

MUHAMMAD ALI BOXING REFORM ACT

NOVEMBER 4, 1999.—Ordered to be printed

Mr. BLILEY, from the Committee on Commerce,
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 1832]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 1832) to reform unfair and anticompetitive practices in the professional boxing industry, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Muhammad Ali Boxing Reform Act”.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) Professional boxing differs from other major, interstate professional sports industries in the United States in that it operates without any private sector association, league, or centralized industry organization to establish uniform and appropriate business practices and ethical standards. This has led to repeated occurrences of disreputable and coercive business practices in the boxing industry, to the detriment of professional boxers nationwide.

(2) State officials are the proper regulators of professional boxing events, and must protect the welfare of professional boxers and serve the public interest by closely supervising boxing activity in their jurisdiction. State boxing commissions do not currently receive adequate information to determine whether boxers competing in their jurisdiction are being subjected to contract terms and business practices which may violate State regulations, or are onerous and confiscatory.

(3) Promoters who engage in illegal, coercive, or unethical business practices can take advantage of the lack of equitable business standards in the sport by holding boxing events in States with weaker regulatory oversight.

(4) The sanctioning organizations which have proliferated in the boxing industry have not established credible and objective criteria to rate professional boxers, and operate with virtually no industry or public oversight. Their ratings are susceptible to manipulation, have deprived boxers of fair opportunities for advancement, and have undermined public confidence in the integrity of the sport.

(5) Open competition in the professional boxing industry has been significantly interfered with by restrictive and anticompetitive business practices of certain promoters and sanctioning bodies, to the detriment of the athletes and the ticket-buying public. Common practices of promoters and sanctioning organizations represent restraints of interstate trade in the United States.

(6) It is necessary and appropriate to establish national contracting reforms to protect professional boxers and prevent exploitive business practices, and to require enhanced financial disclosures to State athletic commissions to improve the public oversight of the sport.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to protect the rights and welfare of professional boxers on an interstate basis by preventing certain exploitive, oppressive, and unethical business practices;

(2) to assist State boxing commissions in their efforts to provide more effective public oversight of the sport; and

(3) to promote honorable competition in professional boxing and enhance the overall integrity of the industry.

SEC. 4. PROTECTING BOXERS FROM EXPLOITATION.

The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.) is amended—

(1) by redesignating sections 9 through 15 as sections 17 through 23, respectively; and

(2) by inserting after section 8 the following new sections:

“SEC. 9. CONTRACT REQUIREMENTS.

“Within 2 years after the date of the enactment of the Muhammad Ali Boxing Reform Act, the Association of Boxing Commissions shall develop and shall approve by a vote of no less than a majority of its member State boxing commissioners, guidelines for minimum contractual provisions that should be included in bout agreements and boxing contracts. It is the sense of Congress that State boxing commissions should follow these ABC guidelines.

“SEC. 10. PROTECTION FROM COERCIVE CONTRACTS.

“(a) GENERAL RULE.—

“(1)(A) A contract provision shall be considered to be in restraint of trade, contrary to public policy, and unenforceable against any boxer to the extent that it—

“(i) is a coercive provision described in subparagraph (B) and is for a period greater than 12 months; or

“(ii) is a coercive provision described in subparagraph (B) and the other boxer under contract to the promoter came under that contract pursuant to a coercive provision described in subparagraph (B).

“(B) A coercive provision described in this subparagraph is a contract provision that grants any rights between a boxer and a promoter, or between promoters with respect to a boxer, 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 to another promoter, as a condition precedent to the boxer’s participation in a professional boxing match against another boxer who is under contract to the promoter.

“(2) This subsection shall only apply to contracts entered into after the date of the enactment of the Muhammad Ali Boxing Reform Act.

“(3) No subsequent contract provision extending any rights or compensation covered in paragraph (1) shall be enforceable against a boxer if the effective date of the contract containing such provision is earlier than 3 months before the expiration of the relevant time period set forth in paragraph (1).

“(b) PROMOTIONAL RIGHTS UNDER MANDATORY BOUT CONTRACTS.—No boxing service provider may require a boxer to grant any future promotional rights as a requirement of competing in a professional boxing match that is a mandatory bout under the rules of a sanctioning organization.

“SEC. 11. SANCTIONING ORGANIZATIONS.

“(a) OBJECTIVE CRITERIA.—Within 2 years after the date of the enactment of the Muhammad Ali Boxing Reform Act, the Association of Boxing Commissions shall develop and shall approve by a vote of no less than a majority of its member State boxing commissioners, guidelines for objective and consistent written criteria for the ratings of professional boxers. It is the sense of Congress that sanctioning bodies and State boxing commissions should follow these ABC guidelines.

“(b) APPEALS PROCESS.—A sanctioning organization shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match, until it provides the boxers with notice that the sanctioning organization shall, within 7 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 a response to any specific questions submitted by the boxer); and

“(2) submit a copy of its explanation to the Association of Boxing Commissions.

“(c) NOTIFICATION OF CHANGE IN RATING.—A sanctioning organization shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match, until, with respect to a change in the rating of a boxer previously rated by such organization in the top 10 boxers, the organization—

“(1) posts a copy, within 14 days of such change, on its Internet website or home page, if any, including an explanation of such change, for a period of not less than 30 days; and

“(2) provides a copy of the rating change and explanation to an association to which at least a majority of the State boxing commissions belong.

“(d) PUBLIC DISCLOSURE.—

“(1) FTC FILING.—A sanctioning organization shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match unless, not later than January 31 of each year, it submits to the Federal Trade Commission and to the ABC—

“(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 for a boxer’s rating; 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 an easy to search and use format; and

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

“SEC. 12. REQUIRED DISCLOSURES TO STATE BOXING COMMISSIONS BY SANCTIONING ORGANIZATIONS.

“A sanctioning organization shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a 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.

“SEC. 13. REQUIRED DISCLOSURES FOR PROMOTERS.

“(a) DISCLOSURES TO THE BOXING COMMISSIONS.—A promoter shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a statement of—

“(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) 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;

“(B) all payments, gifts, or benefits the promoter is providing to any sanctioning organization affiliated with the event; and

“(C) any reduction in a boxer’s purse contrary to a previous agreement between the promoter and the boxer or a purse bid held for the event.

“(b) DISCLOSURES TO THE BOXER.—A promoter shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxer it promotes—

“(1) the amounts of any compensation or consideration that a promoter has contracted to receive from such match;

“(2) 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

“(3) any reduction in a boxer’s purse contrary to a previous agreement between the promoter and the boxer or a purse bid held for the event.

