

S. 2238

To reform unfair and anticompetitive practices in the professional boxing industry.

IN THE SENATE OF THE UNITED STATES

June __, 1998

Mr. Lott (for Mr. McCain) (for himself and Mr. Bryan) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To reform unfair and anticompetitive practices in the professional boxing industry.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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) Professional boxers are vulnerable to exploitative business practices engaged in by certain promoters and sanctioning bodies which dominate the sport. Boxers do not have an established representative group to advocate for their interests and rights in the industry.

(3) 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 be violative of State regulations, or are onerous and confiscatory.

(4) 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.

(5) 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.

(6) Open competition in the professional boxing industry has been significantly interfered with by restrictive and anti-competitive 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.

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

(8) Whereas the Congress seeks to improve the integrity and ensure fair practices of the professional boxing industry on a nationwide basis, it deems it appropriate to name this reform in honor of Muhammad Ali, whose career achievements and personal contributions to the sport, and positive impact on our society, are unsurpassed in the history of boxing.

SEC. 3. PURPOSES.

The purposes of this Act are_

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

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

(3) to promoting 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 by_

(1) redesignating section 15 as 16; and

(2) inserting after section 14 the following:

``SEC. 15. PROTECTION FROM EXPLOITATION.

``(a) Contract Requirements._

``(1) In general._ Any contract between a boxer and a promoter or manager shall_

``(A) be reasonable;

``(B) include mutual obligations between the parties; and

``(C) specify a minimum number of professional boxing matches per year for the boxer.

``(2) 1- year limit on coercive promotional rights._ 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. Nothing in this paragraph shall be construed as pre-empting any State statute or common law rule against interference with contract.

“(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).”.

(b) Conflicts of Interest._ Section 9 of such Act (15 U.S.C. 6308) is amended by_

(1) striking “No member” and inserting “(a) Regulatory Personnel._ No member”; and

(2) adding at the end thereof 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 to have a direct or indirect financial interest in the promotion of a boxer.

“(2) Exception for Self-promotion and management._ Paragraph (1) does not prohibit a boxer from acting as his own promoter or manager.”.

SEC. 5. SANCTIONING ORGANIZATION INTEGRITY REFORMS.

(a) In General._ The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 4 of this Act, is amended by_

(1) redesignating section 16, as redesignated by section 4 of this Act, as section 17; and

(2) by inserting after section 15 the following:

“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 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 and its rating of the boxer; and

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

“(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 it shall provide a written explanation of the reasons for its change in that boxer's rating to the boxer within 14 days after changing the boxer's rating.

“(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.”.

(b) Conflict of Interest._ Section 9 of such Act (15 U.S.C. 6308), as amended by section 4 of this Act, is amended by adding at the end thereof the following:

“(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.”.

(c) Sanctioning Organization Defined._ Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301) is amended by adding at the end thereof the following:

“(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.”.

SEC. 6. PUBLIC INTEREST DISCLOSURES TO STATE BOXING COMMISSIONS.

(a) In General._ The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 5 of this Act, is amended by_

(1) redesignating section 17, as redesignated by section 5 of this Act, as section 18; and

(2) by inserting after section 16 the following:

“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) State Boxing Commission to Establish Requirements._ The boxing commission of each State, or the responsible boxing commission for a State that has no boxing commission, shall determine how far in advance of a professional boxing match the documents described in subsections (a) and (b) shall be provided to the boxing commission, and may prescribe such additional requirements relative to the required submission as may be necessary.

“(d) Information To Be Available to State Attorney General._ A State boxing commission 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.

“(e) Exception._ The requirements of this section do not apply in connection with a professional boxing match scheduled to last less than 10 rounds.”.

SEC. 7. ENFORCEMENT.

Section 10 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6309) is amended by_

(1) inserting a comma and “other than section 9(b), 15, 16, or 17,” after “this Act” in subsection (b)(1);

(2) redesignating paragraphs (2) and (3) of subsection (b) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) the following:

“(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.”; and

(3) adding at the end thereof 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.”.

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