

Calendar No. 705**105th Congress** }
*2d Session***SENATE**{ **REPORT**
105-371**MUHAMMAD ALI BOXING REFORM ACT**

R E P O R T

OF THE

**COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION**

ON

S. 2238

OCTOBER 6 (legislative day, OCTOBER 2), 1998.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

69-010

WASHINGTON : 1998

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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Mr. MCCAIN, from the Committee on Commerce, Science, and
Transportation, submitted the following

REPORT

[To accompany S. 2238]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2238) “A Bill to reform unfair and anticompetitive practices in the professional boxing industry”, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

PURPOSE OF THE BILL

The purpose of S. 2238, as reported, is to protect professional boxers from coercive and exploitative business practices, assist state boxing officials to provide proper oversight of the sport, and increase honest competition and the integrity of the industry.

BACKGROUND AND NEEDS

The Committee believes that a modest series of targeted public interest reforms of the professional boxing industry can have a very positive impact on the industry. The sport has no league or private sector association of industry leaders which has arisen to establish fair business practices and to discipline improper and arbitrary conduct. There has long been serious public concern about the continuing scandals and litigation which occur in professional boxing due to the lack of responsible self-regulation on a national basis. The Committee concurs with most credible members of the boxing industry that problems stemming from the activities of major promoters and sanctioning organizations cannot be adequately addressed on a state-by-state basis. The Committee emphasizes the vulnerability and lack of leverage most professional boxers have with respect to various arbitrary business practices of these enti-

ties in the sport. This legislation compliments the Professional Boxing Safety Act, the federal law enacted in 1996 which established a series of vital health, safety, and ethical standards in the professional boxing industry.

LEGISLATIVE HISTORY

The Committee held two full Committee hearings in 1998 on the professional boxing industry. On March 24, 1998, a hearing was held on business practices in the professional boxing industry. Frederic G. Levin, attorney and negotiator for Roy Jones, Jr., light heavyweight champion, testified that long term promotional contracts and options hurt the boxer and the sport, and that ratings organizations do not have credible ratings procedures. Mr. Levin recommended that all options and promotional rights gained from a boxer seeking to compete in a particular fight be prohibited. Jones submitted written testimony recommending that promotional contracts should be limited and that boxers and state commissions be advised of how the revenues of a boxing event were distributed. Jones recommended that "options" should be made illegal. Mr. James J. Binns, Counsel to the World Boxing Association, testified that the current ratings system does not function improperly, and having several different champions in each weight division increases opportunities for boxers. Promoter Cedric Kushner testified that long term promotional contracts are necessary for promoters to recoup their investment in a boxer. Mr. Greg Sirb, Executive Director of the Pennsylvania State Athletic Commission and president of the Association of Boxing Commissions (ABC), testified that the proliferation of sanctioning organizations is undermining the title of "champion." Attorney Patrick C. English, who has represented promoters and boxers in the sport, testified that sanctioning organizations have inconsistent procedures, and stated that state regulations do not adequately regulate promoter contracts. Mr. English recommended that option clauses be prohibited in certain contractual situations and that promoters should be barred from requiring that a boxer hire a specific manager. He also stated that certain rules of sanctioning organizations could be antitrust violations.

On July 23, 1998, the Committee held a hearing on S. 2238, as introduced by Chairman McCain and Senator Bryan. Mr. Shelly Finkel, a manager of several world champions, submitted testimony stating that the bill would help end the exploitation of boxers. Boxer Mike Tyson submitted a statement alleging that he had over \$65 million taken from him in less than 24 months, and that his promoter took 30% of all his purse earnings. Tyson stated that S. 2238 would be a valuable protection for generations of fighters to come. Commissioner Larry Hazzard of New Jersey testified that S. 2238 would help the New Jersey State Board of Athletic Control protect boxers from coercive and unfair business practices. Dr. James Nave and Marc Ratner of the Nevada State Athletic Commission testified that it is difficult for state commissions to individually monitor promoter—boxer contracts, and that a federal mechanism should be put in place to prevent hidden agreements. The Nevada officials testified that expenses charged to the boxer by the promoter should be reported, and that option clauses controlling a

boxer for his entire career should be outlawed. Dr. Nave and Mr. Ratner also testified that sanctioning organizations should comply with public disclosure regulations on the federal level. Trainer Eddie Futch testified that S. 2238 is a necessary and positive reform for professional boxing. Mr. Walter Stone, Counsel to the International Boxing Federation, testified that S. 2238 was flawed because it did not address the role of television and cable networks in the boxing industry. Mr. Jose Sulaiman, president of the World Boxing Council, pledged the WBC's full support for the legislation in his testimony. Mr. Sulaiman's prepared statement said that the bill's requirement to provide notice to boxers on why their ratings had been changed would be impractical.