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

“SEC. 14. REQUIRED DISCLOSURES FOR JUDGES AND REFEREES.

“A judge or referee shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a statement of all consideration, including reimbursement for expenses, that will be received from any source for participation in the match.

“SEC. 15. CONFIDENTIALITY.

“(a) IN GENERAL.—Neither a boxing commission or an Attorney General may disclose to the public any matter furnished by a promoter under section 13 except to the extent required in a legal, administrative, or judicial proceeding.

“(b) EFFECT OF CONTRARY STATE LAW.—If a State law governing a boxing commission requires that information that would be furnished by a promoter under section 13 shall be made public, then a promoter is—

- “(1) not required to file such information with such State; and
- “(2) required to file such information with the ABC.

“SEC. 16. JUDGES AND REFEREES.

“No person may arrange, promote, organize, produce, or fight in a professional boxing match unless all referees and judges participating in the match have been certified and approved by the boxing commission responsible for regulating the match in the State where the match is held.”.

SEC. 5. CONFLICT OF INTEREST.

Section 17 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6308) (as redesignated by section 4 of this Act) is amended—

(1) in the first sentence by striking “No member” and inserting “(a) REGULATORY PERSONNEL.—No member”; and

(2) by adding at the end the following:

“(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) EXCEPTIONS.—Paragraph (1)—

“(A) does not prohibit a boxer from acting as his own promoter or manager; and

“(B) only applies to boxers participating in a boxing match of 10 rounds or more.

“(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; or

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

SEC. 6. ENFORCEMENT.

Subsection (b) of section 18 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6309) (as redesignated by section 4 of this Act) is amended—

(1) in paragraph (1) by inserting a comma and “other than section 9(b), 10, 11, 12, 13, 14, or 16,” after “this Act”;

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

“(2) VIOLATION OF ANTIEXPLOITATION, SANCTIONING ORGANIZATION, OR DISCLOSURE PROVISIONS.—Any person who knowingly violates any provision of section 9(b), 10, 11, 12, 13, 14, or 16 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 a violation occurs in connection with a professional boxing match the gross revenues for which exceed \$2,000,000, an additional amount which bears the same ratio to \$100,000 as the amount of such revenues compared to \$2,000,000, or both.”; and

(4) in paragraph (3) (as redesignated by paragraph 2 of this subsection) by striking “section 9” and inserting “section 17(a)”; and

(5) by adding at the end the following:

“(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.

“(e) ENFORCEMENT AGAINST FEDERAL TRADE COMMISSION, STATE ATTORNEYS GENERAL, ETC.—Nothing in this Act authorizes the enforcement of—

“(1) any provision of this Act against the Federal Trade Commission, the United States Attorney General, or the chief legal officer of any State for acting or failing to act in an official capacity;

“(2) subsection (d) of this section against a State or political subdivision of a State, or any agency or instrumentality thereof; or

“(3) section 10 against a boxer acting in his capacity as a boxer.”.

SEC. 7. ADDITIONAL AMENDMENTS.

(a) DEFINITIONS.—Section 2(a) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301(a)) is amended—

(1) in paragraph (10) by striking the period at the end and inserting “, including the Virgin Islands.”; and

(2) by adding at the end the following:

“(11) EFFECTIVE DATE OF THE CONTRACT.—The term ‘effective date of the contract’ means the day upon which a boxer becomes legally bound by the contract.

“(12) BOXING SERVICE PROVIDER.—The term ‘boxing service provider’ means a promoter, manager, sanctioning body, licensee, or matchmaker.

“(13) CONTRACT PROVISION.—The term ‘contract provision’ means any legal obligation between a boxer and a boxing service provider.

“(14) 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.

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

(b) STATE BOXING COMMISSION PROCEDURES.—Section 7(a)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6306(a)(2)) is amended—

(1) in subparagraph (C) by striking “or”;

(2) in subparagraph (D) by striking “documents.” at the end and inserting “documents; or”; and

(3) by adding at the end the following:

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

(c) RENEWAL PERIOD FOR IDENTIFICATION CARDS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by striking “2 years.” and inserting “4 years.”.

(d) REVIEW OF SUSPENSIONS.—Section 7(a)(3) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6306(a)(3)) is amended by striking “boxer” and inserting “boxer, licensee, manager, matchmaker, promoter, or other boxing service provider”.

(e) ALTERNATIVE SUPERVISION.—Section 4 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6303) is amended—

(1) by striking “No person” and inserting “(a) No person”; and

(2) by inserting at the end thereof the following:

“(b) For the purpose of this Act, if no State commission is available to supervise a boxing match according to subsection (a), then—

“(1) the match may not be held unless it is supervised by an association of boxing commissions to which at least a majority of the States belong; and

“(2) any reporting or other requirement relating to a supervising commission allowed under this section shall be deemed to refer to the entity described in paragraph (1).”.

(f) HEALTH AND SAFETY DISCLOSURES.—Section 6 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305) is amended by adding at the end the following new subsection:

“(c) HEALTH AND SAFETY DISCLOSURES.—It is the sense of Congress that a boxing commission should, upon issuing an identification card to a boxer under subsection (b)(1), make a health and safety disclosure to that boxer as that commission considers appropriate. The health and safety disclosure should include the health and safety risks associated with boxing, and, in particular, the risk and frequency of brain injury and the advisability that a boxer periodically undergo medical procedures designed to detect brain injury.”.

PURPOSE AND SUMMARY

The purpose of H.R. 1832, the Muhammad Ali Boxing Reform Act, is to protect the rights and welfare of professional boxers on an interstate basis by preventing certain exploitive, oppressive, and unethical business practices, to assist State boxing commissions in their efforts to provide more effective public oversight of the sport, and to promote honorable competition in professional boxing and enhance the overall integrity of the industry.

The Muhammad Ali Boxing Reform Act amends the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.) to establish certain minimum requirements for contracts between boxers and their promoters and managers. In particular, it limits exclusive promotional rights to a maximum of 12 months and prohibits a promoter or a sanctioning organization from requiring a boxer to grant further promotional rights in order to fight a match that is a mandatory bout. The bill also prohibits promoters from having a financial interest in the management of a boxer, and vice versa, although only for boxers who fight over 10 rounds. It requires the establishment of objective and consistent written criteria for the ratings of professional boxers and requires a publishing of any change in a top ten boxer’s rankings.

