of any All-League or All-Opponents team, unless authorized by the Commissioner.

 **H.** To issue a free ticket of admission to a visiting player, other than as permitted under the GBA's policy for complimentary tickets.

 **I.** To pay a fine for a person penalized by the Commissioner or the League.

 **J.** To make any statement publicly that is not in the GBA's best interest. (All complaints must be made to the Commissioner in writing and may not be given any publicity, either directly or indirectly.)

 **K.** To give any publicity to any disciplinary action taken by the Commissioner. (The Commissioner may issue such publicity when he believes it to be in the best interest of the GBA.)

 **ARTICLE XI**

**Eligibility of Players**

  **Section 1.**  Any player transferred or sold by a Club to another Club cannot return to the first Club during the same season, including playoffs, unless every other Club has had the opportunity to claim him on waivers after he left the Club to which he now seeks to return.

  **Section 2.**  Any Club signing a new player must notify the GBA office by phone, wire, or FAX before a scheduled game for the player to be eligible for the game. His contract must be properly signed and sent to the GBA and approved prior to his playing in any GBA game.

  **Section 3.**  A player is ineligible for the post season playoffs unless he dressed for at least ten (10) regular season games for the Club seeking to use him. If a player returns to the NBA, the player may be replaced. If the lost player returns, the Club may retain both the lost and new player providing the Club is within its roster limit.

  **Section 4.**  A Club may not transfer a player within one month of the end of the regular season if that player is on a team's roster or reserve list and has played in one or more GBA games during the current season.

  **Section 5.**  No player under contract to a Club may play elsewhere in organized independent clubs or professional leagues without the written permission of the Club and Commissioner.

  **Section 6.**  If the Commissioner determines that a Club has used an ineligible player, then the game or games in which the ineligible player participated will be forfeited by the Club.

  **Section 7.**  When a player's contract is transferred to a Club, the Club must pay the player's salary from the date of transfer. Any arrears due a player are an obligation of the transferring Club and must be paid within five (5) days of assignment or sale or transfer.

  **Section 8.**  A Club may suspend a player for as long as it deems necessary. After fourteen (14) days, the player may appeal the suspension in writing to the Commissioner. Upon hearing and reviewing all evidence from both the Club and the player, the Commissioner may either uphold the Club or the player. If he upholds the player, he may order the reinstatement of the player, order the player paid in part or in full for the time suspended or order that the player become a free agent.

  **Section 9.**  Any player or other Club personnel who refuse to adhere to penalties imposed by the Commissioner within the specified limits are subject to suspension without pay until the Commissioner lifts the suspension.

 **ARTICLE XII**

**Rights with Respect to Players**

  **Section 1.**  It shall be a violation of these By-Laws and shall be deemed conduct detrimental to the GBA and professional basketball for any Club or any person connected in any way with a Club or the GBA to tamper, negotiate with, or make an offer to a player on the roster or reserve list of another Club or other professional basketball team, or to a coach under contract to another Club or other professional basketball team.

  **Section 2.**  If any Club or any officer, stockholder, governor, director, partner, employee, agent or representative thereof, or any person holding an equity interest therein, tampers with, negotiates with, or makes an offer to a player on the roster or reserve list of another Club, the offending Club may be fined by the Commissioner no more than Five Thousand and No/100 Dollars ($5,000.00), regardless of whether the Commissioner determines that the action was intentional or unintentional.

  **Section 3.**  A player shall be deemed to be on a Club's roster if he has signed a contract and the contract has been sent to the GBA office and has been approved by the Commissioner. If the Commissioner holds the contract for ten (10) days and does not disapprove it, it is automatically approved. A player, in his option year, is under contract. Placing a player on the Club's roster automatically removes him from its reserve list.

  **Section 4.**  A Club may drop a player from its roster if the Club (a) waives the player, or (b) places the player on its reserve list.

 **A.** The Commissioner shall make regulations governing the waiver of players, subject to these general provisions:

 **1.** A Club may waive a player by giving written notice to the Commissioner, who must immediately notify all Clubs simultaneously of the waiver and of other information as to the waived player's salary and contract terms.