On October 1, 1998, the Committee met in open executive session to consider S. 2238 and by voice vote ordered the bill reported with an amendment in the nature of a substitute.

SUMMARY OF MAJOR PROVISIONS

As reported, S. 2238 would require boxer-promoter contracts to contain specific terms regarding number of bouts and duration; would limit certain promotional rights gained from a boxer to 1 year; would prohibit conflicts of interest between managers and promoters; and would prohibit promoters from requiring boxers to hire an individual as their manager. The bill would require sanctioning organizations to establish objective ratings criteria; to create a written appeals process; to notify boxers of the reason for their rating having changed; and to disclose their bylaws publicly. S. 2238 would require promoters to file complete contracts with state athletic commissions, and notify the commissions of all charges and costs they impose on a boxer, and all payments made to sanctioning organizations. It would also amend the federal boxing safety law to require state commissions to honor suspensions pertaining to boxer misconduct that are imposed by other state commissions.

ESTIMATED COSTS

In the opinion of the Committee, it is necessary under paragraph 11(a)(3) of Rule XXVI of the Standing Rules of the Senate to dispense with the requirements of paragraphs 11(a)(1) and (2) of the Rule and section 403 of the Congressional Budget Act of 1974 in order to expedite the business of the Senate.

REGULATORY IMPACT STATEMENT

NUMBER OF PERSONS COVERED

Several thousand boxers in the U.S. would benefit from the contract and other business practice reforms contained in S. 2238. Numerous promoters in the U.S. would be affected by the contract and related reforms established by S. 2238. The numbers of officials and employees of sanctioning organizations who would be affected by S. 2238 is likely under thirty.

ECONOMIC IMPACT

The expected economic impact of S. 2238 is minimal. The reforms proposed by the legislation should increase competition in the industry, due to a reduction in anti-competitive restraints of trade. There would be increased free market bidding by promoters seeking to sign boxers, which will benefit boxers, as will a more consistent and systematic ratings system. The Committee believes the reforms contained in S. 2238 will help encourage an increase in the prominent bouts that are major draws for fans, and thus will increase revenues and public interest in the sport.

PRIVACY

S. 2238 will require sanctioning officials to make public rosters of their officials who vote on the ratings of boxers. Promoters are required to file complete versions of their contracts with boxers, due to the problem of boxers being exploited by hidden agreements.

PAPERWORK

The amount of paperwork required to meet the public interest disclosure requirements is small. On an annual basis, sanctioning organizations engaged in interstate commerce are required by the bill to submit their bylaws and related information to the Federal Trade Commission, or place this information on a Internet website. Sanctioning organizations will be required to provide notice when changing the rating of certain boxers, which can be done on a single sheet of paper. Most sanctioning organizations already have extensive adjudicatory appeals procedures in place, so the written appeals procedure required by S. 2238 is minor. The requirements on major promoters to protect boxers from exploitative practices can largely be complied with in several sheets of paper, as well. The Committee has exempted promoters of boxing events of fewer than 10 rounds from certain disclosure requirements to alleviate administrative burdens on promoters of “club” boxing shows.

SECTION BY SECTION ANALYSIS

Section 1. Short title

Section 1 designates the short title of the bill as the “Muhammad Ali Boxing Reform Act.”

Section 2. Findings

Section 2 provides a series of findings which describe the problems that exist with respect to arbitrary and anti-competitive business conduct in the professional boxing industry on an interstate basis.

Section 3. Purposes

Section 3 lists the purposes of the bill, which are to protect professional boxers against certain exploitative and unethical business practices; assist State boxing officials in their oversight of the boxing industry; and increase competition within the boxing industry.

Section 4. Protecting Boxers From Exploitation

Section 4 amends the existing federal boxing law, the Professional Boxing Safety Act, by adding a new section 15 aimed at protecting boxers from exploitation.

New section 15 seeks to curb several of the most restrictive, onerous, and anti-competitive contracting practices which promoters in the sport have imposed on professional boxers. It requires all contracts between a boxer and a promoter to include mutual obligations between the parties, and specify a number of bouts for the boxer, and the duration in time of the contract. Requiring a mutuality of obligation attempts to prevent promoters from securing promotional rights or portions of a boxer's purse, without providing any compensation or consideration to the boxer. Specifying a minimum number of bouts for the boxer protects a boxer from having the boxer's career stalled or damaged by a promoter who refuses to provide the agreed-to number of bouts. Requiring the promoter to stipulate the specific period of time for the contract's length is an important protection for boxers. Promoters in the industry have utilized a contract with vague and unspecified terms on its length to control a boxer for virtually the boxer's entire productive career.