Sanctioning organizations are required to submit to the Federal Trade Commission (FTC), or post on the Internet, a complete description of their ratings criteria, policies, general sanctioning fee schedule, bylaws, and appeals procedure. Officers and employees of sanctioning organizations are prohibited from receiving any non-de minimis compensation or gifts from a promoter, boxer, or manager, other than their published fees for sanctioning a match and any reasonable expenses. Sanctioning organizations are required to provide to a State’s boxing commission before a fight a statement of all charges, fees, and costs the organization will assess any boxer participating in that match, and all payments the organization will receive for its affiliation with the event from all sources.

Promoters are required to provide to the appropriate State boxing commission copies of any agreements they have with a boxer, a statement of all expenses that will be assessed the boxer, any benefits the promoter is providing to sanctioning organizations affiliated with the event, and any reduction in a boxer’s purse contrary to previous agreements, as well as disclosing other sources of revenue. These disclosures are protected by a confidentiality provision.

Judges and referees are required to be certified and approved by State boxing commissions, and are also required to disclose their sources of compensation for participating in a fight. Unsportsmanlike conduct is added to the list of suspendable offenses under the Act. The Association of Boxing Commissions (ABC) is directed to develop and approve guidelines on boxing contract requirements, uniform rules, and rating criteria. The record keeping burden on the States is reduced by extending boxing licenses from two years to four years.

BACKGROUND AND NEED FOR LEGISLATION

Boxing is perhaps the oldest sport in existence, dating back to the Sumerians in 2600 BC. The ancient Greeks introduced boxing to the Olympics in 688 BC, with participants required to wear protective headgear and leather hand-coverings. Unfortunately, the sport of boxing has been criticized for being rife with fraud and corruption. Recently, the Miami Herald reported that over 30 prize-fights have been fixed or tainted with fraud in the last 12 years (Sunday, October 31, 1999). Earlier this year, an investigation by the Los Angeles Times argued that boxing rankings are sold by sanctioning bodies, promoters pay for conventions for boxing's sanctioning bodies as thinly disguised bribes, and boxing managers make payments of up to twenty thousand dollars in cash to improve their boxers' rankings and get more lucrative cable TV fights. (Tuesday, May 18, 1999).

Similar concerns have been echoed by boxing's leaders. Former heavyweight champion Muhammad Ali has called for Federal legislation to protect boxers from the "dishonest ways" of some promoters and managers. Boxing News has stated that "Pure, unvarnished greed is killing the game. * * *. Boxing desperately needs [a federal] law * * * to cut down on the terrible corruption." (July 17, 1998) Another article noted that "Americans have more rights than any people on earth, but our fight game has degenerated into such a dirty, incestuous business that when you make noise, you get blackballed." (Boxing News, July, 1998)

Three years ago, Congress enacted legislation reported by the Committee on Commerce to begin to clean up the sport. The legislation (1) required that no professional boxing match may be conducted without the supervision of a State authorized boxing commission; (2) created a uniform system of registration, licensing, and reporting through the Association of Boxing Commissions; (3) implemented procedures for mutual recognition, review, and appeal of boxer suspensions; (4) established minimum safety standards (such as a pre-fight physical exam by a physician, medical personnel present at ringside, and health insurance for boxing injuries); and (5) prohibited boxing commission employees from belonging to or receiving compensation from those who sanction, arrange, or promote professional boxing matches. Ironically, the Commerce Committee's boxing legislation took effect one day after Mike Tyson bit off the ear of Evander Holyfield, and one day before Mr. Tyson's suspension was determined. Because of the uniform system created, the suspension of Mr. Tyson by the Nevada boxing commission was recognized nationwide, preventing Mr. Tyson from fighting until the suspension was lifted.

On June 29, 1999, the Subcommittee on Telecommunications, Trade, and Consumer Protection held a hearing on H.R. 1832, the Muhammad Ali Boxing Reform Act. The hearing took place just after an extremely controversial decision in the Holyfield-Lewis heavyweight championship fight in which an International Boxing Federation (IBF) judge awarded the title to Mr. Holyfield, the IBF champion, instead of to Mr. Lewis, the World Boxing Council (WBC) champion and clear apparent winner according to some boxing commentators. In the words of one hearing witness, the decision was "highly influenced". Another witness said plainly, "Lewis was robbed."

H.R. 1832 has been strongly praised by a number of enforcement officials and boxing journalists. Nineteen bipartisan U.S. State Attorney Generals signed a letter stating: "[We] strongly endorse the Ali Act. * * * We believe this legislation will curb anti-competitive and fraudulent business practices and prevent blatant exploitation of professional boxers." In a 1998 editorial, the International Boxing Digest stated that, "We support the new [boxing] bill, and urge all honest people in professional boxing to do likewise. Fighters need to be protected, and not simply from what happens in the ring. This bill does it like it's never done before." Ring Magazine concurred, stating, "Imagine a world in which fighters are not taken advantage of financially, title shots are awarded to legitimate contenders, and bogus alphabet organizations slowly fade from existence. [I]f the Ali Act passes * * * that boxing heaven may just be located right here on earth." (December, 1998 editorial)

The Committee believes that this legislation is needed to reduce corruption and conflicts of interest in boxing, to protect boxers from unethical practices in the sport, to assist the States in regulating the sport, and to increase public confidence in boxing's integrity. The Committee also believes the legislation is necessary to make various improvements to the Professional Boxing Safety Act of 1996 that have been requested by the State regulators to provide them with more flexibility and oversight.

HEARINGS

The Subcommittee on Telecommunications, Trade, and Consumer Protection held a legislative hearing on H.R. 1832, the Muhammad Ali Boxing Reform Act, on June 29, 1999. The Subcommittee received testimony from the following witnesses: Mr. Gregory P. Sirb, President, Association of Boxing Commissions; Mr. Arlen D. Bynum, Legal Counselor, World Boxing Council; Mr. Dan Goossen, President, America Presents; Mr. Tony Holden, President, Next Media; and Mr. Alfonzo Daniels, a Middleweight Boxer.

