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TOP RANK, INC.
9

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12

13 TOP RANK, INC.

14 Plaintiff,

15 v.

16 ALAN HAYMON, HAYMON
BOXING LLC, HAYMON SPORTS
17 LLC, HAYMON HOLDINGS, LLC,
WADDELL & REED FINANCIAL,
18 INC., MEDIA GROUP HOLDINGS
LLC, and DOES 1 through 10,
19

20 Defendants.

Case No.

**COMPLAINT FOR
VIOLATIONS OF SHERMAN
ACT AND CALIFORNIA
UNFAIR COMPETITION LAW**

DEMAND FOR JURY TRIAL

1 Plaintiff Top Rank, Inc. avers on knowledge as to itself and its own acts, and
2 on information and belief as to all other matters, as follows:

3 INTRODUCTION

4 1. Defendant Alan “Al” Haymon, a former music mogul turned boxing
5 manager, is “the fight game’s biggest mystery.”¹ Operating in the shadows, he has
6 no website, avoids being photographed, and famously runs his empire from an old
7 school flip phone. For years, Haymon refused to acknowledge that he even had an
8 office. Now, armed with nearly half a billion dollars from a Kansas City-based
9 investment fund, Haymon and Defendant Waddell & Reed are “making a play to
10 take over boxing”²—law, fair competition, and fighters’ rights be damned. Widely
11 regarded as “boxing’s most powerful figure,”³ Haymon brazenly claims that he
12 “could run boxing.”⁴ He and Waddell & Reed will stop at nothing to get there.

13 2. But just as there are rules inside the ring, there are extensive
14 regulations outside of it to ensure fair competition—the Muhammad Ali Boxing
15 Reform Act, the Sherman Antitrust Act, unfair competition laws, and other
16 standards and restrictions. If any one person breaks those rules, then everybody
17 loses—the boxers, their managers, the promoters, and, of course, the fans
18 themselves.

19 3. With the financial backing, complicity, and material assistance of
20 Waddell & Reed and other financiers, Haymon is rigging the boxing industry so
21 they can act as manager, promoter, sponsor, and ticket broker for nearly every
22

23 ¹ Greg Bishop, *The Man With The Plan*, SPORTS ILLUSTRATED, Dec. 22, 2014,
24 <http://www.si.com/vault/2014/12/22/106690278/the-man-with-the-plan>.

25 ² *Id.* (quoting veteran journalist and boxing historian Thomas Hauser).

26 ³ Bryan Armen Graham, *With Boxing’s Return to Prime-time Network TV, Al Haymon Makes His Move*, THE GUARDIAN, Mar. 6, 2015,
27 <http://www.theguardian.com/sport/2015/mar/06/with-boxings-return-to-prime-time-network-tv-al-haymon-makes-his-move>.

28 ⁴ Greg Bishop, *Behind the Scenes, Haymon Is Shaking Up the Fight Game*, N.Y. TIMES, Dec. 17, 2011, at SP1.

1 major professional boxer competing in the United States, all in violation of the
2 Muhammad Ali Boxing Reform Act, the Sherman Act, and a host of other state and
3 federal laws. Openly defying the statutorily-mandated “firewall” between manager
4 and promoter—two distinct professional roles that, as described at length below,
5 serve fundamentally different purposes in the boxing industry—Haymon has
6 leveraged his dominance in the boxing management business to injure and exclude
7 competitors in the business of promoting professional boxing matches in the United
8 States.

9 4. The regulators have recently begun to take notice. In June 2015, the
10 company controlled by Haymon and Waddell & Reed was criticized for blocking
11 California venues from promotional competitors. Haymon reserved prime locations
12 such as Staples Center and The Forum so that they could not be booked by the
13 competition, and then canceled after the competitors were forced to seek other
14 locations. The tactic unfairly injured his competitors and deprived consumers of
15 access to events with no legitimate business purpose other than to unfairly harm
16 competition.

17 5. Using one’s power to box out competitors is a classic monopolistic
18 tactic. Haymon’s actions also violate the Muhammad Ali Boxing Reform Act’s
19 proscriptions against managers acting as promoters (a criminal violation). In fact,
20 the Association of Boxing Commissions recently sent a letter to United States
21 Attorney General Loretta Lynch urging an investigation into Haymon’s practices.
22 Haymon has also been sued by boxer Bernard Hopkins and Oscar De La Hoya’s
23 Golden Boy Promotions for similar illegal and anticompetitive practices.

24 6. Given Haymon’s experience in the music business, it is no surprise
25 that his current monopolistic tactics in boxing mirror the predatory “payola”
26 practices employed in the music industry in the mid-20th century. Reversing the
27 ordinary flow of money between television broadcasters and promoters, Haymon
28 and Waddell & Reed have purchased airtime on over half a dozen leading

1 broadcasters to promote Haymon's boxing matches under the "Premier Boxing
 2 Champions" ("PBC") brand. In order to stifle legitimate promoters from competing
 3 against PBC, Haymon has obtained exclusivity commitments from broadcasters.
 4 Between these predatory "payola" payments and the expenses of promoting each
 5 televised match, Haymon and Waddell & Reed are operating at a significant short-
 6 term loss in the millions of dollars. This "loss leader" strategy—which Waddell &
 7 Reed has bankrolled and actively participated in—has allowed Haymon to gain
 8 unfair advantage in the promoter market to the severe detriment of legitimate
 9 competitors like Top Rank. Once Haymon obtains monopoly power in the market
 10 for promoting professional boxing matches, he will recoup the losses by charging
 11 exorbitant prices to broadcasters, sponsors, and consumers. Haymon and Waddell
 12 & Reed will be the sole competitor.

13 7. Haymon's assault on the boxing promotion business (in which he
 14 cannot even legally operate, due to his role as a boxing manager) has taken other
 15 forms as well. Among other things, Haymon and his co-conspirators have engaged
 16 in the following unlawful, anticompetitive, and tortious conduct:

- 17 A. inducing professional boxers to enter unlawful "tie out"
 18 agreements, which prevent the boxers (whose interests Haymon
 19 purports to represent) from freely contracting with legitimate
 20 promoters;
- 21 B. illegally acting as a promoter and fraudulently operating in the
 22 promotion business through a network of "sham" promoters;
- 23 C. blocking legitimate promoters' access to major venues through
 24 fraud, overbooking, and other unlawful means; and
- 25 D. preventing legitimate promoters from access to television
 26 broadcasters through exclusive dealing, overbooking, and other
 27 unlawful means.

28 8. In so doing, and as alleged below, Haymon, Waddell & Reed, and

1 their co-conspirators and accomplices have violated a number of state and federal
2 laws, including the Sherman Antitrust Act, 15 U.S.C. §§ 1 *et seq.*; the Muhammad
3 Ali Boxing Reform Act, 15 U.S.C. §§ 6301 *et seq.*; the California Unfair
4 Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.*; the California Unfair
5 Practices Act, Cal. Bus. & Prof. Code §§ 17000 *et seq.*; and other state laws and
6 regulations.

7 **THE PARTIES**

8 9. Plaintiff Top Rank is a limited liability company with its principal
9 place of business in Las Vegas, Nevada. Top Rank is a boxing promoter licensed
10 in the States of California and Nevada, among others.

11 10. Defendant Al Haymon is a resident of California. Individually and
12 through the instrumentality of Haymon Boxing LLC and Haymon Sports LLC,
13 Haymon has done substantial business in California and in this District.