 **2.** A Club waiving a player may not recall the waiver.

 **3.** All Clubs have an opportunity to claim the waived player. If the waived player is claimed by more than one Club, the Player is awarded as follows: If one-fourth *(1/4)* of the total league schedule has been played, the Club having the lowest percentage of games won when the Commissioner received notice of waiver is awarded the player. If one-fourth (1/4) of the total league schedule has not been played, the team with the lowest winning percentage at the end of the last season is awarded the player. If there are two or more expansion Clubs, each waived player is awarded by a lottery. If any Clubs meeting the above criterion have the same winning percentage, a lottery determines priority.

 **4.** A waived player awarded to a Club must be placed on the claiming Club's roster. He may not be sold or traded to another Club for thirty (30) days. If his rights were acquired between seasons, the thirty (30) days will begin on the first day of the next season.

 **5.** A Club claiming a waived player may not withdraw its claim.

 **6.** A Club successfully claiming a waived player shall pay Five Hundred and No/100 Dollars ($500.00) to the waiving team.

 **7.** If no Club claims a waived player, he becomes a free agent and all Clubs may negotiate with him.

 **B.** The Commissioner may make regulations governing the placing of players on and the removing of players from the reserve list, subject to the requirement that a Club's reserve list may only consist of:

 **1.** Injured players under contract to a Club. (Such players shall remain on the reserve list for at least five (5) games or ten (10) days, whichever is shorter, from the time the GBA office is notified that the player has been placed on the reserve list as injured. A Club may not have more than two players on the reserve list as injured at any time.)

 **2.** Any player who discontinues playing professional basketball in the GBA while under contract or discontinues playing basketball in the NBA or joins another league.

 **3.** Players suspended or declared ineligible or expelled from the GBA for violation of the contract between the player and the Club, or for other reasons permitted by the GBA Joint Venture Agreement, these By-Laws and the Rules and Regulations.

 **4.** Players obtained by assignments trade, sale or transfer from another Club's reserve list.

 **5.** Players who are on GBA rosters and are currently under contract to NBA clubs.

 **ARTICLE XIII**

**Sale of Players to NBA or Other Professional Leagues**

  **Section 1.**  Clubs may sell or transfer players to any professional basketball team. Each Club shall be required to sell or transfer any player to an NBA team which desires to acquire such player.

  **Section 2.**  Should the selling Club and any NBA team be unable to agree on purchase terms, the Commissioner has the right to negotiate the purchase terms on behalf of the Club, and the Club shall be bound by the Commissioner's decision.

 **ARTICLE XIV**

**American College Draft; Dispersal Drafts**

  **Section 1.**  The Commissioner shall determine the time, place and manner of the annual college draft of American players. All teams in the GBA shall participate in the draft of American players.

  **Section 2.**  During the League's first year, the Commissioner shall formulate the rules and regulations regarding players eligible for the draft. Beginning with the League's second year, however, the League shall be guided by NBA draft rules.

  **Section 3.**  The draft order for all American and dispersal drafts shall be:

 **A.** Expansion Clubs, by lot, then

 **B.** Clubs in each division with the lowest winning percentage from the previous regular season (As between such Clubs, a lottery shall determine priority.), then

 **C.** The remaining Clubs, in reverse order of their previous season's winning percentages. (If any Clubs have the same percentage, a lottery shall determine priority.)

  **Section 4.**  If a Club ceases or suspends operations or forfeits its membership, or if its player contracts become the property of the GBA, a dispersal draft shall be held. If the cessation, suspension or forfeiture happens after the season, or so close to the end of the season that the Commissioner determines that a dispersal draft at that time would not be in the GBA's best interests, the dispersal draft shall be held after the Championship series. However, if two-thirds (2/3) of the entire Board of Governors so agree, the player contracts may be sold to an expansion Team.

  **Section 5.**  The GBA shall make available to every Club a list of players eligible for any draft.

  **Section 6.**  The draft shall continue until all eligible players are chosen, or until all Teams pass in the same round. Any player eligible but not chosen becomes a free agent.

  **Section 7.**  When the GBA admits a new Club, each GBA Club must submit a list of seven (7) players which it currently has under contract. The new Club, at a time determined by the Commissioner, may select no more than one player from each Club. The player selected from each Club shall be under contract to the Club but shall not be listed on the list provided by the Club. The new Club may select up to a maximum of twelve (12) players. The players selected shall be transferred to the new Club.