COMMITTEE CONSIDERATION

On September 24, 1999, the Subcommittee on Telecommunications, Trade, and Consumer Protection met in open markup session to consider H.R. 1832 and approved the bill for Full Committee consideration, amended, by a roll call vote of 15 yeas to 1 nay. On September 29, 1999, the Full Committee met in open markup session and ordered H.R. 1832 favorably reported to the House, amended, by voice vote, a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no recorded votes taken in connection with ordering H.R. 1832 reported. An Amendment by Mr. Oxley, #1, to: (1) replace the 5 year time limit on boxing contracts with a prohibition on sequential coercive contracts; (2) reduce the time period for sanctioning bodies to respond to rating criteria questions from 14 days to 7 days; and (3) add a provision to encourage State boxing commissions to disclose to boxers relevant health and safety risks, particularly with regard to the potential for brain injuries and the advisability of obtaining periodic CAT scans, was agreed to by a voice vote. An Amendment by Mr. Rush, #2, to strike the provisions imposing penalties on persons who violated the disclosure and conflict of interest provisions of the Act, was not agreed to by a voice vote. A motion by Mr. Bliley to order H.R. 1832 reported to the House, amended, was agreed to by a voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a legislative hearing and made findings that are reflected in this report.

COMMITTEE ON GOVERNMENT REFORM OVERSIGHT FINDINGS

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Reform.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 1832, the Muhammad Ali Boxing Reform Act, would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE,
 Washington, DC, November 2, 1999.

Hon. TOM BLILEY,
 Chairman, Committee on Commerce,
 House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1832, the Muhammad Ali Boxing Reform Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley (for federal costs), Shelley Finlayson (for the state and local impact), and Jean Wooster (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
 (For Dan L. Crippen, Director).

Enclosure.

H.R. 1832—Muhammad Ali Boxing Reform Act

Summary: H.R. 1832 aims to protect professional boxers from unfair business practices of managers and promoters. The bill would require the Association of Boxing Commissioners to establish guidelines for minimum provisions that should be included in boxing contracts: prohibit managers and promoters from having shared financial interests; and require the Federal Trade Commission (FTC) to provide information about organizations that sanction professional boxing matches. H.R. 1832 would allow the FTC to charge the sanctioning organizations fees to offset the costs of providing such information. The bill also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. Finally, the bill would clarify that federal laws that regulate boxing also apply in the United States Virgin Islands.

Based on information from the FTC, CBO estimates that enacting H.R. 1832 would have no significant impact on the federal budget. Implementing the bill would require far less than \$500,000 a year in additional discretionary spending during the 2000–2004 period. That cost would be at least partially offset by fees, resulting in little or no net impact. H.R. 1832 would affect direct spending and receipts, so pay-as-you-go procedures would apply, but CBO estimates that those effects would also be less than \$500,000 a year.

H.R. 1832 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), however, CBO estimates that the cost of complying with this mandate would not be significant and would not exceed that threshold established in that act (\$50 million in 1996, adjusted annually for inflation).

H.R. 1832 would impose several private-sector mandates on the boxing industry, mainly on promoters and on organizations that sanction professional boxers. In general, the new mandates on promoters are aimed at protecting boxers from exploitation. The bill also would impose disclosure requirements on sanctioning organizations. CBO estimates that the total direct costs of the private-sector mandates identified in this bill would not exceed the statu-

tory threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation) in any of the next five years.

Estimated cost to the Federal Government: Based on information from the FTC, CBO estimates that enacting H.R. 1832 would require new spending subject to appropriations of far less than \$500,000 a year during the 2000–2004 period, and that such amounts would be at least partially offset by collections of fees. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Enacting H.R. 1832 could increase governmental receipts from the collection of criminal fines, but CBO estimates that any such increase would be less than \$500,000 annually. Criminal fines are deposited in the Crime Victims Fund and are spent in subsequent years. Thus, any change in direct spending from the fund would also amount to less than \$500,000 annually.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that any increases in governmental receipts and direct spending would each total less than \$500,000 a year.

Estimated impact on state, local, and tribal governments: H.R. 1832 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that complying with the mandate would not result in significant additional costs to states. State boxing commissions would be required to establish procedures to ensure that no boxer is permitted to box while under suspension in any state due to unsportsmanlike conduct. Current law already requires state boxing commissions to have procedures in place to prevent boxers suspended for other reasons from boxing in their states. Therefore, CBO estimates that the additional costs to states to comply with this new requirement would not be significant. Enactment of the bill would impose no other costs on state, local, or tribal governments.

Estimated impact on the private sector: H.R. 1832 would impose several private-sector mandates on the boxing industry. The most costly mandate would put a one-year limit on certain contracts between a boxer and a promoter, or between promoters with respect to a boxer. The one-year limitation would apply 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. Based on information from industry sources, CBO expects that this limitation could impose costs, in the form of lost revenues, on only a few promoters.

The bill would require sanctioning organizations to make several new disclosures to regulators and others in the boxing industry. In addition, H.R. 1832 would impose mandates with minimal costs on the Association of Boxing Commissioners, managers, licensees, matchmakers, judges, and referees. Based on information from representatives of the boxing industry, CBO estimates that the total direct costs of the private-sector mandates identified in this bill would not exceed the statutory threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation) in any of the next five years.

Previous CBO estimate: On May 17, 1999, CBO transmitted a cost estimate of S. 305, the Muhammad Ali Boxing Reform Act, as ordered by the Senate Committee on Commerce, Science, and Transportation on May 5, 1999. That bill also would have no significant budgetary impact.

Estimate prepared by: Federal costs: Mark Hadley; impact on state, local, and tribal governments: Shelly Finlayson; impact on the private sector: Jean Wooster.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

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

Section 2. Findings

Section 2 sets forth the findings for the Act.

Section 3. Purposes

Section 3 sets forth the purposes of the Act. The purposes include protecting professional boxers from exploitive and unethical business practices, assisting State boxing commissions (including the Association of Boxing Commissions) in providing more effective public oversight of boxing, and promoting competition and integrity in boxing.

Section 4. Protecting boxers from exploitation

Section 4 amends the Professional Boxing Safety Act of 1996 to add several new sections.

Contract Requirements (Sec. 9).—A new section 9 directs the ABC to develop and approve by a vote of a majority of the commissioners guidelines for minimum contractual provisions to be included in bout agreements and boxing contracts. The bill as introduced contained a number of statutory minimum requirements for contracts between boxers and promoters, including mutual obligations between the parties, a minimum number of professional boxing matches per year for the boxer, and 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. The Committee reported bill permits more long term flexibility by the States in determining appropriate standard contract provisions over time. However, the Committee expects that the ABC will look at these types of issues and adopt standard minimum contract provisions that the States should then follow.