14 11. Defendant Haymon Boxing LLC (“Haymon Boxing”) is a Delaware
15 limited liability company with its principal place of business at 3930 Howard
16 Hughes Parkway, Suite 350, Las Vegas, Nevada 89109. Haymon Boxing has done
17 substantial business in California and in this District.

18 12. Defendant Haymon Sports LLC (“Haymon Sports”) is a Delaware
19 limited liability company with its principal place of business at 3930 Howard
20 Hughes Parkway, Suite 350, Las Vegas, Nevada 89109. Haymon Sports has done
21 substantial business in California and in this District.

22 13. Defendant Haymon Holdings LLC (“Haymon Holdings”) (together
23 with Defendants Al Haymon, Haymon Boxing, and Haymon Sports, “Haymon”) is
24 a Delaware limited liability company with its principal place of business at 3930
25 Howard Hughes Parkway, Suite 350, Las Vegas, Nevada 89109. Haymon
26 Holdings is the managing member of Defendant Haymon Sports. Haymon
27 Holdings has done substantial business in California and in this District.

28 14. Defendant Waddell & Reed Financial, Inc. (“Waddell & Reed”) is a

1 publicly traded asset management and financial planning company that is
2 incorporated in the State of Delaware. Waddell & Reed has done substantial
3 business in California and in this District.

4 15. Defendant Media Group Holdings LLC (“MGH”) is a Waddell &
5 Reed-affiliated Delaware series limited liability company, with its principal place of
6 business in Overland Park, Kansas. MGH is an investor in and member of
7 Defendant Haymon Holdings. MGH has done substantial business in California
8 and in this District.

9 16. The true names and capacities of Defendants named herein as Does 1
10 through 10 are unknown to Plaintiff. Plaintiff will seek leave from this Court to
11 amend this Complaint to identify these Defendants’ true names and capacities, once
12 such information has been ascertained. Plaintiff alleges that Does 1 through 10
13 participated in Defendants’ misconduct, as herein alleged, and are therefore liable
14 to Plaintiff for the same.

15 JURISDICTION AND VENUE

16 17. This Court has original jurisdiction over Plaintiff’s federal antitrust
17 claims, which arise under the Sherman Antitrust Act (15 U.S.C. §§ 1, 2) and the
18 Clayton Act (15 U.S.C. §§ 15, 26). 28 U.S.C. §§ 1331, 1337(a). This Court has
19 supplemental jurisdiction over the related claims for violations of California
20 statutory and common law alleged herein, because those claims are so related to the
21 federal claims that they form part of the same case or controversy under Article III
22 of the United States Constitution. 28 U.S.C. § 1367(a).

23 18. Venue is proper in this District under 28 U.S.C. § 1391(b), because a
24 substantial part of the acts and circumstances giving rise to this action occurred in
25 this District, and all Defendants are subject to personal jurisdiction in this District.

26 FACTUAL ALLEGATIONS

27 Federal Government Regulation of Professional Boxing

28 19. The federal government has long taken an interest in preventing and

1 remedying anticompetitive and abusive practices in the professional boxing
 2 industry. In the early 1950s, for example, the United States Department of Justice
 3 (the “DOJ”) brought a civil complaint against certain boxing clubs and promoters,
 4 alleging they had conspired to restrain and monopolize the market for promoting
 5 championship boxing matches, in violation of Sections 1 and 2 of the Sherman Act.

6 20. The defendants argued the antitrust laws did not apply to professional
 7 boxing, but the Supreme Court disagreed, holding that “the Government’s
 8 allegations bring the defendants within the scope of the [Sherman] Act.” *United*
 9 *States v. Int’l Boxing Club of N.Y., Inc.*, 348 U.S. 236, 240–41 (1955)
 10 (“*International Boxing Club I*”).

11 21. After a bench trial, the district court ruled that the defendants had
 12 unreasonably restrained and monopolized “trade and commerce in the promotion of
 13 professional world championship boxing contests among the several states.”
 14 *United States v. Int’l Boxing Club of N.Y., Inc.*, 150 F. Supp. 397, 421–22
 15 (S.D.N.Y. 1957), *aff’d*, 358 U.S. 242 (1959). The court found that the defendants
 16 had acquired monopoly power in the promotion business and succeeded in
 17 excluding several rival competitors. *See id.* at 414–19. The instruments of their
 18 conspiracy included, among other things, preventing the boxers from contracting
 19 with rival promoters, negotiating exclusive dealing arrangements with major
 20 venues, and tying up the rights to radio and television broadcasts. *Id.* at 411–19

21 22. On appeal, the Supreme Court affirmed the district court’s judgment.
 22 *See Int’l Boxing Club of N.Y., Inc. v. United States*, 358 U.S. 242 (1959)
 23 (“*International Boxing Club II*”). In so doing, the Court held that the business of
 24 promoting championship boxing contests was a distinct market from promoting
 25 run-of-the-mill boxing matches, since “championship boxing is the ‘cream’ of the
 26 boxing business, and . . . is a sufficiently separate part of the trade or commerce to
 27 constitute the relevant market for Sherman Act purposes.” *Id.* at 249, 252.

28 23. The Supreme Court’s *International Boxing Club* decisions established

1 conclusively that (1) the Sherman Act fully applies to the business of boxing
2 promotion; and (2) the business of promoting boxing matches involving “the
3 ‘cream’ of the boxing business” is a distinct and cognizable relevant market for
4 antitrust purposes.

5 24. In the years and decades following these decisions, Congress took
6 sustained interest in professional boxing. For example, beginning in 1960, Senator
7 Estes Kefauver, Chair of the Senate Subcommittee on Antitrust and Monopoly,
8 held hearings investigating of the professional boxing industry. At a 1961 hearing,
9 former heavyweight champion Gene Tunney testified that “there is a great tendency
10 for monopoly to develop in the sport, . . . and monopoly in the sport is strong,
11 influential, and almost unbreakable.”

12 25. Again in the 1970s, a House subcommittee held hearings to investigate
13 the so-called United States Boxing Championships by Don King Productions and a
14 television network. From 1977 through 1993, a number of boxing bills were
15 introduced in Congress, which aimed to address such practices as bribery,
16 racketeering, licensing, safety, and conflicts of interest between managers and
17 promoters. In 1996, with the sponsorship of Senators John McCain and Richard
18 Bryan, Congress passed the Professional Boxing Safety Act, which was designed to
19 ensure athletes’ safety. Pub. L. 104-272.

20 **The Muhammad Ali Boxing Reform Act**

21 26. While the Professional Boxing Safety Act sought to protect boxers
22 against physical harm, it did not address exploitative and anticompetitive practices
23 that had taken root in the boxing industry.

24 27. Congress was particularly concerned with individuals developing
25 unchecked contracting power that could result in a single person “gain[ing] control
26 over a majority of championship bouts in a weight division.” S. Rep. 105-371, at 5
27 (Oct. 6, 1998).

28 28. Such contractual abuses could often be avoided if the boxer had

1 competent and independent representation. This is where boxing managers come
 2 into play. Ideally, a manager should fiercely and exclusively advocate for the
 3 boxer's interests when negotiating with sophisticated business entities. But that
 4 was frequently not the case:

5 A manager is supposed to have some degree of independent
 6 judgment. . . . [T]here are situations where a manager is
 7 actually a paid employee of a promoter or even an officer of a
 8 promotion company. Sometimes this is quite overt, and since
 one of the roles of manager is to represent a boxer in
 negotiations with a promoter it is obvious that appropriate
 objectivity cannot exist in such a circumstance.