Historically, promoters in the industry have required an exclusive long term promotional contract with a boxing challenger as a condition precedent to permitting a bout against another boxer that the promoter has under contract. The Committee believes, and hearing witnesses and industry members concur, that this tactic is the key contracting practice that has been used by promoters to gain undue control over boxers and championship titles, to the clear detriment of the sport. Promoters have used this practice to extract "exclusive promotional options" from boxers who already have a promoter, and who would not otherwise enter into a long-time contract with a new promoter. The athletes would be better served if they were free to contract with those promoters they personally choose, rather than being coerced to contract with a promoter who is in the position of barring a lucrative bout.

This practice also has enabled a single promoter to gain control over a majority of championship bouts in a weight division because it results in one promoter having control over both the champion and the challenger. No matter which boxer wins a title bout, the promoter remains in effective control over who may compete for that title, since he has both contestants under contract. If a boxer who seeks to challenge a champion (or more established boxer) refuses to provide long term contractual rights to the promoter, the boxer is simply denied the right to compete in the bout. This practice frustrates the years of determined training and punishing competition of boxers, for they are barred by the promoter from the opportunities that their successes in the ring have earned.

This practice of coercing options from boxers is also utilized by promoters and sanctioning organizations against "mandatory challengers"—those boxers who are rated by a sanctioning organization as the top contender in a weight division. The top-rated contender is supposed to be assured of having a bout against the champion of that division, within a specific period of time. Despite the fact that top-rated challengers have clearly earned the right to compete for a title, sanctioning organizations have abetted restrictive con-

tracting practices by allowing promoters of championship bouts to require options from them. As one hearing witness noted, this is akin to requiring a professional tennis player or golfer to sign an exclusive, long term contract with the promoter of whatever event-title they were seeking. The athlete would then only be able to compete when the promoter approved, against only those opponents who also were forced to agree to terms with that promoter. In well organized major sports such as tennis and golf such a business practice would be strongly challenged and criticized as an unreasonable restraint of trade. In professional boxing, it is business as usual.

The Committee believes that sensible, pro-competitive limitations on these onerous practices by promoters are warranted. New section 15 would put a time limit of one year on all promotional rights that a promoter secures from a boxer (or another promoter) as a prerequisite to the boxer participating in a particular bout. This situation will generally involve a boxer being selected as an opponent/challenger by a promoter for a boxer who is already under contract to the promoter. The most common example of this is a boxer who seeks to compete against a famous world champion. Currently, the champion's promoter may require a challenger to contract for exclusive promotional rights for an extended term of years or fights, or be rejected from the bout. The Committee believes that no boxer should be forced to contract for long term control of the boxer's career against the boxer's will. In situations where a boxer is a mandatory challenger, the bill would prohibit promoters from securing promotional options from the boxer (or the boxer's promoter). The Committee feels that the contracting requirements and limitations contained in new section 15 will protect the freedom to contract of boxers, increase competition in the sport to the benefit of fans, and reduce improper restraints of trade.

It is important to note that the duration of basic boxer-promoter contracts are not limited by the bill. The Committee does not seek to limit contracts reached as a result of legitimate arms length bargaining between an unattached boxer and promoter. The one-year limitation applies only to those situations where a promoter secures promotional rights from a boxer (or another promoter), as a condition for that boxer to compete in a particular bout. The one-year limitation is not intended to apply to a contract where a promoter and boxer consensually enter into a long term contract, with the first bout for the boxer being specifically named, and in which the opponent is not under contract to the promoter. The Committee notes that after the one year limitation expires, the boxer is free to then contract with whatever promoter the boxer chooses, including the promoter in question. However, the one year limitation will at least provide the boxer with the ability to seek the highest bidder for his or her services after one year, or simply choose the promoter the boxer determines will best further the interest of the boxer's career.

The Committee also notes that many States have boxing regulations which wholly proscribe any exclusive contractual arrangement between a promoter and a boxer, and declare them to be unenforceable under state law. These include some of the most prominent boxing states in the U.S., yet these contractual protections for

boxers are rarely, if ever, enforced. This is at least partially due to the fact that if one State begins to impose more stringent regulations on promoters, promoters will simply take the boxing event—and the accompanying substantial commercial activity and tax revenues it generates—to a less regulated jurisdiction. The Committee feels that this amplifies the need for limited federal reforms to curb coercive and restrictive business abuses in the boxing industry.

This section also prohibits a promoter from forcing a boxer to hire an individual, such as a relative or business associate, as the boxer's manager or in a similar capacity. Testimony presented to the Committee described the practice wherein a boxer is coerced to hire a relative of a promoter as the boxer's manager, which results in the boxer having to pay a third of all earnings in the ring to an individual associated with the promoter. Coupled with the above described practice of forcing boxers into long term business relationships under the threat of being denied competitive opportunities, skimming off a third of their earnings via an unwanted manager is an especially egregious practice.