Protection from Coercive Contracts (Sec. 10).—New section 10 protects boxers from coercive contracts. Coercive contracts are deemed unenforceable against boxers. A contract contains a coercive provision if it gives a promoter (other than the boxer's current promoter) any rights over a boxer as a condition for such boxer to be able to participate in a particular boxing match, and the rights are for a period greater than 12 months or the boxer would be fighting against another boxer who has given rights to such promoter as a condition for participating in a particular boxing match. Thus, if a promoter owns the rights to a champion, and a second boxer wants to fight the champion, then the champion's promoter can acquire the rights to the second boxer, but only for up to 12 months. The promoter cannot then require a third boxer to grant any rights as a condition for fighting that second boxer during that period of time. It further provides that the 12 month period of time can not be extended in a manner that is enforceable against a boxer if such extension is made earlier than 3 months before the 12 month period expires. With respect to mandatory bouts required of a boxer to maintain a boxing title or standing, if a boxer is required to compete in a mandatory bout under the rules of a sanctioning organization, then no future promotional rights can be required of such boxer as a condition for participating in such bout.

Sanctioning Organizations (Sec. 11).—The bill creates new section 11 governing sanctioning organizations, requiring the ABC within 2 years of enactment to develop and approve by a majority vote guidelines for objective and consistent written criteria for the ratings of boxers. This section is intended to help establish uniform and standard rules for rating boxing. The Committee expects that the States and sanctioning bodies will follow the ABC guidelines governing the ranking of boxers. To help enforce this section, the provision requires a sanctioning organization, in order to enforce the receipt of any compensation in connection with a boxing match, to provide to a boxer and the ABC (within 7 days of a request questioning that boxer's ratings) a written explanation of the organization's ratings criteria and the reasons for that particular boxer's ratings. With respect to boxers that a sanctioning organization ranks in its top ten in a particular weight class, if the organization subsequently changes the rating of such boxers, it must explain

why such rating was changed and provide a copy of the change and explanation to the ABC and post it on an Internet website. Each year, sanctioning organizations must provide to the FTC a complete description of their ratings criteria, policies, and general sanctioning fee lists, the organization's bylaws, their appeals procedures regarding a boxer's rating, and a list of the organization's officials who vote on boxer ratings. Organizations must promptly notify the FTC of any material change in any of these policies or procedures. In lieu of such submissions to the FTC, an organization can fulfill this disclosure requirement by posting the same information on an Internet website that is generally accessible to the general public with the information available in an easily usable and understandable format.

Required Disclosures to State Boxing Commissions by Sanctioning Organizations (Sec. 12).—The bill creates new section 12 which requires sanctioning organizations to provide to the State boxing commission responsible for regulating a match a statement of all expenses that the organization will assess any boxer in the match. This disclosure is intended to include any charge made to the boxer's promoter or manager that would come out of a boxer's purse or other earnings. The organization is also required to disclose to such State commission any payments or other benefits the organization expects to receive from any source because of its affiliation with the event.

Required Disclosures for Promoters (Sec. 13).—The bill creates new section 13 to require boxing promoters to disclose to the appropriate State boxing commission copies of any written agreements the promoter has made with the participating boxers, a statement that there are no other written or oral existing agreements between such parties, any benefits provided by the promoter to any sanctioning organizations affiliated with the event, any charges that will be deducted from any of the boxer's earnings (such as any training expenses or promoter fees), and any reduction in a boxer's earnings contrary to a previous agreement between a promoter and such boxer or contrary to a bid on a boxing purse held for an event. A promoter is required to provide to the boxer a detailed disclosure of the specific amounts of any compensation or other benefits a promoter is receiving from a match, any charges that will be deducted from the boxer's earnings from the match, and any reduction in the boxer's earnings contrary to a previous agreement. All of the disclosures under this new section are required to be made available upon request to law enforcement officials of the State in which the match is held.

Required Disclosures for Judges and Referees (Sec. 14).—The bill creates new section 14 to require judges and referees to disclose to the appropriate boxing commission a statement of all benefits (including any reimbursement) received from any source for participation in a boxing match.

Confidentiality (Sec. 15).—The bill creates new section 15 to prohibit State boxing commissions and Attorney Generals from disclosing any information which a promoter has furnished under the new section 13 except to the extent required in a legal, administrative, or judicial proceeding. If a State law normally requires that the disclosures under section 13 be made public (other than in such

proceedings), then a promoter is not required to furnish such information to the State or State boxing commission, but may instead file such information with the ABC.

Judges and Referees (Sec. 16).—The bill creates new section 16 requiring that all referees and judges that participate in boxing matches must be certified and approved by the appropriate State boxing commission.

Section 5. Conflict of interest

The bill further amends the Professional Boxing Safety Act of 1996, in the former section 9 (now section 17) which prohibited conflicts of interest between boxing regulators and boxers, by adding a new provision creating similar firewalls between boxers and their promoters and managers. Specifically, the new provision prohibits promoters from having any direct or indirect financial interest in the management of a boxer, and prohibits managers from having any direct or indirect financial interest in the promotion of a boxer. The provision also prohibits managers from being employed or receiving benefits from a promoter in connection with a boxer except as specified under the manager's contract with the boxer. These newly added firewalls only apply to boxers that are engaging in fights of 10 rounds or more, as many boxers that fight fewer rounds cannot afford to have separate managers and promoters. These firewalls do not apply where a boxer chooses to act as his or her own promoter or manager. The new provision also prohibits sanctioning organizations from receiving any benefits or gifts, directly or indirectly, from a promoter, boxer, or manager, except of de minimus value or as payment of a published fee and any connected reasonable expenses where such payment and expenses are reported to the appropriate boxing commission.

Section 6. Enforcement

A new enforcement provision is added to the Professional Boxing Safety Act (to previous section 10, now section 18), which makes any person who knowingly violates the new requirements of this Act subject to imprisonment of up to a year, and fines of up to \$100,000. If the violation is in connection with a boxing match which generates gross revenues in excess of \$2,000,000, then the maximum fine is increased proportionately. For example, if all the sales and television revenues of a boxing match amount to \$6,000,000 in revenues, then the maximum fine would be \$300,000. States are also now allowed to bring civil actions on behalf of their residents for violations of this Act, and boxers are allowed to bring private rights of action to recover any damages suffered because of a violation of the Act (including reasonable attorneys fees).