9 *Business Practices in the Professional Boxing Industry: Hearing Before the*
 10 *Committee on Commerce, Science, and Transportation*, S. Hrg. 105-712, at 29
 11 (1998) (prepared statement).

12 29. As part of its investigation into unscrupulous and anticompetitive
 13 practices in boxing, Congress commissioned a report from the National Association
 14 of Attorneys General (“NAAG”), which formed a task force under the leadership of
 15 then-New York Attorney General Eliot Spitzer. Among other things, the NAAG
 16 task force found that “[m]anagers are sometimes on the payroll, either directly or as
 17 consultants, of promoters.” Nat’l Ass’n of Attys. Gen. Boxing Task Force, Report
 18 on Findings and Recommendations 4–5 (May 2000). NAAG recommended that
 19 Congress take action to “curb[] anti-competitive and fraudulent business practices,
 20 and protect[] the health and safety of professional boxers.” *Id.* at 11.

21 30. In order to address exploitative and anticompetitive business practices,
 22 Senators McCain and Bryan proposed the Muhammad Ali Boxing Reform Act (the
 23 “Ali Act”). According to the initial Senate Report, the Ali Act was intended to
 24 “curb several of the most restrictive, onerous, and anti-competitive contracting
 25 practices” in the industry. S. Rep. 105-371, at 5 (Oct. 6, 1998). The bill was
 26 designed to impose “sensible, pro-competitive limitations on these onerous
 27 practices.” *Id.*

28 31. Moreover, the bill proposed to outlaw conflicts of interests between

1 promoters and managers. The Senate Report emphasized that “it remains essential
 2 that managers serve and protect the interest of the boxer,” and that managers
 3 “should not be serving the financial interests of the promoter, while simultaneously
 4 taking a 33% earnings cut from the boxer for biased representation as manager.”
 5 *Id.* at 7.

6 32. Congress ultimately passed the Ali Act in 2000. President Bill
 7 Clinton signed the bill into law on May 26, 2000.

8 33. As passed, the Ali Act mandated the following major reforms:

- 9 A. **“Firewall” Between Managers and Promoters:** The Ali Act
 10 establishes a “firewall” between promoters and managers.
 11 Managers are prohibited from having a “direct or indirect
 12 financial interest in the promotion of a boxer,” and from being
 13 “employed by or receiv[ing] compensation or other benefits
 14 from a promoter.” 15 U.S.C. § 6308(b).
 15 B. **Protection from Coercive Contracts:** The Ali Act declares
 16 that long-term “option” contracts are “in restraint of trade,
 17 contrary to public policy, and unenforceable against any boxer.”
 18 *Id.* § 6307b(a).
 19 C. **Required Disclosures:** Promoters are required to make certain
 20 financial disclosures regarding the bouts they promote. *Id.* §
 21 6307e.

22 34. The Ali Act carries severe sanctions, including criminal penalties for
 23 individuals who violate the manager-promoter “firewall.” *Id.* § 6309.

24 35. Because the amount a promoter makes is, in part, a function of how
 25 much it pays the boxers—that is, how big of a “purse” the promoter guarantees—
 26 promoters and boxers can be expected to negotiate hard over payment and other
 27 terms. The promoter and the boxer sit on opposite sides of the bargaining table,
 28 and if they strike a deal, they become business partners—but the promoter does not

1 owe a fiduciary duty to the boxer. Rather, it is *the manager's* job to represent the
 2 boxer in negotiating promotion contracts. Since the manager's fee is tied to the size
 3 of the purse, the manager is supposed to have every incentive to bargain hard for a
 4 bigger payout to his client (and, by extension, to himself). In order for a manager to
 5 effectively perform his duty as a fiduciary, it only makes sense that he should not
 6 simultaneously be sitting on the other side of the table, acting as (or on behalf of) a
 7 promoter.

8 36. The Ali Act serves to protect boxers, the boxing industry, and the
 9 public from abusive, exploitative, and anticompetitive behavior. The establishment
 10 of a strict "firewall" between managers and promoters underscores Congress'
 11 judgment that "[a] *manager must be a determined advocate for the boxer's*
 12 *interests and not be influenced by financial inducements from a promoter.*" S.
 13 Rpt. No. 106-83, at 11 (June 21, 1999) (emphasis added). The Act's express
 14 overarching purpose was to "reform unfair and anticompetitive practices in the
 15 professional boxing industry." Pub. L. No. 106-210, 114 Stat. 321 (2000). In
 16 promoting fair competition, the Ali Act benefits not only professional boxers, but
 17 the public at large.

18 **The Professional Boxing Industry**

19 37. As the Ali Act suggests, there are at least two distinct markets in the
 20 business of professional boxing, which now comprises a multibillion dollar
 21 industry: a market for managers, and a market for promoters. This market
 22 separateness is a practical reality and is *specifically mandated and required* by the
 23 Ali Act. As stated, the Ali Act places a strict "[f]irewall between promoters and
 24 managers," and prohibits managers from having "a direct or indirect financial
 25 interest in the promotion of a boxer" or being "employed by or receiv[ing]
 26 compensation or other benefits from a promoter." 15 U.S.C. §§ 6308(b)(1)(B)(i)–
 27 (ii). In other words, no one person is allowed to simultaneously compete in the
 28 market for boxing managers *and* the market for boxing promoters. This "firewall"

1 benefits boxers and consumers alike.

2 Boxing Managers

3 38. Under the Ali Act, “manager” refers to “a person who receives
4 compensation for service as an agent or representative of a boxer.” *Id.* § 6301(5).
5 A manager is supposed to be wholly devoted to his or her clients’ best interests.
6 Before any boxing match—and in particular highly publicized bouts between
7 Championship-Caliber Boxers—a boxer must navigate complex contractual
8 relationships. This can be daunting, especially for fighters who are not experienced
9 or educated in the business side of boxing. A manager’s professional role (and
10 ethical responsibility) is to represent the boxer in these various negotiations and
11 otherwise handle the boxer’s business affairs.

12 39. As compensation, the manager typically receives a percentage of the
13 boxer’s “purse” for each bout. The “purse” is the amount of money the boxer
14 receives from the promoter of a fight. The promoter guarantees the purse at the
15 outset; the purse amount does not depend on the outcome of the match. Because
16 the manager’s compensation is ordinarily tied to the purse, the manager has an
17 incentive to negotiate vigorously with the promoter.

18 40. Many states require boxing managers to be professionally licensed,
19 and have promulgated regulations governing managers’ conduct. In California, for
20 example, managers must pass a written examination administered by the State
21 Athletic Commission in order to be licensed. *See* Calif. Code Regs. title 4, §
22 218(a). In Nevada, managers must apply for a license as provided in Nev. Admin.
23 Code § 467.012. Both states prohibit a person from acting as both manager and
24 promoter. *See* Calif. Code Regs. title 4, § 396; Nev. Admin. Code § 467.104.

25 41. As further alleged below, Haymon holds a dominant position in the
26 market for professional boxing managers. Haymon has approximately 200 fighters
27 in his management stable, including current and former world champions Adonis
28 Stevenson, Danny Garcia, Adrien Broner, Anthony Dirrell, Peter Quillin, and Keith

1 Thurman, to name just a few. No other boxing manager represents more than a
2 dozen or so boxers. There is no close second.