The final protection for boxers established in this section is the prohibition of conflicts of interests between promoters and managers. Most boxers have limited educational backgrounds and, as the top promoters in the sport readily concede, are no match for experienced promoters during contractual discussions. While the role of managers has been diminished in the sport over the last decade, it remains essential that managers serve and protect the interest of the boxer. They should not be serving the financial interests of the promoter, while simultaneously taking a 33% earnings cut from the boxer for biased representation as manager. The Committee received testimony about instances where boxers had suffered significant career and economic injury due to their manager's clear conflicting interests. A manager must be a determined advocate for the boxer's interests, and not be influenced by financial inducements from a promoter. This provision tracks a similar regulation of many State boxing commissions.

Section 5. Sanctioning organization integrity reforms

This section amends the Professional Boxing Safety Act by adding a new section 16 pertaining to sanctioning organizations.

The rating of a boxer has a substantial effect on a boxer's career trajectory. The ratings system in professional boxing today is universally criticized as arbitrary and manipulative by boxers, managers, state officials, and sports journalists. The ratings of professional boxers have more to do with business interests of sanctioning officials and promoters than with the skills and achievements of boxers. A representative practice is the fact that sanctioning organizations refuse to rate the "champions" of their competitor organizations. This can lead to the dismaying result that a boxer may be considered the world's unquestioned best by his fellow boxers, industry members, fans, and the media—yet the boxer may not even be rated in the top 20 of many of the organizations who profess skill in rating fighters. The world of sport contains no ratings system of athletes or sports teams that has as little credibility and fan confidence as that operating in professional boxing.

The major motivation for the dubious practices of sanctioning organizations is financial. Sanctioning organization officials may receive lucrative fees, tickets, airfare, and hotel stays for sanctioning an event. As long as “their champion” continues to win and draw ticket buying fans at the gate and on cable television, they have a reliable revenue producer. If they objectively rated all boxers according to their true skills, however, the champions in each weight division would often change due to vigorous competition. While this would be good for fans and those boxers striving for a chance to compete for a title, it would not be in the financial interest of the ratings organizations. They might lose exclusive control over a champion and thus be forced to reduce their fees, or they might see their revenues dwindle as championships in each weight division are unified. Of course, the public would gain greatly by getting the major bouts they long to see, and the sport’s integrity would soar as true “champions” emerged in all weight divisions. Again, these admirable results are not in the financial interest of the sanctioning organizations.

Most importantly for the Committee’s considerations, the manipulation of the ratings system has significant detrimental effects on the career paths of boxers. Unlike other major sports industries in the U.S., professional boxers do not have an assurance that continued success in their competitions will guarantee them a chance to vie for a championship. They must instead often submit to contractual agreements with promoters and sanctioning officials that rob them of short or long term control of their careers, in return for a favorable rating position. The Committee received testimony and information about the arbitrary and irregular activities of sanctioning organizations in the industry.

New section 16 would require sanctioning organizations that are engaged in interstate commerce in the U.S. to establish objective and consistent written criteria for their ratings of boxers. This new section requires these organizations to develop criteria for rating boxers that can be evaluated and monitored by members of the industry. Sanctioning organizations would be required to establish an appeals process to afford boxers a chance to contest the ratings, in writing, to the sanctioning organization. The written response of the organization would be sent to the boxer, the state boxing commission of the boxer’s domiciliary, and the President of the Association of Boxing Commissions (ABC). The ABC is the voluntary national association of state athletic boxing commissioners in the U.S. They develop policies to improve health, safety, honest competition, and ethical conduct in the boxing industry. Members of the ABC are prohibited by federal law from having any ties to the business side of the boxing industry. State boxing commissioners serve a unique role in the sport by their regulation of boxing events on behalf of the public interest.

New section 16 requires sanctioning organizations to notify boxers of their reasons for changing their ratings, and publicly release their explanation. Since the often arbitrary ratings system has a large impact on the career of a boxer, the Committee believes this is an important measure to have these organizations fairly explain why they have changed the boxer’s rating. The requirement only applies to those boxers who are rated in an organization’s top 10.

The explanation must be mailed to the boxer and the ABC, and posted on the organization's Internet site, if they have one. It is hoped that public disclosure of their ratings determinations will encourage these organizations to make more legitimate ratings decisions.

Sanctioning organizations conduct interstate business in the U.S. with virtually no standards or ethical guidelines by industry members, few state guidelines, and no federal oversight. The Committee believes that increased public disclosure is an essential part of reform of the professional boxing industry. New section 16 establishes an annual public disclosure mechanism for sanctioning bodies to disclose basic aspects of their operations. Each sanctioning organization is required to provide their bylaws, voting membership, and appeals procedures on an annual basis to the Federal Trade Commission. If the organization has an Internet website, this information can be provided on the website.

New section 16 also seeks to prohibit conflicts of interest between sanctioning organization officials and promoters. As noted above, the rating of boxers should be made according to the successes of the boxer in the ring, not according to financial inducements from a promoter or other interested party. Allegations of payments being made to gain a favorable rating for a boxer have frequently occurred for over a decade. This section would prohibit payments or other forms of compensation from promoters and others to sanctioning organizations, other than the customary fee and expenses the organization is due to receive for sanctioning boxing event.