Section 7. Additional amendments

The bill makes several additional amendments to the Professional Boxing Safety Act. The Committee recognizes that the Virgin Islands should be included in the definition of "State". Several new definitions are also added to section 2. Section 7 is amended to add unsportsmanlike conduct to the list of offenses for which a boxer is suspended nationwide. It is expected that this provision will only be applied for egregious cases of unsportsmanlike conduct. Section

6 is amended to only require that boxers renew their licenses every four years instead of every two years, to reduce the record keeping burdens on the States. Section 7 is amended to expand the parties which are allowed to appeal their suspensions to include boxing service providers. Section 4 is amended to allow the ABC (or any other entity to which a majority of the State boxing commission belongs to) to supervise a boxing match directly, in lieu of a State boxing commission. Section 6 is further amended to express the sense of Congress that State boxing commissions should, when issuing identification cards to boxers, make appropriate health and safety disclosures, including the risks associated with boxing, including the risk and frequency of brain injury and the advisability of undergoing medical procedures designed to detect brain injury (such as CAT scans).

EXCHANGE OF COMMITTEE CORRESPONDENCE

COMMITTEE ON EDUCATION AND THE WORKFORCE,
Washington, DC, November 1, 1999.

Hon. TOM BLILEY,
*Chairman, Committee on Commerce,
House of Representatives, Washington, DC.*

DEAR CHAIRMAN BLILEY: I am writing regarding H.R. 1832, the Muhammad Ali Boxing Reform Act, which is within the jurisdiction of the Committee on Commerce and in addition the Committee on Education and the Workforce. The bill amends the Professional Boxing Safety Act. I have no objection to this bill being scheduled under suspension of the House Rules. The Committee on Commerce ordered the bill favorably reported on September 29, 1999.

Given the impending adjournment and since I support the reported bill, I do not intend to call a full Committee meeting to consider this bill; however, the Committee does hold an interest in preserving its jurisdiction with respect to issues raised in the bill and its jurisdictional prerogatives in future legislation. As such, Members of the Education and the Workforce would expect to be represented should the provisions of this bill be considered in a conference with the Senate.

I would appreciate the inclusion of this letter in the Report you file to accompany this bill. I thank you for your attention to this matter and look forward to swift passage of H.R. 1832.

Sincerely,

BILL GOODLING, *Chairman.*

COMMITTEE ON COMMERCE,
Washington, DC, November 2, 1999.

Hon. WILLIAM F. GOODLING,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR BILL: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 1832, the Muhammad Ali Boxing Reform Act.

In the past, our committees have worked cooperatively in the enactment of the Professional Boxing Safety Act, and I acknowledge

your role as an additional committee of jurisdiction. I appreciate your cooperation in moving the bill to the House floor expeditiously and agree that your decision to forgo further action on the bill will not prejudice the Committee on Education and the Workforce with respect to its jurisdictional prerogatives on this or similar legislation. Further, I will support your request for conferees should this bill be the subject of a House-Senate conference. I will also insert a copy of your letter and this response in the Committee's report on the bill and the Congressional Record when H.R. 1832 is considered by the House.

Thank you again for your cooperation.
Sincerely,

TOM BLILEY, *Chairman.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, 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 matter is printed in italics, existing law in which no change is proposed is shown in roman):

PROFESSIONAL BOXING SAFETY ACT OF 1996

* * * * *

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) * * *

* * * * *

(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[.], *including the Virgin Islands.*

(11) EFFECTIVE DATE OF THE CONTRACT.—*The term “effective date of the contract” means the day upon which a boxer becomes legally bound by the contract.*

(12) BOXING SERVICE PROVIDER.—*The term “boxing service provider” means a promoter, manager, sanctioning body, licensee, or matchmaker.*

(13) CONTRACT PROVISION.—*The term “contract provision” means any legal obligation between a boxer and a boxing service provider.*

(14) 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.

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

* * * * *

SEC. 4. BOXING MATCHES IN STATES WITHOUT BOXING COMMISSIONS.

(a) No person may arrange, promote, organize, produce, or fight in a professional boxing match held in a State that does not have a boxing commission unless the match is supervised by a boxing commission from another State and subject to the most recent version of the recommended regulatory guidelines certified and published by the Association of Boxing Commissions as well as any additional relevant professional boxing regulations and requirements of such other State.

(b) *For the purpose of this Act, if no State commission is available to supervise a boxing match according to subsection (a), then—*

(1) *the match may not be held unless it is supervised by an association of boxing commissions to which at least a majority of the States belong; and*

(2) *any reporting or other requirement relating to a supervising commission allowed under this section shall be deemed to refer to the entity described in paragraph (1).*

* * * * *

SEC. 6. REGISTRATION.

(a) * * *

(b) IDENTIFICATION CARD.—

(1) * * *

(2) RENEWAL.—Each professional boxer shall renew his or her identification card at least once every **[2]** 4 years.

* * * * *

(c) *HEALTH AND SAFETY DISCLOSURES.—It is the sense of Congress that a boxing commission should, upon issuing an identification card to a boxer under subsection (b)(1), make a health and safety disclosure to that boxer as that commission considers appropriate. The health and safety disclosure should include the health and safety risks associated with boxing, and, in particular, the risk and frequency of brain injury and the advisability that a boxer periodically undergo medical procedures designed to detect brain injury.*

SEC. 7. REVIEW.

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

(1) * * *

(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) * * *

* * * * *

(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]** boxer, licensee, manager, matchmaker, promoter, or

other boxing service provider, including an opportunity for a boxer to present contradictory evidence.

* * * * *

SEC. 9. CONTRACT REQUIREMENTS.

Within 2 years after the date of the enactment of the Muhammad Ali Boxing Reform Act, the Association of Boxing Commissions shall develop and shall approve by a vote of no less than a majority of its member State boxing commissioners, guidelines for minimum contractual provisions that should be included in bout agreements and boxing contracts. It is the sense of Congress that State boxing commissions should follow these ABC guidelines.

SEC. 10. PROTECTION FROM COERCIVE CONTRACTS.

(a) **GENERAL RULE.**—

(1)(A) *A contract provision shall be considered to be in restraint of trade, contrary to public policy, and unenforceable against any boxer to the extent that it—*

(i) is a coercive provision described in subparagraph (B) and is for a period greater than 12 months; or

(ii) is a coercive provision described in subparagraph (B) and the other boxer under contract to the promoter came under that contract pursuant to a coercive provision described in subparagraph (B).

(B) A coercive provision described in this subparagraph is a contract provision that grants any rights between a boxer and a promoter, or between promoters with respect to a boxer, 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 to another promoter, as a condition precedent to the boxer's participation in a professional boxing match against another boxer who is under contract to the promoter.

(2) This subsection shall only apply to contracts entered into after the date of the enactment of the Muhammad Ali Boxing Reform Act.