3 42. All or virtually all boxers managed by Haymon have been required to
4 sign and have signed an exclusive services contract granting Haymon near-total
5 control over the boxer's career and revenue-generating abilities. It is no surprise,
6 then, that many call Haymon "the most powerful man in boxing."⁵

7 Boxing Promoters

8 43. Promoters play a different role in boxing. The Ali Act defines
9 "promoter" as "the person primarily responsible for organizing, promoting, and
10 producing a professional boxing match." 15 U.S.C. § 6301(9). Promoters contract
11 with boxers to provide a certain number of fights in return for compensation, in the
12 form of a "purse" for each fight. Promoters make money primarily from selling
13 tickets, television rights, and advertising rights for a bout, as well as from other
14 promotional activities. Because a promoter's profit depends on its ability to
15 generate more money in revenue than it spends promoting each fight, the promoter
16 is the party that assumes all of the financial risk. In contrast, the boxer and his
17 manager are assured compensation at the outset, since promoters guarantee the
18 "purse" before a fight.

19 44. States regulate promoters as well. In California, a promoter must
20 demonstrate, among other things, that it possesses "financial responsibility" and the
21 "necessary knowledge and experience to act as a promoter" in order to obtain a
22 license. Calif. Code Regs. title 4, § 213. Additionally, all contracts between boxers
23 and promoters must be presented to, and approved by, the State Athletic
24 Commission. *Id.* § 222.

25 45. The market for professional boxing promoters has traditionally been

26
27 ⁵ See, e.g., Jonathan Snowden, *Is HBO vs. Al Haymon Boxing's Next Big Fight?*,
28 BLEACHER REPORT, Mar. 12, 2015, <http://bleacherreport.com/articles/2393981-is-hbo-vs-al-haymon-boxings-next-big-fight>.

1 competitive—at least before Haymon came on the scene. There are several major
 2 competitors vying to do business with top boxers, including Top Rank, Golden Boy
 3 Promotions, Main Events, Don King Productions, K2, Roc Nation, and others. If
 4 Haymon has his way, however, his sham promotion business will become the only
 5 name in professional boxing promotion. Already, legitimate promoters like Top
 6 Rank have been excluded from contracting with Championship-Caliber Boxers in
 7 Haymon’s stable.

8 **The Defendants’ Illegal, Tortious, and Anticompetitive Scheme**

9 46. In defiance of these clear directives from Congress, Al Haymon is
 10 intentionally leveraging his dominant position in the boxing management business
 11 to acquire, maintain, and expand power in the boxing promotion business. With the
 12 funding and material assistance of his co-conspirator Waddell & Reed, Haymon is
 13 seeking to buy up and monopolize the entire vertical channel—by “locking in” all
 14 the top boxing talent, “tying out” legitimate promoters from top boxing matches,
 15 excluding legitimate promoters from major venues, and buying up the most visible
 16 and desirable placement on television in a predatory “payola” scheme.

17 47. Haymon is using his market power in one business to *take over a*
 18 *different business that federal and state law prohibits him from entering*. Despite
 19 his reclusive *modus operandi*, Haymon’s activities in the promotion business are
 20 increasingly coming to light. According to the *New York Times*, for example,
 21 “Haymon is licensed in Nevada as a manager, yet he also performs many of [the]
 22 same functions as promoters.”⁶ The newspaper reported that, in disregard of the Ali
 23 Act’s “firewall” between managers and promoters, Haymon “appears to operate as
 24 a hybrid.”⁷ Eight of Haymon’s business associates told the same story—but
 25 tellingly, seven of them “spoke on the condition of anonymity for fear of retribution
 26

27 ⁶ Greg Bishop, *Behind the Scenes, Haymon Is Shaking Up the Fight Game*, N.Y.
 28 TIMES, Dec. 17, 2011, at SP1.

⁷ *Id.*

1 in future negotiations.”⁸

2 48. Nonetheless, Haymon’s open defiance of the Ali Act has already
3 elicited a formal challenge from prominent members of the boxing industry. In
4 April 2015, for example, the Association of Boxing Commissions (“ABC”) wrote a
5 six-page letter to United States Attorney General Loretta Lynch, calling on the DOJ
6 to investigate and take action against Haymon and his co-conspirators. In the letter,
7 ABC wrote that “Haymon and related companies make no attempt to hide that they
8 operate in the dual capacities of promoter and manager.” ABC formally requested
9 that the DOJ open an investigation under the Ali Act.

10 49. After ABC submitted this request to the DOJ, World Boxing
11 Organization (“WBO”) president Francisco “Paco” Valcárcel voiced his public
12 support for a DOJ investigation of Haymon. On the social networking website
13 Twitter, Valcárcel wrote, “I’m in agreement with the ABC’s request to the US
14 Attorney General to investigate Haymon,” and pledged that “[t]he [WBO] is willing
15 to cooperate with any investigation of the US Attorney General for the betterment
16 of the sport of boxing.”

17 50. Because Haymon is acting as both promoter and manager, he enjoys
18 an unfair and illegal advantage over legitimate boxing promoters. As described
19 above, legitimate boxing promoters must comply with extensive regulatory
20 requirements at both the federal and state level. But since Haymon operates in the
21 shadows, he does not comply with these laws and regulations—to the detriment of
22 boxers, legitimate promoters, and ultimately the viewing public.

23 51. Haymon’s anticompetitive and exclusionary conduct has taken many
24 forms, including but not limited to those alleged below.

25 Exclusionary “Tie Out” Contracts

26 52. Haymon “locks in” talent on the management side—and then prevents
27

28 ⁸ *Id.*

1 his boxers from “contract[ing] with those promoters they personally choose.” S.
2 Rpt. No. 106-83, at 8–9 (June 21, 1999). Acting in concert with Waddell & Reed
3 and others, Haymon uses signing bonuses and the promise of exorbitant purses to
4 induce top boxing talent to enter into long-term exclusive contracts with restrictive
5 and anticompetitive terms.

6 53. These purported management agreements—which Haymon often
7 styles as “advisor” contracts—not only lock up managerial rights, but also restrict
8 boxers from entering into any other agreement, including those relating to
9 *promotional rights*, without Haymon’s express consent.

10 54. By expressly conditioning his managerial services on boxers’
11 agreement to *not* freely contract with legitimate promoters, Haymon effectively
12 excludes legitimate promoters from accessing and promoting many of the
13 industry’s top boxers—which in turn allows Haymon to act illegally as both
14 manager and promoter to his clients. Because Haymon possesses immense power
15 in the boxing management business—as noted, Haymon has approximately 200
16 boxers in his stable—the effect of this “tie out” arrangement on the boxing
17 promotion business is substantial, resulting in millions of dollars of lost revenue
18 among legitimately licensed promoters.

19 55. But for Haymon’s “tie out” contracts, the Championship-Caliber
20 Boxers in Haymon’s management stable would in fact contract with legitimate
21 boxing promoters, including Top Rank.

22 *Illegal Promotional Activities*

23 56. Haymon’s coercive and exclusionary “tie out” agreements are only the
24 beginning. Having prevented his clients from freely contracting with legitimate
25 promoters, Haymon himself acts as an unlicensed and illegal promoter for his
26 clients’ bouts.