Section 6. Public interest disclosures to State Boxing Commissions

This section amends the Professional Boxing Safety Act by adding a new section 17.

This section is designed to provide enhanced information to State boxing commissions about the fees that sanctioning organizations impose on boxers and promoters, and other revenue sources of these organizations. A sanctioning organization must advise the State commission of all revenues and benefits it receives pertaining to a boxing event. Increased information is also required of promoters. The Committee received testimony about how promoters may significantly reduce what they pay to a boxer (below what is reported to the relevant commission) by claiming a portion of the boxer's purse, and assessing excessive expenses and charges. This practice can be easily achieved by the promoter signing the boxer to a series of contracts, which can result in reduction of the boxer's earnings below that permissible under State law. For example, Nevada regulations require that a boxer receive at least two-thirds of his purse from the promoter. However, the commission's only information about how much a boxer is to receive is generally a one-page form contract which promoters file for each event. Commissions have no information or documentation to determine if the promoter is subsequently taking significant portions of the boxer's purse. Therefore, the bill requires a promoter to provide a commission with copies of any contracts with a boxer, and to verify that there are no other agreements. The promoter is required to provide a statement to the commission detailing all costs and expenses the promoter will impose on the boxer, and what portions of the boxer's

purse the promoter may be taking. Promoters are also required to report what payments and benefits they provide to sanctioning organizations for each boxing event. If requested, the promoter must also provide this information to a State Attorney General's Office.

Section 7. Enforcement

The enforcement of the Professional Boxing Safety Act of 1996 includes criminal and civil sanctions. A person knowingly violating the Act is subject to up to one year in prison, or substantial fines. Section 7 of S. 2238 provides for the stiffest fine when the provisions of new section 15, 16, or 17, relating to exploitation of a boxer, are violated. It is important that monetary penalties are a sufficient deterrent to promoters who may be engaged in exploitation and coercive practices. In an industry where a single championship bout between prominent boxers can achieve revenues easily exceeding \$60 million in the U.S. alone, fines for illegal practices under the Act must be commensurate. Therefore, the Act provides that fines can exceed \$100,000 for any boxing events that exceed \$2 million in revenues. The Committee recognizes and supports the fact that State commissions are the primary regulators and enforcement entities in the professional boxing industry. Section 7 of the reported bill therefore authorizes State Attorneys General to bring injunctive, criminal, and civil actions on behalf of their residents. Boxers who themselves suffer economic injury from violations of the Act are also authorized by section 7 to bring civil actions.

Section 8. Professional Boxing Safety Act amendments

This section contains additional amendments to the Professional Boxing Safety Act. It requires State commissions in the U.S. to honor the suspensions of boxers for unsportsmanlike conduct that were ordered by other state commissions. The amendment also requires license revocations to be treated similarly as a suspensions for the purposes of the federal law.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in *italic*, existing law in which no change is proposed is shown in roman):

PROFESSIONAL BOXING SAFETY ACT OF 1996

SEC. 2. DEFINITIONS.

[15 U.S.C. 6301]

For purposes of this Act:

(1) **BOXER.**—The term “boxer” means an individual who fights in a professional boxing match.

(2) **BOXING COMMISSION.**—(A) The term “boxing commission” means an entity authorized under State law to regulate professional boxing matches.

(3) **BOXER REGISTRY.**—The term “boxer registry” means any entity certified by the Association of Boxing Commissions for the purposes of maintaining records and identification of boxers.

(4) **LICENSEE.**—The term “licensee” means an individual who serves as a trainer, second, or cut man for a boxer.

(5) **MANAGER.**—The term “manager” means a person who receives compensation for service as an agent or representative of a boxer.

(6) **MATCHMAKER.**—The term “matchmaker” means a person that proposes, selects, and arranges the boxers to participate in a professional boxing match.

(7) **PHYSICIAN.**—The term “physician” means a doctor of medicine legally authorized to practice medicine by the State in which the physician performs such function or action.

(8) **PROFESSIONAL BOXING MATCH.**—The term “professional boxing match” means a boxing contest held in the United States between individuals for financial compensation. Such term does not include a boxing contest that is regulated by an amateur sports organization.

(9) **PROMOTER.**—The term “promoter” means the person primarily responsible for organizing, promoting, and producing a professional boxing match.

(10) **STATE.**—The term “State” means each of the 50 States, Puerto Rico, the District of Columbia, and any territory or possession of the United States.

(11) **SANCTIONING ORGANIZATION.**—*The term “sanctioning organization” means an organization that sanctions professional boxing matches in the United States—*

(A) between boxers who are residents of different States;

or

(B) that are advertised, otherwise promoted, or broadcast (including closed circuit television) in interstate commerce.