(3) No subsequent contract provision extending any rights or compensation covered in paragraph (1) shall be enforceable against a boxer if the effective date of the contract containing such provision is earlier than 3 months before the expiration of the relevant time period set forth in paragraph (1).

(b) **PROMOTIONAL RIGHTS UNDER MANDATORY BOUT CONTRACTS.**—*No boxing service provider may require a boxer to grant any future promotional rights as a requirement of competing in a professional boxing match that is a mandatory bout under the rules of a sanctioning organization.*

SEC. 11. SANCTIONING ORGANIZATIONS.

(a) **OBJECTIVE CRITERIA.**—*Within 2 years after the date of the enactment of the Muhammad Ali Boxing Reform Act, the Association of Boxing Commissions shall develop and shall approve by a vote of no less than a majority of its member State boxing commissioners, guidelines for objective and consistent written criteria for the ratings of professional boxers. It is the sense of Congress that sanctioning bodies and State boxing commissions should follow these ABC guidelines.*

(b) *APPEALS PROCESS.*—A sanctioning organization shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match, until it provides the boxers with notice that the sanctioning organization shall, within 7 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 a response to any specific questions submitted by the boxer); and

(2) submit a copy of its explanation to the Association of Boxing Commissions.

(c) *NOTIFICATION OF CHANGE IN RATING.*—A sanctioning organization shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match, until, with respect to a change in the rating of a boxer previously rated by such organization in the top 10 boxers, the organization—

(1) posts a copy, within 14 days of such change, on its Internet website or home page, if any, including an explanation of such change, for a period of not less than 30 days; and

(2) provides a copy of the rating change and explanation to an association to which at least a majority of the State boxing commissions belong.

(d) *PUBLIC DISCLOSURE.*—

(1) *FTC FILING.*—A sanctioning organization shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match unless, not later than January 31 of each year, it submits to the Federal Trade Commission and to the ABC—

(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 for a boxer's rating; 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 an easy to search and use format; and

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

SEC. 12. REQUIRED DISCLOSURES TO STATE BOXING COMMISSIONS BY SANCTIONING ORGANIZATIONS.

A sanctioning organization shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a 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.

SEC. 13. REQUIRED DISCLOSURES FOR PROMOTERS.

(a) **DISCLOSURES TO THE BOXING COMMISSIONS.**—A promoter shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a statement of—

(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) 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;

(B) all payments, gifts, or benefits the promoter is providing to any sanctioning organization affiliated with the event; and

(C) any reduction in a boxer's purse contrary to a previous agreement between the promoter and the boxer or a purse bid held for the event.

(b) **DISCLOSURES TO THE BOXER.**—A promoter shall not be entitled to receive any compensation directly or indirectly in connection with a boxing match until it provides to the boxer it promotes—

(1) the amounts of any compensation or consideration that a promoter has contracted to receive from such match;

(2) 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

(3) any reduction in a boxer's purse contrary to a previous agreement between the promoter and the boxer or a purse bid held for the event.

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

SEC. 14. REQUIRED DISCLOSURES FOR JUDGES AND REFEREES.

A judge or referee shall not be entitled to receive any compensation, directly or indirectly, in connection with a boxing match until it provides to the boxing commission responsible for regulating the match in a State a statement of all consideration, including reimbursement for expenses, that will be received from any source for participation in the match.

SEC. 15. CONFIDENTIALITY.

(a) **IN GENERAL.**—Neither a boxing commission or an Attorney General may disclose to the public any matter furnished by a promoter under section 13 except to the extent required in a legal, administrative, or judicial proceeding.

(b) **EFFECT OF CONTRARY STATE LAW.**—If a State law governing a boxing commission requires that information that would be furnished by a promoter under section 13 shall be made public, then a promoter is—

- (1) not required to file such information with such State; and
- (2) required to file such information with the ABC.

SEC. 16. JUDGES AND REFEREES.

No person may arrange, promote, organize, produce, or fight in a professional boxing match unless all referees and judges participating in the match have been certified and approved by the boxing commission responsible for regulating the match in the State where the match is held.

SEC. [9.] 17. CONFLICTS OF INTEREST.

[No member] (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) EXCEPTIONS.—Paragraph (1)—

(A) does not prohibit a boxer from acting as his own promoter or manager; and

(B) only applies to boxers participating in a boxing match of 10 rounds or more.

(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; or

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

SEC. [10.] 18. ENFORCEMENT.

(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), 10, 11, 12, 13, 14, or 16*, shall, upon conviction, be imprisoned for not more than 1 year or fined not more than \$20,000, or both.

(2) VIOLATION OF ANTIEXPLOITATION, SANCTIONING ORGANIZATION, OR DISCLOSURE PROVISIONS.—Any person who knowingly violates any provision of section 9(b), 10, 11, 12, 13, 14, or 16 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 a violation occurs in connection with a professional boxing match the gross revenues for which exceed \$2,000,000, an additional amount which bears the same ratio to \$100,000 as the amount of such revenues compared to \$2,000,000, 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] 17(a) 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.

(e) ENFORCEMENT AGAINST FEDERAL TRADE COMMISSION, STATE ATTORNEYS GENERAL, ETC.—Nothing in this Act authorizes the enforcement of—

- (1) any provision of this Act against the Federal Trade Commission, the United States Attorney General, or the chief legal officer of any State for acting or failing to act in an official capacity;
- (2) subsection (d) of this section against a State or political subdivision of a State, or any agency or instrumentality thereof; or
- (3) section 10 against a boxer acting in his capacity as a boxer.

SEC. [11.] 19. NOTIFICATION OF SUPERVISING BOXING COMMISSION.

Each promoter who intends to hold a professional boxing match in a State that does not have a boxing commission shall, not later than 14 days before the intended date of that match, provide written notification to the supervising boxing commission designated under section 4. Such notification shall contain each of the following:

- (1) * * *
- * * * * *

SEC. [12.] 20. STUDIES.

(a) PENSION.—The Secretary of Labor shall conduct a study on the feasibility and cost of a national pension system for boxers, including potential funding sources.

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SEC. [13.] 21. PROFESSIONAL BOXING MATCHES CONDUCTED ON INDIAN RESERVATIONS.

(a) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) * * *

* * * * *

SEC. [14.] 22. RELATIONSHIP WITH STATE LAW.

Nothing in this Act shall prohibit a State from adopting or enforcing supplemental or more stringent laws or regulations not inconsistent with this Act, or criminal, civil, or administrative fines for violations of such laws or regulations.

SEC. [15.] 23. EFFECTIVE DATE.

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.