27 57. In at least some instances, Haymon falsely and fraudulently conceals
28 his role in promoting his clients’ bouts by employing “sham” promoters or

1 “frontmen”—nominal promoters who are in fact controlled or dominated by
 2 Haymon. Haymon’s network of “sham” promoters includes, but is not limited to,
 3 Warriors Boxing and TGB Promotions. For a fee, these (and other) sham
 4 promoters effectively rent their promoters’ licenses to Haymon and Waddell &
 5 Reed, and function in a perfunctory role under the instruction of Haymon.
 6 Ultimately, however, the money passes through Haymon’s accounts, and Haymon
 7 makes all material decisions.

8 58. In response to recent public criticism of Haymon’s disregard for the
 9 Ali Act’s “firewall,” one of Haymon’s frontmen, Lou DiBella, has stated: “Nothing
 10 says that a manager can’t utilize the services of a promoter.” But the Ali Act
 11 plainly prohibits “collusion between manager and promoter.” *Main Events*
 12 *Productions, LLC v. Lacy*, 358 F. Supp. 2d 391, 398 (D.N.J. 2004). Haymon may
 13 conceal his illicit promotional activities by “utiliz[ing] the services” of frontmen
 14 like DiBella, but the reality is undeniable: Haymon simultaneously serves as
 15 manager and promoter to his clients, and thereby obtains a “direct or indirect
 16 financial interest in the promotion of . . . boxer[s],” in violation of the Ali Act. 15
 17 U.S.C. § 6308(b)(1)(B)(i).

18 59. Haymon’s brazen illegal activities were recently put on public display.
 19 In April 2015, a boxer named Julio Cesar Chavez, Jr. competed against Andrzej
 20 Fonfara in Carson, California. After the fight, Chavez, Jr. posted on the popular
 21 social networking site Instagram a picture of a \$1,750,000 million check made out
 22 to his personal company, Chavez Jr. Promotions, LLC. The payor: Defendant
 23 Haymon Sports, whose offices are at 3930 Howard Hughes Parkway, Suite 350, in
 24 Las Vegas. The following is written in the Notes section of the \$1,750,000 check:
 25 “Purse 4/18/15.”
 26
 27
 28



The transaction could hardly be more explicit—Haymon paid nearly \$2 million of Chavez Jr.’s “purse” for the bout against Fonfara. Paying the purse is a classic promoter responsibility, *not* the job of a true manager. Tellingly, Chavez Jr.’s Instagram post was removed minutes after it appeared on the Internet site.

60. While Haymon’s sham promoters may formally execute contracts with venues, sponsors, broadcasters, and other stakeholders, and may submit those contracts to state athletic commissions, they do not control the negotiations. Rather, Haymon directs everything himself. In other words, it is Haymon, in collusion with Waddell & Reed and MGH, who acts as the promoter for the boxers’ matches, even if his name does not appear on the contract. The façade of Haymon’s frontmen is underscored by the fact that, more often than not, *they do not have promotion contracts with the boxers themselves*, as a legitimate promoter normally would.

1 61. As Bill King of *Sports Business Journal* recently described, Haymon
 2 “work[s] with a handful of promoters, most of them tied regionally, paying them a
 3 fee to operate the shows. [¶] While they will execute the events, ***there is no***
 4 ***question of who will make most of the decisions with regard to such matters as***
 5 ***ticket prices and presentation.***”⁹ The fact that Haymon may pay his frontmen a fee
 6 to carry out some logistical tasks does not change the fact that Haymon himself is
 7 the real promoter.

8 62. Industry observers widely recognize that Haymon acts as the true
 9 promoter for his boxers. For example, Haymon was hailed as the “main promoter”
 10 for the immensely lucrative bout on May 2, 2015 between Floyd Mayweather and
 11 Manny Pacquiao.¹⁰ The *Washington Post* reported that “[Haymon’s] fingerprints
 12 are on every part of the fight—from the signed contracts and lucrative terms of the
 13 deal, to the venue, to the television deals that will score both fighters—and Haymon,
 14 too—millions of dollars.”¹¹

15 63. Communications that would ordinarily be directed at a boxer’s
 16 promoter go straight to Haymon instead. When the International Boxing Federation
 17 (the “IBF”) proposes fights, for instance, it ordinarily contacts each boxer’s
 18 promoter. But in the case of Haymon’s boxers, all communications from the IBF
 19 are directed to Haymon.

20 64. Demonstrating his immense power and self-interest, Haymon has
 21

22 ⁹ Bill King, *Boxing’s Grand New Stage*, SPORTS BUS. J., April 20, 2015,
 23 <http://www.sportsbusinessdaily.com/Journal/Issues/2015/04/20/In-Depth/Main.aspx> (emphasis added).

24 ¹⁰ Bill Dwyre, *Manny Pacquiao Calms the Chaos as Floyd Mayweather Jr. Bout Approaches*, L.A. TIMES, Apr. 4, 2015, at D1, <http://www.latimes.com/sports/la-sp-manny-pacquiao-dwyre-20150404-column.html>.

26 ¹¹ Rick Maese & Joe DePaolo, *The Man Behind the Man: Al Haymon Pulls the Strings to Floyd Mayweather’s Bouts*, WASH. POST, April 28, 2015,
 27 http://www.washingtonpost.com/sports/boxing-mma-wrestling/boxings-man-of-mystery/2015/04/28/2a2f5570-edf8-11e4-8abc-d6aa3bad79dd_story.html.

1 induced boxers under his control to forego significant earnings for the sole purpose
 2 of harming legitimate promoters. In 2014, upstart boxing promoter Roc Nation
 3 (which is owned by recording artist and entrepreneur Jay Z) won a \$1.9 million
 4 purse bid to promote a fight between Peter Quillin and Matt Korobov. Quillin was
 5 an undefeated WBO middleweight champion who stood to earn \$1.4 million for the
 6 fight—*more than three times* larger than any previous payday he had seen. He was
 7 also a new father. Nonetheless, at the direction of Haymon, Quillin turned down
 8 the fight and relinquished his title. As was reported in the press, “It’s most likely
 9 that Quillin dropping the title was a move orchestrated by Haymon to keep Jay Z
 10 out of his business.”¹² As one Roc Nation executive wondered, “Who turns [down]
 11 \$1.4 million and gives up his belt for nothing?”

12 65. Acting as both promoter and manager, Haymon runs headlong into the
 13 precise conflict of interest the Ali Act is designed to prevent—to the detriment of
 14 his boxers, his boxers’ would-be opponents, *and* legitimate promoters like Top
 15 Rank.

16 66. In each of these activities, Haymon takes a “direct or indirect financial
 17 interest in the promotion of a boxer”—in blatant violation of federal and state law.
 18 15 U.S.C. § 6308(b)(1)(B)(i); *see also, e.g.,* Calif. Code Regs. title 4, § 396. By
 19 traversing the Ali Act’s “firewall” and acting outside of regulations that apply to
 20 licensed promoters, Haymon gains an unfair advantage over legitimate promoters
 21 like Top Rank. Moreover, because Haymon has a dominant position in the
 22 managerial market, he can effectively block huge numbers of boxers—including
 23 much of the sport’s top talent—from contracting with legitimate promoters, as they
 24 would normally do, or from competing with boxers who are contracted with
 25

26 ¹² Kevin Iole, *Peter Quillin Passes on Career-high \$1.4 Million, Dumps WBO*
 27 *Middleweight Belt*, YAHOO! SPORTS, Sept. 4, 2014, [https://sports.yahoo.com/](https://sports.yahoo.com/blogs/boxing/peter-quillin-passes-on-career-high--1-4-million--dumps-wbo-middleweight-belt-195021380.html)
 28 [blogs/boxing/peter-quillin-passes-on-career-high--1-4-million--dumps-wbo-](https://sports.yahoo.com/blogs/boxing/peter-quillin-passes-on-career-high--1-4-million--dumps-wbo-middleweight-belt-195021380.html)
[middleweight-belt-195021380.html](https://sports.yahoo.com/blogs/boxing/peter-quillin-passes-on-career-high--1-4-million--dumps-wbo-middleweight-belt-195021380.html).