(12) **SUSPENSION.**—*The term “suspension” includes within its meaning the revocation of a boxing license.*

* * * * *

SEC. 7. REVIEW.

[15 U.S.C. 6306]

(a) **PROCEDURES.**—Each boxing commission shall establish each of the following procedures:

(1) Procedures to evaluate the professional records and physician’s certification of each boxer participating in a professional boxing match in the State, and to deny authorization for a boxer to fight where appropriate.

(2) Procedures to ensure that, except as provided in subsection (b), no boxer is permitted to box while under suspension from any boxing commission due to—

(A) a recent knockout or series of consecutive losses;

(B) an injury, requirement for a medical procedure, or physician denial certification;

(C) failure of a drug test; **[or]**

(D) the use of false aliases, or falsifying, or attempting to falsify, official identification cards or ~~documents.~~ *documents*; or

(E) *unsportsmanlike conduct or other inappropriate behavior inconsistent with generally accepted methods of competition in a professional boxing match.*

(3) Procedures to review a suspension where appealed by a boxer, including an opportunity for a boxer to present contradictory evidence.

(4) Procedures to revoke a suspension where a boxer—

(A) was suspended under subparagraph (A) or (B) of paragraph (2) of this subsection, and has furnished further proof of a sufficiently improved medical or physical condition; or

(B) furnishes proof under subparagraph (C) or (D) of paragraph (2) that a suspension was not, or is no longer, merited by the facts.

(b) **SUSPENSION IN ANOTHER STATE.**—A boxing commission may allow a boxer who is under suspension in any State to participate in a professional boxing match—

(1) for any reason other than those listed in subsection (a) if such commission notifies in writing and consults with the designated official of the suspending State's boxing commission prior to the grant of approval for such individual to participate in that professional boxing match; or

(2) if the boxer appeals to the Association of Boxing Commissions, and the Association of Boxing Commissions determines that the suspension of such boxer was without sufficient grounds, for an improper purpose, or not related to the health and safety of the boxer or the purposes of this Act.

* * * * *

SEC. 9. CONFLICTS OF INTEREST.

[15 U.S.C. 6308]

(a) **REGULATORY PERSONNEL.**—No member or employee of a boxing commission, no person who administers or enforces State boxing laws, and no member of the Association of Boxing Commissions may belong to, contract with, or receive any compensation from, any person who sanctions, arranges, or promotes professional boxing matches or who otherwise has a financial interest in an active boxer currently registered with a boxer registry. For purposes of this section, the term “compensation” does not include funds held in escrow for payment to another person in connection with a professional boxing match. The prohibition set forth in this section shall not apply to any contract entered into, or any reasonable compensation received, by a boxing commission to supervise a professional boxing match in another State as described in section 4.

(b) **FIREWALL BETWEEN PROMOTERS AND MANAGERS.**—

(1) **IN GENERAL.**—*It is unlawful for—*

(A) *a promoter to have a direct or indirect financial interest in the management of a boxer; or*

(B) *a manager—*

(i) to have a direct or indirect financial interest in the promotion of a boxer; or
 (ii) to be employed by or receive compensation or other benefits from a promoter, except for amounts received as consideration under the manager's contract with the boxer.

(2) *EXCEPTION FOR SELF-PROMOTION AND MANAGEMENT.*—Paragraph (1) does not prohibit a boxer from acting as his own promoter or manager.

(c) *SANCTIONING ORGANIZATIONS.*—

(1) *PROHIBITION ON RECEIPTS.*—Except as provided in paragraph (2), no officer or employee of a sanctioning organization may receive any compensation, gift, or benefit directly or indirectly from a promoter, boxer, or manager.

(2) *EXCEPTIONS.*—Paragraph (1) does not apply to—

(A) the receipt of payment by a promoter, boxer, or manager of a sanctioning organization's published fee for sanctioning a professional boxing match or reasonable expenses in connection therewith if the payment is reported to the responsible boxing commission under section 17; or

(B) the receipt of a gift or benefit of de minimis value.

SEC. 10. ENFORCEMENT

[15 U.S.C. 6309]

(a) *INJUNCTIONS.*—Whenever the Attorney General of the United States has reasonable cause to believe that a person is engaged in a violation of this Act, the Attorney General may bring a civil action in the appropriate district court of the United States requesting such relief, including a permanent or temporary injunction, restraining order, or other order, against the person, as the Attorney General determines to be necessary to restrain the person from continuing to engage in, sanction, promote, or otherwise participate in a professional boxing match in violation of this Act.

(b) *CRIMINAL PENALTIES.*—

(1) *MANAGERS, PROMOTERS, MATCHMAKERS, AND LICENSEES.*—Any manager, promoter, matchmaker, and licensee who knowingly violates, or coerces or causes any other person to violate, any provision of this **Act** *other than section 9(b), 15, 16, or 17*, shall, upon conviction, be imprisoned for not more than 1 year or fined not more than \$20,000, or both.