DISSENTING VIEWS

We have a number of concerns regarding H.R. 1832, as reported by the Committee on Commerce.

First, we take issue with sections 2 and 3 of the bill regarding the congressional findings and purposes. These sections unnecessarily denigrate promoters without there having been any formal fact finding investigation as to whether these statements are justified. We understand that what support there is consists principally of allegations from boxers and managers, who naturally are in an adverse economic relationship with promoters. To take these allegations as true, and to give these allegations the imprimatur of the United States Congress, is simply unfair without a formal independent fact finding investigation. These findings and purposes, to the extent they denigrate all promoters, are not necessary and we would ask that the inflammatory language be removed.

Second, the legislation takes away a boxer's and promoter's freedom to contract. As Americans, one of the most fundamental freedoms which we enjoy is the freedom to contract if we determine that an agreement is in our best economic interest. Baseball players sign seven (7) year contracts, but this bill would limit a boxer's freedom to contract to five (5) years at the most and in certain instances, it would limit him to one (1) year, and in other instances, would prevent him from signing with a promoter altogether. While we can imagine certain situations where an uneducated boxer might be duped into signing an agreement which is not in his best economic interest, it seems to us that if the boxer is represented by a licensed attorney or a manager who is licensed by a state athletic commission, and the boxer and his attorney or manager want to sign a six-year deal with a promoter because they have determined that it is in their best interest, or if they want to sign with a promoter for two years so that they get a shot at the title, then this Congress should not stand in the way of their freedom to contract. Accordingly, I would propose an additional exception providing that the limitations on the freedom to contract do not apply if the boxer is adequately represented in his negotiations with the promoter.

Third, the legislation states that a promoter shall not be entitled to receive any compensation in connection with a boxing match until it provides certain information to the boxing commission and the boxer. While we do not take issue with a promoter being required to provide relevant information, we simply do not see how you can stop a promoter from receiving the benefit of, for example, a letter of credit which is being used to pay the boxer his purse, nor do we see the wisdom of preventing the boxer from being paid simply because the promoter has not provided the required information. In other words, this section should be revised to impose an

obligation on the promoter to provide relevant information and if he does not, there should be a reasonable sanction.

Furthermore, we do not understand the logic of requiring a promoter to file every contract he has with a boxer with the commission. Suppose that a boxer has fought for a promoter twenty (20) times and in each contract the boxer gets clip rights that extend for ten (10) years. Under this provision, the promoter would have to file not only the bout agreement for the applicable bout, but each of the 20 other bout agreements with the commission. Also, a promoter may have a sponsorship deal with a boxer or a merchandise deal. It will be extremely burdensome on promoters to have to file all these contracts with the commission. The bottom line is that the promoter should have to file the applicable bout agreement for the bout and provide a written certification that there are no other agreements with the boxer regarding the match.

We also do not understand the reasoning behind requiring the promoter to disclose to the boxer how much compensation or consideration a promoter has contracted to receive for a match. The boxer and the promoter's interests are adverse and the boxer is not entitled to this information. This information can also be misleading and make a boxer think that a promoter is actually retaining this revenue as profit. The promoter must, however, pay not only all of the boxers' purses from such revenue as well as any fees to other promoters, but also all of the other expenses of the bout, and then the promoter either makes a profit or incurs a loss on the fight. Additionally, the promoter has the overhead of his company which he must pay for a bottom line profit or loss. The boxer simply is not entitled to this information because he is not taking the risk of the promotion. If, however, the boxer is getting an upside payment or is receiving part of the profit from the promotion, then of course the promoter should have to disclose the relevant information to the boxer so that he can verify that he is receiving what he is entitled to.

Fourth, we are concerned with section 5 of the bill because it would also eliminate the freedom to contract. We understand that for certain promotions, promoters, boxers and managers sometimes enter into joint venture arrangements whereby they agree to share their compensation. For example, in exchange for a piece of promoter's profit in a promotion, the boxer and manager may agree to share a portion of the purse. In other situations, the amount of the guaranteed purse is reduced in consideration for a piece of the upside after certain revenue targets are met. We believe that there is nothing wrong with this practice provided that the boxer is adequately represented. Accordingly, we would provide an exception to this section so that it is not applicable if the boxer is adequately represented by an attorney provided that the relationship between the promoter and the manager is disclosed to the boxer. This would allow for the flexibility to enter into more complex arrangements like joint ventures on promotions.

Fifth, we take issue with section 6 of the bill with respect to the imposition of criminal penalties. We believe that the civil remedies are more than adequate and there has been no demonstration that criminal sanctions are warranted. If civil remedies subsequently prove to be inadequate, Congress can then address at that time the

need for criminal sanctions. This bill generally affects the contractual rights of promoters and boxers and the remedy for a violation should be a contractual one, not criminal.

Sixth, the bill as currently drafted only applies to promoters, yet the version which was passed by the Senate also imposed rules regulating the contractual relationship between broadcasters and boxers. It is well known that certain broadcasters have been entering into exclusive long term relationships with boxers. In these cases, the broadcasters become the de facto promoter of the boxer, but they are not licensed and do not have to disclose their contracts with the boxers or report to the athletic commissions. In certain well publicized instances, boxers who have signed with two different broadcasters have been precluded from fighting each other because neither broadcaster is willing to allow their boxer to fight on the other broadcaster's network. When this same situation arises between two rival promoters, the rules of the sanctioning organizations provides the mechanism of a purse offer, i.e., the public auction of the promotional rights to a fight, so that the boxers can fight each other. We submit that the rules adopted by the Senate with respect to broadcasters should not only be adopted here, but also they should be expanded to provide for same disclosures imposed on promoters to the athletic commissions. Additionally, we should create a mechanism, similar to a purse offer, so that the boxers who are signed with different broadcasters be allowed to fight each other.

Finally, after soccer, boxing is probably the second most recognized sport internationally. Because of the global nature of the sport, we are very concerned that our rules will impose an undue burden on U.S. promoters, whereas foreign promoters will not be subject to these rules. These rules will place U.S. promoters at a disadvantage with their foreign competitors. For example, these rules will not prevent a foreign promoter's freedom to contract under the laws of a foreign country or prevent a foreign promoter from entering into more flexible financial arrangements with their boxers. We would urge that these rules be expanded to govern, to the extent possible, the activities of foreign promoters if they are exploiting bouts in the United States. This will help to level the playing field and will help to ensure that U.S. promoters do not take their promotions abroad.

EDOLPHUS TOWNS.
BOBBY L. RUSH.