1 legitimate promoters. As a direct and proximate result of Haymon's conduct,
 2 legitimate promoters have been excluded from contracting with many
 3 Championship-Caliber Boxers, and from promoting bouts between their clients and
 4 Championship-Caliber Boxers in Haymon's stable.

5 Predatory "Payola" Practices

6 67. Before entering the boxing industry, Haymon was a music promoter
 7 who staged over 1,000 concerts. His clients included artists like M.C. Hammer and
 8 Whitney Houston. Given his background, it is not surprising that Haymon has
 9 engaged in an unlawful and anticompetitive practice that has historically been
 10 associated with the music business: "payola."

11 68. Payola is the practice of paying broadcasters in return for airtime. In
 12 the music industry, record companies have at times been known to compensate or
 13 otherwise induce disc jockeys and radio stations to play their artists' songs more
 14 frequently. In the late 1950s and early 1960s, Congress held several hearings on
 15 payola, and the Federal Trade Commission (the "FTC") issued scores of
 16 complaints. The FTC alleged that payola was a "deceptive act," and that it had "the
 17 capacity . . . to restrain and suppress competition in the offering for sale, sale[,] and
 18 distribution of phonograph records, and to divert trade unfairly to the [record
 19 companies] from their competitors." *See, e.g., In re Chess Record Corp.*, 59 F.T.C.
 20 361 (1961). Ultimately, Congress amended the Federal Communications Act to
 21 expressly prohibit undisclosed payola. *See* 47 U.S.C. § 317.

22 69. More recently, the New York Attorney General's Office conducted a
 23 large-scale investigation of payola in the music business. Several major record
 24 companies ultimately settled the allegations for tens of millions of dollars. The
 25 New York investigation and settlements were followed by a slew of antitrust suits,
 26 some of which were filed in this District. While most of these cases settled quickly,
 27 in at least one instance a district judge—Judge Margaret M. Morrow—issued a
 28 ruling on the complaints. Judge Morrow denied a motion to dismiss, holding that

1 the plaintiffs had adequately alleged that the defendants' payola practices violated
2 the Sherman Act. *See Radikal Records, Inc. v. Warner Music Group Corp.*, No.
3 06-CV-1713 (C.D. Cal. Oct. 11, 2006), Dkt. No. 30.

4 70. Acting as an illegal promoter, Haymon has engaged in a new form of
5 payola: paying broadcasters to air fights involving Haymon-contracted boxers,
6 under the PBC banner. With the financing, complicity, and material assistance of
7 his co-conspirators Waddell & Reed and MGH, Haymon has taken unprecedented
8 steps to buy up and lock in television time with major broadcasters. Haymon,
9 Waddell & Reed, and MGH do this despite at a massive short-term loss in order to
10 sustain their illegal presence in the boxing promotion business and exclude
11 legitimate competitors like Top Rank. If left unrestrained, Haymon stands to
12 achieve a monopoly in the promotion business, which will allow him to recoup his
13 and Waddell & Reed's short-term losses.

14 71. So far, Haymon, Waddell & Reed, and MGH have bought airtime for
15 PBC fights on over half a dozen major broadcasters. These buys are substantial and
16 far-reaching, with over 100 different show dates locked up with different
17 broadcasters, leaving no room, no dates, and no opportunities for other promoters
18 and other fighters, to the detriment of the consumers.

19 72. While many of the details surrounding these transactions have not
20 been publicly disclosed, it has been reported that Haymon, Waddell & Reed, and
21 MGH agreed to pay tens of millions of dollars per year for airtime, with millions
22 more set aside for "promotion and marketing."

23 73. In addition to paying for blocks of airtime and footing the bill for
24 promotion and marketing, *Haymon pays the boxers' purses*. In other words,
25 Haymon performs the exact role a licensed promoter would ordinarily play—and in
26 so doing takes "a direct or indirect financial interest in the promotion of a boxer," in
27 blatant violation of the Ali Act. 15 U.S.C. § 6308(b)(1)(B)(ii).

28 74. Haymon's aggressive "payola" scheme has been bankrolled by

1 Haymon's co-conspirators, Waddell & Reed and MGH. According to recent
 2 reports, Waddell & Reed has sunk *hundreds of millions* of dollars into PBC,
 3 through various Waddell & Reed investment funds (including Ivy Assets Strategy
 4 Fund, WRA Asset Strategy, and Ivy Funds VIP Asset Strategy). These funds have
 5 given staggering sums to Haymon by means of the following subterfuge:
 6 purchasing tens of millions of dollars' worth of "Series H" stock in MGH, which is
 7 a Waddell & Reed-affiliated holding company. MGH in turn transferred these
 8 funds to Haymon by investing in, and becoming a member of, Haymon Holdings.

9 75. Waddell & Reed and MGH's involvement in Haymon's illegal
 10 conspiracy is *not* limited to financial investment. Rather, Waddell & Reed and
 11 MGH have played an active, complicit, and indispensable role in bringing
 12 Haymon's predatory and anticompetitive scheme to fruition. Their involvement
 13 began when a senior executive at Waddell & Reed and MGH named Ryan Caldwell
 14 was presented with an opportunity to meet with Al Haymon. An avid boxing fan
 15 with ambitions to "own live sports,"¹³ Caldwell leapt at the chance. At their
 16 meeting, Haymon laid out his vision for what was to become PBC, and Caldwell
 17 agreed that Waddell & Reed would join in the venture. By his own account,
 18 Caldwell told Haymon, "You have to be capitalized for three to five years to do
 19 this. To weather the storm. Because in some regards you [are] going to be the
 20 irrational player for a while."¹⁴

21 76. In order to facilitate and effectuate Haymon's anticompetitive "payola"
 22 scheme, Caldwell attended meetings and engaged in negotiations with broadcasters,
 23 in his capacity as a representative of Waddell & Reed and MGH. It was Waddell &
 24 Reed and MGH's involvement in PBC that ensured the predatory scheme's success.
 25 Indeed, Haymon brought Caldwell to participate in these meetings (many of which
 26 occurred in California) in order to help close the deals. According to Caldwell, he

27 ¹³ King, *supra* note 9.

28 ¹⁴ *Id.* (emphasis added).

1 explained to the broadcast executives “[h]ere is why Waddell is behind this and
 2 involved.”¹⁵ Caldwell informed the executives that Waddell & Reed had pledged
 3 upward of \$425 million from the \$40 billion in Waddell & Reed’s coffers to
 4 Haymon, which would allow PBC to be self-sustaining (and operate at a significant
 5 loss) in the near term. By the Defendants’ own telling, it was Caldwell’s active
 6 involvement on behalf of Waddell & Reed and MGH that made Haymon’s
 7 “payola” scheme possible. But for Waddell & Reed and MGH’s financial support
 8 and active participation, many (if not all) of the broadcast agreements would not
 9 have taken place.