(2) *VIOLATION OF ANTI-EXPLOITATION, SANCTIONING ORGANIZATION, OR DISCLOSURE PROVISIONS.*—Any person who knowingly violates any provision of section 9(b), 15, 16, or 17 of this Act shall, upon conviction, be imprisoned for not more than 1 year or fined not more than—

(A) \$100,000; and

(B) if the violations occur in connection with a professional boxing match the gross revenues for which exceed \$2,000,000, such additional amount as the court finds appropriate, or both.

[(2)] (3) *CONFLICT OF INTEREST.*—Any member or employee of a boxing commission, any person who administers or enforces State boxing laws, and any member of the Association

of Boxing Commissions who knowingly violates section 9 of this Act shall, upon conviction, be imprisoned for not more than 1 year or fined not more than \$20,000, or both.

[(3)] (4) BOXERS.—Any boxer who knowingly violates any provision of this Act shall, upon conviction, be fined not more than \$1,000.

(c) ACTIONS BY STATES.—*Whenever the chief law enforcement officer of any State has reason to believe that a person or organization is engaging in practices which violate any requirement of this Act, the State, as parens patriae, may bring a civil action on behalf of its residents in an appropriate district court of the United States—*

(1) to enjoin the holding of any professional boxing match which the practice involves;

(2) to enforce compliance with this Act;

(3) to obtain the fines provided under subsection (b) or appropriate restitution; or

(4) to obtain such other relief as the court may deem appropriate.

(d) PRIVATE RIGHT OF ACTION.—*Any boxer who suffers economic injury as a result of a violation of any provision of this Act may bring an action in the appropriate Federal or State court and recover the damages suffered, court costs, and reasonable attorneys fees and expenses.*

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SEC. 15. PROTECTION FROM EXPLOITATION.

(a) CONTRACT REQUIREMENTS.—

(1) IN GENERAL.—*Any contract between a boxer and a promoter or manager shall—*

(A) include mutual obligations between the parties;

(B) specify a minimum number of professional boxing matches per year for the boxer; and

(C) set forth a specific period of time during which the contract will be in effect, including any provision for extension of that period due to the boxer's temporary inability to compete because of an injury or other cause.

(2) 1-YEAR LIMIT ON COERCIVE PROMOTIONAL RIGHTS.—

(A) The period of time for which promotional rights to promote a boxer may be granted under a contract between the boxer and a promoter, or between promoters with respect to a boxer, may not be greater than 12 months in length if the boxer is required to grant such rights, or a boxer's promoter is required to grant such rights with respect to a boxer, as a condition precedent to the boxer's participation in a professional boxing match against another boxer who is under contract to the promoter.

(B) A promoter exercising promotional rights with respect to such boxer during the 12-month period beginning on the day after the last day of the promotional right period described in subparagraph (A) may not secure exclusive promotional rights from the boxer's opponents as a condition of participating in a professional boxing match against the boxer, and any contract to the contrary—

- (i) shall be considered to be in restraint of trade and contrary to public policy; and
- (ii) unenforceable.

(C) *Nothing in this paragraph shall be construed as preempting any State law concerning interference with contracts.*

(3) **PROMOTIONAL RIGHTS UNDER MANDATORY BOUT CONTRACTS.**—Neither a promoter nor a sanctioning organization may require a boxer, in a contract arising from a professional boxing match that is a mandatory bout under the rules of the sanctioning organization, to grant promotional rights to any promoter for a future professional boxing match.

(b) **EMPLOYMENT AS CONDITION OF PROMOTING, ETC.**—No person who is a licensee, manager, matchmaker, or promoter may require a boxer to employ, retain, or provide compensation to any individual or business enterprise (whether operating in corporate form or not) recommended or designated by that person as a condition of—

(1) such person's working with the boxer as a licensee, manager, matchmaker, or promoter;

(2) such person's arranging for the boxer to participate in a professional boxing match; or

(3) such boxer's participation in a professional boxing match.

(c) **ENFORCEMENT.**—

(1) **PROMOTION AGREEMENT.**—A provision in a contract between a promoter and a boxer, or between promoters with respect to a boxer, that violates subsection (a) is contrary to public policy and unenforceable at law.

(2) **EMPLOYMENT AGREEMENT.**—In any action brought against a boxer to recover money (whether as damages or as money owed) for acting as a licensee, manager, matchmaker, or promoter for the boxer, the court, arbitrator, or administrative body before which the action is brought may deny recovery in whole or in part under the contract as contrary to public policy if the employment, retention, or compensation that is the subject of the action was obtained in violation of subsection (b).

SEC. 16. SANCTIONING ORGANIZATIONS.