  **Section 8.**  All non-United States teams shall retain the rights to all players under contract with them in the event of expansion. The Commissioner shall:

 **A.** Finally determine any questions of eligibility.

 **B.** Set draft procedures in the event any country other than the United States is represented by more than one Team.

 **ARTICLE XV**

**League Games**

  **Section 1.**  All receipts for home games shall be retained by the home Club.

  **Section 2.**  The Commissioner shall compile an Operations Manual consisting of regulations to be followed at GBA games.

  **Section 3.**  The home Club shall provide an official scorekeeper, official timers and an official statistical summary sheet for the visiting Club. The official score book shall be the home Club book. Each bench must be adjacent to the scorer's table and must accommodate twelve (12). The Commissioner may, in his discretion, select personnel for the official clocks, score books and scoreboards and for the public address announcers if he determines it would be in the GBA's best interest to do so.

  **Section 4.**  Only two coaches, players and the Team trainer may sit on the players' bench.

  **Section 5.**  Each home Club must provide sufficient police protection before, during, and after a game to a visiting Club and other GBA personnel. A home Club failing to provide such protection shall be liable for a fine, levied by the Commissioner, not to exceed Two Thousand Dollars ($2,000.00). The Commissioner may designate the number of police required to protect visiting Teams.

  **Section 6.**  Each Club must be ready to play at least thirty (30) minutes before a game's scheduled starting time. The visiting Club may ask for at least fifteen (15) minutes of practice before the scheduled starting time of the game. A home Team shall determine the starting time for home games. Once a game begins, only the referees may suspend it.

  **Section 7.**  The Board shall determine the playoff format, including opponents in each round, number of Teams eligible, and number of games per round. Any playoff format shall continue in effect from season to season unless changed before the start of the next season by the affirmative vote of two-thirds (2/3) of the entire Board of Governors.

  **Section 8.**  The Commissioner shall make regulations for all playoff games including regulations for the breaking of ties for playoff positions.

  **Section 9.**  The Commissioner shall set the date and time of all playoff games, consistent with the GBA's obligations under any television or radio contract. Refusal to play a game scheduled renders the offending Club, at the discretion of the Commissioner, liable to a fine, a forfeit of the game, or both.

  **Section 10.**  The GBA shall conduct the championship series and the annual "All Star" game.

  **Section 11.**  To protest the result of any game, or a player's eligibility for any game, the following procedures must be followed:

 **A.** The coach or the Club's Governor must indicate to the referees and the official scorer, before the end of the game, the intent to file a protest. The coach or Governor must also submit to the Commissioner in writing within 24 hours of the end of the game the basis for the protest.

 **B.** Such protest must be accompanied by a check in the amount of Five Hundred Dollars ($500.00) payable to the GBA. If the protest is upheld, the fee is returned; if the protest if denied, the fee is forfeited.

 **C.** Upon receipt of the protest, the Commissioner must notify the opposing Club and require both Clubs to file evidence as he desires. The Commissioner will decide the issue within five (5) days after the receipt of the evidence.

 **D.** Any Club may offer evidence with respect to another Club's protest.

 **E.** The Commissioner's decision is final and unappealable.

 **ARTICLE XVI**

**Broadcasting and Television**

  **Section 1.**  International, national, regional, and network radio and television coverage of preseason, regular season and All-Star games and events and playoffs shall be negotiated and contracted for by the League and/or its designated agent. All net income derived from these contracts shall be paid to the GBA Treasurer and held by him as agent for the Clubs.

  **Section 2.**  Rights as outlined above shall include over-the-air free television, cable television, and pay-per-view rights to all games.

  **Section 3.**  A Club may contract for the local broadcasting and/or televising of the Club's own games at home or on the road. Every television and broadcast contract must preserve the right of preemption as may exist in the GBA's international, national, regional, or network contracts. All proceeds derived by any Club from local broadcasting or television contracts shall belong entirely to the Club.

  **Section 4.**  Each Club shall grant the visiting Club the right to permit or license the telecast or broadcast of the game then being played between them, subject to the preemption schedule of the GBA's international, national, regional or network contracts.

  **Section 5.**  The Commissioner shall have the right to reschedule the starting time of any game in order to accommodate an international or national telecast.