10 77. Defendants’ network time-buys reverse the ordinary flow of money as
 11 between promoter and broadcaster. Typically, the money flows from broadcaster to
 12 promoter—promoters *sell* broadcast rights to television channels. But as Caldwell
 13 himself admits, Haymon’s illegal payola scheme turns this model on its head.
 14 Haymon, Waddell & Reed, and MGH *pay* major broadcasters huge sums to air
 15 PBC fights featuring the boxers he manages and promotes—at a significant short-
 16 term loss. One boxing industry insider has estimated that the conspirators’ losses
 17 may exceed **\$200 million** in PBC’s first 24 months of operation.¹⁶ Others estimate
 18 that the losses could be even more than that.¹⁷

19 78. These “payola” deals are predatory in the extreme. By operating
 20 significantly below cost in the short term, Haymon, Waddell & Reed, and MGH are
 21 attempting to expand Haymon’s (already unlawful) presence in the boxing
 22 promotion business, so that Haymon can operate as a monopolist and recoup the
 23

24 ¹⁵ *Id.*

25 ¹⁶ John Chavez, *A Second Look at the Premier Boxing Champions Platform*,
 26 UNDISPUTED CHAMPION NETWORK, Apr. 1, 2015, <http://ucnlive.com/a-second-look-at-the-premier-boxing-champions-platform/>.

27 ¹⁷ See, e.g., King, *supra* note 9 (“[I]t became clear that Haymon’s company might
 28 **have to bleed upward of \$100 million—and perhaps two to three times that much**—as it built a brand and an audience” (emphasis added)).

Defendants' losses in the long run. Haymon, Waddell & Reed, and MGH are paying customers to take their product in order to eliminate competition from legitimate promoters and build a monopoly. Once that objective is obtained, Haymon, Waddell & Reed, and MGH will more than recoup their upfront losses through supracompetitive pricing. This expectation is explicit; as Caldwell (who now serves as Chief Operating Operator for PBC) put it to Haymon, PBC would need sufficient capitalization to "be the irrational player for a while." But once Haymon has achieved a monopoly in the promotion market, PBC's losses will turn to profits, and Caldwell's investments will pay off for Waddell & Reed and MGH—to the detriment of television broadcasters and consumers alike. Already, the Defendants' predatory "payola" scheme has harmed legitimate promoters like Top Rank by shutting off broadcast opportunities.

79. In addition to being predatory in the extreme, Haymon and Waddell & Reed's "payola" scheme is anticompetitive for yet another reason. Haymon, Waddell & Reed, and MGH have insisted on and obtained exclusivity commitments (tacit or express) as part of their agreements with broadcasters. Many of these broadcasters are based in California. Because Haymon enjoys unparalleled dominance in the management market—and is prepared to pay broadcasters exorbitant fees to exclusively broadcast PBC fights—he and his co-conspirators at Waddell & Reed and MGH have the power to demand these exclusionary terms, and they are in fact exercising that power to suppress competition.

Venue Blocking

80. In the course of unlawfully promoting boxers and boxing matches, Haymon has exercised his dominant position in the management market to block legitimate promoters from obtaining favorable dates at top venues. For example, Golden Boy and Banner Promotions recently attempted to stage a fight between Ruslan Provodnikov and Lucas Matthyse at the StubHub Center in Carson, California. The fight was originally set for March 28, 2015. However, acting on

1 his own and through his network of sham promoters, Haymon locked up Golden
2 Boy and Banner's desired date for the Provodnikov-Matthyse fight—not only at the
3 StubHub Center, but at numerous other venues in Southern California as well.
4 Ultimately, the promoters were forced to move the fight to another location.

5 81. Haymon had booked the StubHub Center on March 28, 2015,
6 ostensibly to host a fight between Jhonny Gonzalez and Garry Russell Jr. But as
7 soon as Golden Boy and Banner Promotions relocated the Provodnikov-Matthyse
8 fight, Haymon moved the Gonzalez-Russell bout to The Palms in Las Vegas,
9 Nevada. Haymon's purpose in locking up the StubHub Center and alternative
10 Southern California venues (through his network of frontmen) was unmistakable:
11 to lock out the Provodnikov-Matthyse fight and prevent any possible
12 cannibalization of tickets sales in the same local area for Haymon's bout between
13 Julio Cesar Chavez, Jr. and Andrzej Fonfara, which was scheduled to take place at
14 the StubHub Center just three weeks later, on April 18, 2015.

15 82. Because of Haymon's dominance in the management business, he
16 exercises significant power in negotiating with venues like the StubHub Center.
17 Venues that refuse to comply with Haymon's coercive and exclusionary demands
18 risk being denied access to bouts involving many of the top boxers in the industry.
19 In other words, failing to acquiesce to Haymon can be financially devastating to
20 these venues.

21 83. Haymon has leveraged his dominance in the management business,
22 and employed fraud, overbooking, and other unlawful tactics, to impede legitimate
23 promoters like Top Rank from obtaining critical dates for boxing matches in major
24 arenas. Legitimate promoters have had to schedule bouts for less desirable dates
25 and at less desirable venues, which significantly impacts the profits legitimate
26 promoters earn. As a direct and proximate result of this Haymon's exclusionary
27 conduct, Top Rank and other promoters have suffered significant and irreparable
28 harm.

Other Tortious and Illegal Conduct

84. The Defendants' anticompetitive conspiracy includes a wide range of other exclusionary conduct, much of which is independently tortious and unlawful. This includes, at a minimum, the following acts: illegally "scalping" tickets to boxing matches through a network of co-conspirators in order to increase their revenue and gain an unfair advantage over legitimate promoters; and illegally entering into "blocking" agreements that prevent boxers from participating as sparring partners for boxers not under Haymon's control, including most recently with Manny Pacquiao in advance of Pacquiao's May 2, 2015 bout against Haymon boxer Floyd Mayweather.

85. As this course of predatory and anticompetitive conduct demonstrates, Haymon and his co-conspirators will stop at nothing to obtain their unlawful design: total control over all aspects of the boxing management business *and* the boxing promotion business. If left unabated, this conspiracy threatens to fatally cripple competition in both of these businesses, thereby causing substantial and irreversible harm to boxers, legitimate promoters, and consumers.

RELEVANT MARKET AND MARKET POWER

86. As described above, the Defendants' conduct affects two distinct relevant markets—the market for professional boxing management, and the market for professional boxing promotion. Under federal and state law, there is supposed to be a "firewall" between these two markets. The Ali Act and analogous state laws prohibit boxing managers from acting as or on behalf of boxing promoters, and from obtaining a direct or indirect financial interest in the promotion of a boxer. Nonetheless, with the assistance of his co-conspirators, Haymon is not only unlawfully operating in both relevant markets—he is leveraging his dominance in the management market to undermine competition and harm legitimate competitors in the promotion market.

The Market for Managing Championship-Caliber Boxers

87. In the United States boxing industry, there is a distinct and defined market for the management of “Championship-Caliber Boxers”—that is, professional boxers who, within the past three years, have demonstrated through such quantitative factors as purse size, television rights, viewership, ticket revenue, and other objective criteria, that they belong to “the ‘cream’ of the boxing business.” *Int’l Boxing Club II*, 358 U.S. at 252.

88. The Supreme Court has recognized that there are distinct tiers of boxers within the professional boxing industry, and that separate tiers correlate with distinct markets. In *International Boxing Club II*, the Court affirmed that the relevant market had properly been defined as “the promotion of *championship* boxing contests in contrast to *all* professional boxing events.” 358 U.S. at 249 (1959) (emphasis in original). As noted above, the Court recognized that “the ‘cream’ of the boxing business . . . is a sufficiently separate part of the trade or commerce to constitute the relevant market for Sherman Act purposes.” *Id.* at 252.