(a) **OBJECTIVE CRITERIA.**—A sanctioning organization that sanctions professional boxing matches on an interstate basis shall establish objective and consistent written criteria for the ratings of professional boxers.

(b) **APPEALS PROCESS.**—A sanctioning organization shall establish and publish an appeals procedure that affords a boxer rated by that organization a reasonable opportunity, without the payment of any fee, to submit information to contest its rating of the boxer. Under the procedure, the sanctioning organization shall, within 14 days after receiving a request from a boxer questioning that organization's rating of the boxer—

(1) provide to the boxer a written explanation of the organization's criteria, its rating of the boxer, and the rationale or basis for its rating (including an response to any specific questions submitted by the boxer); and

(2) submit a copy of its explanation to the President of the Association of Boxing Commissions of the United States and to the boxing commission of the boxer's domiciliary State.

(c) *NOTIFICATION OF CHANGE IN RATING.*—If a sanctioning organization changes its rating of a boxer who is included, before the change, in the top 10 boxers rated by that organization, then, within 14 days after changing the boxer's rating, the organization shall—

(1) mail notice of the change and a written explanation of the reasons for its change in that boxer's rating to the boxer at the boxer's last known address;

(2) post a copy, within the 14-day period, of the notice and the explanation on its Internet website or homepage, if any, for a period of not less than 30 days; and

(3) mail a copy of the notice and the explanation to the President of the Association of Boxing Commissions.

(d) *PUBLIC DISCLOSURE.*—

(1) *FTC FILING.*—Not later than January 31st of each year, a sanctioning organization shall submit to the Federal Trade Commission—

(A) a complete description of the organization's ratings criteria, policies, and general sanctioning fee schedule;

(B) the bylaws of the organization;

(C) the appeals procedure of the organization; and

(D) a list and business address of the organization's officials who vote on the ratings of boxers.

(2) *FORMAT; UPDATES.*—A sanctioning organization shall—

(A) provide the information required under paragraph (1) in writing, and, for any document greater than 2 pages in length, also in electronic form; and

(B) promptly notify the Federal Trade Commission of any material change in the information submitted.

(3) *FTC TO MAKE INFORMATION AVAILABLE TO PUBLIC.*—The Federal Trade Commission shall make information received under this subsection available to the public. The Commission may assess sanctioning organizations a fee to offset the costs it incurs in processing the information and making it available to the public.

(4) *INTERNET ALTERNATIVE.*—In lieu of submitting the information required by paragraph (1) to the Federal Trade Commission, a sanctioning organization may provide the information to the public by maintaining a website on the Internet that—

(A) is readily accessible by the general public using generally available search engines and does not require a password or payment of a fee for full access to all the information;

(B) contains all the information required to be submitted to the Federal Trade Commission by paragraph (1) in a easy to search and use format; and

(C) is updated whenever there is a material change in the information.”.

SEC. 17. REQUIRED DISCLOSURES TO STATE BOXING COMMISSIONS.

(a) *SANCTIONING ORGANIZATIONS.*—Before sanctioning a professional boxing match in a State, a sanctioning organization shall provide to the boxing commission of, or responsible for sanctioning matches in, that State a written statement of—

(1) all charges, fees, and costs the organization will assess any boxer participating in that match;

(2) all payments, benefits, complimentary benefits, and fees the organization will receive for its affiliation with the event, from the promoter, host of the event, and all other sources; and

(3) such additional information as the commission may require.

(b) *PROMOTERS.*—Before a professional boxing match organized, promoted, or produced by a promoter is held in a State, the promoter shall provide a statement in writing to the boxing commission of, or responsible for sanctioning matches in, that State—

(1) a copy of any agreement in writing to which the promoter is a party with any boxer participating in the match;

(2) a statement made under penalty of perjury that there are no other agreements, written or oral, between the promoter and the boxer with respect to that match; and

(3) a statement in writing of—

(A) all fees, charges, and expenses that will be assessed by or through the promoter on the boxer pertaining to the event, including any portion of the boxer's purse that the promoter will receive, and training expenses; and

(B) all payments, gift, or benefits the promoter is providing to any sanctioning organization affiliated with the event.

(c) *INFORMATION TO BE AVAILABLE TO STATE ATTORNEY GENERAL.*—A promoter shall make information received under this section available to the chief law enforcement officer of the State in which the match is to be held upon request.

(d) *EXCEPTION.*—The requirements of this section do not apply in connection with a professional boxing match scheduled to last less than 10 rounds.

SEC. [15.] 18. EFFECTIVE DATE.

[15 U.S.C. 6301 NOTE]

The provisions of this Act shall take effect on January 1, 1997, except as follows:

(1) Section 9 shall not apply to an otherwise authorized boxing commission in the Commonwealth of Virginia until July 1, 1998.

(2) Sections 5 through 9 shall take effect on July 1, 1997.