 **ARTICLE XVII**

**Merchandising, Licensing and Trademarks**

  **Section 1.**  Each Club must develop a trademark, trade name, service mark or collective mark to identify its Club.

Such mark:

 **A.** Must be approved by the Commissioner.

 **B.** Must be registered locally, nationally and internationally, in accordance with the directions of the League.

 **C.** Shall be property of the Club.

  **Section 2.**  The right to license, produce, manufacture, publicize, market, sell, process, and promote any and all Club products, other than programs, shall be the exclusive right of the GBA. All licenses shall be granted under the name of the GBA and must be approved by the affirmative vote of two-thirds (2/3) of a quorum of the Board of Governors. The foregoing notwithstanding, absent the existence of any such League-wide agreement approved by the Board of Governors as set forth above, Clubs shall have the right to enter into local agreements having a duration of not more than one year. Should the League enter into a League-wide agreement which has been ratified as set forth above and which conflicts with an existing local agreement, the Club which is a party to the local agreement shall be required to pay to the League, until the local contract expires, a royalty equal to the royalty to be paid under the League-wide agreement.

  **Section 3.**  Each Club shall have the right to produce and sell its individual game programs. All proceeds from the sale of said programs shall belong to the Club.

 **ARTICLE XVIII**

**Board Meetings**

  **Section 1.**  The annual meeting of the GBA Board must be held before July 1, at a place designated by the Commissioner.

  **Section 2.**  The Commissioner may call special meetings at a time and place he designates. The date and/or place of a meeting may be changed by a petition signed by two-thirds (2/3) of the entire Board of Governors. Special meetings may be held by teleconference, at the discretion of the Commissioner.

  **Section 3.**  At all Board Meetings, each Club in good standing shall receive one (1) vote, to be cast by that Club's Governor, or in his absence by his alternate, or by written proxy as permitted herein.

  **Section 4.**  Two-thirds (2/3) of the Governors of the Board representing Clubs in good standing, plus one, shall constitute a quorum for meetings of the Board. A quorum shall not be destroyed by the departure of any Governor or Governors.

  **Section 5.**  All votes shall require the affirmative vote of a majority of a quorum of Governors, unless otherwise stated in the Joint Venture Agreement or these By-Laws.

 **ARTICLE XIX**

**Notices**

  **Section 1.**

 **A.** Any notice required by these By-Laws is sufficient if in writing and addressed to the last known address of the addressee and deposited in the United States mails with postage prepaid, or personally serviced or by FAX unless these By-Laws specifically require some different notice.

 **B.** The Board may adjourn any meeting without the requirement of a further notice to reconvene.

 **C.** Any required notice must reach each Governor in due time. For the annual meeting only, due time shall be ten (10) days prior to the meeting.

  **Section 2.**  Notice of any special meeting must include the purpose or purposes of the meeting and its time and place.

 **ARTICLE XX**

**Miscellaneous**

  **Section 1.**  All By-Laws previously adopted are hereby repealed.

  **Section 2.**  The Board may establish such regulations as are necessary and proper to implement any and all of the objectives or purposes of these By-Laws.

  **Section 3.**  Any action which the Board can take or adopt which because of its urgent nature cannot await the next Board meeting may be taken or adopted by a writing describing the action and signed or telegraphically consented to by all of the Governors.

 **ARTICLE XXI**

**Amendment**

  **Section 1.**  These By-Laws may be amended at any Board Meeting by (a) the affirmative vote of two-thirds (2/3) of the entire Board, if notice of the proposed amendment was submitted in writing by any Club or the Commissioner to every Governor at least fourteen (14) days before the meeting, or (b) a unanimous vote of all the Governors, if the above notice provision is not satisfied. Provided, however, that any provision hereof requiring the affirmative vote of a number of Governors in excess of two-thirds (2/3) of the entire Board may only be amended upon the affirmative vote of such greater number of Governors.

 **ARTICLE XXII**

**Language and Currency**

  **Section 1.**  The official language of the GBA shall be English, and all communiques shall be sent to member Clubs in English. In addition, all written communiques from the Clubs to the League shall be in English.

  **Section 2.**  The official currency of the League shall be United States currency (dollars), and therefore, all dues, assessments, fines and payments due to or from the Clubs shall be payable in United States currency.