89. For this reason, management services provided to Championship-Caliber Boxers—“the ‘cream’ of the boxing business”—are fundamentally different from, and therefore not interchangeable with, management services provided to boxers in lower strata of the industry. The business affairs of a Championship-Caliber Boxer are inherently more complicated than those of other professional boxers. A manager charged with handling the business affairs of a Championship-Caliber Boxer must be highly sophisticated and experienced in many areas of the business. Managing a boxer who participates in televised bouts held in venues like the MGM Grand in Las Vegas or Madison Square Garden in New York City, where the purse may be in the millions or tens of millions of dollars, requires far greater skill than managing a boxer who strictly participates in untelevised bouts at minor venues, where the purse may only be in the thousands or even hundreds of dollars. The necessary business and legal acumen also makes it difficult, if not impossible,

1 for a Championship-Caliber Boxer to serve as his own manager. The market for the
2 management Championship-Caliber Boxers is defined by the distinct and inimitable
3 nature of the services these managers provide.

4 90. Moreover, because of the unique nature of the professional boxing
5 industry, people and firms that represent other types of professional athletes, like
6 baseball players or football players, cannot be—and, as a matter of practice, are
7 not—a substitute for a manager who represents Championship-Caliber Boxers.
8 Unlike other professional sports, there are no professional leagues in boxing; rather,
9 promoters and “matchmakers” arrange bouts on an individualized basis. In order
10 for the boxers to get paid, boxing managers have to negotiate directly with boxing
11 promoters—a role for which there are no clear analogues in other professional
12 sports. Moreover, boxing is closely regulated by state and federal laws and
13 regulations that reflect and respond to the extraordinary nature of boxing. Simply
14 put, boxing managers operate in a wholly different market from agents who
15 represent other professional athletes.

16 91. Agents or representatives of other entertainers, such as actors or
17 singers, also operate in a separate market from managers of Championship-Caliber
18 Boxers. The knowledge and experience required to manage Championship-Caliber
19 Boxers are specific to the boxing industry, and in practice representatives of other
20 entertainers are not interchangeable with, nor do they substitute for, managers of
21 Championship-Caliber Boxers. Additionally, representatives of other entertainers
22 do not have the business relationships with boxing promoters that are absolutely
23 necessary for managing a Championship-Caliber Boxer.

24 92. There are also high barriers to successful entry in the management
25 market for Championship-Caliber Boxers. As previously noted, boxing managers
26 must be professionally licensed in many states, including California and Nevada.
27 In California, licensure requires that one take and pass a written exam. In order to
28 effectively represent Championship-Caliber Boxers, a manager must possess deep

1 knowledge and experience in both the boxing industry and many areas of business
 2 and law. Additionally, a manager cannot attract Championship-Caliber Boxers as
 3 clients unless his or her reputation in the industry is consummate with the boxers'
 4 own status as "the 'cream' of the boxing business." And perhaps most importantly,
 5 the use of long-term exclusive contracts by established Championship-Caliber
 6 Boxer managers, like Haymon, makes it extremely difficult, if not impossible, for
 7 new entrants to obtain Championship-Caliber Boxers as clients.

8 93. The relevant geography for the market for managers of Championship-
 9 Caliber Boxers is the United States. Although there may be some foreign-based
 10 managers, none has gained a significant number of boxers or the type of business
 11 resources and acumen required to serve as a close substitute to the U.S.-based (and
 12 U.S.-licensed) managers of Championship-Caliber Boxers.

13 94. Because of these market characteristics, a small but significant non-
 14 transitory increase in price by a hypothetical monopolist would not induce
 15 significant substitution by customers (in this case, boxers) to managers from outside
 16 the market. A manager with market power can extract more money (and more
 17 egregious concessions) from Championship-Caliber Boxers, without fear that the
 18 boxers will resort to the services of someone who occupies a different market.

19 **The Market for Promoting Championship-Caliber Boxers**

20 95. In the United States boxing industry, there is also a distinct market for
 21 the promotion of Championship-Caliber Boxers (as defined herein). As indicated
 22 above, the Supreme Court has already acknowledged the existence of a separate,
 23 cognizable market for promoting Championship-Caliber Boxers. In *International*
 24 *Boxing Club II*, the Court affirmed that the relevant market had properly been
 25 defined as "the promotion of *championship* boxing contests in contrast to *all*
 26 professional boxing events." 358 U.S. at 249 (emphasis in original). The Court
 27 recognized that the promotion of championship boxing contests, which involve "the
 28 'cream' of the boxing business," represents a "separate, identifiable market." *Id.* at

1 249, 252. The Supreme Court further held that non-championship fights, which by
2 definition do **not** involve “the ‘cream’ of the boxing business,” were “not
3 ‘reasonably interchangeable [. . .] for the same purpose’ as championship contests.”
4 *Id.* at 251 (quoting *United States v. du Pont & Co.*, 351 U.S. 377, 395 (1956)).

5 96. As the Supreme Court recognized, promoting a boxing match
6 involving a Championship-Caliber Boxer is fundamentally different from
7 promoting boxers and matches in lower strata in the industry. In order to
8 effectively promote a large-scale, highly visible boxing match, a promoter must
9 have sufficient financial resources to shoulder significant upfront expenditures,
10 including those required to acquire an appropriate venue, attract major sponsors and
11 advertisers, contract with innumerable outside vendors, and guarantee a certain size
12 “purse” to the boxers and their managers—which may be in the millions or tens of
13 millions of dollars. Planning and negotiating each of these highly complex
14 arrangements and, perhaps most importantly, the television broadcast of the bouts
15 (whether on network television or pay-per-view), requires extensive, often arcane
16 knowledge of multiple businesses, not to mention possession of useful connections
17 in each business area. A promoter who operates at a lower strata in the industry
18 simply cannot accomplish what the promoter of a Championship-Caliber Boxer
19 can. For this reason, promoters for lower-tier boxers are not interchangeable with
20 promoters of Championship-Caliber Boxers. The market for the promotion of
21 Championship-Caliber Boxers is defined by the distinct and inimitable nature of the
22 services these promoters provide.

23 97. In the world of professional sports, nothing remotely compares to the
24 unique business of professional boxing promotion. A professional baseball or
25 tennis player, for example, does not directly contract with a third party to organize,
26 sell tickets for, televise, and otherwise promote his or her games or matches.
27 Rather, these activities are handled by an overarching league or governing
28 organization, such as Major League Baseball or the United States Tennis

1 Association. Outside of the boxing industry, there are no close substitutes for
2 licensed promoters of Championship-Caliber Boxers.

3 98. Due in large part to the factors described above, there are significant
4 barriers to successful entry in the market for promoting Championship-Caliber
5 Boxers. While all promoters must be professionally licensed and comply with
6 extensive laws and regulations, only those with significant financial resources, deep
7 industry knowledge, an established reputation among industry participants, and far-
8 reaching business contacts can orchestrate a high-profile boxing match for a
9 Championship-Caliber Boxer—and shoulder the sizeable financial risk associated
10 with such a production. Moreover, the statutory “firewall” separating managers
11 from promoters prevents many industry insiders—at least the law-abiding ones—
12 from engaging in promotion. These inherent barriers to entry are only exacerbated
13 by Haymon’s long-term “tie out” contracts, which effectively prevent many
14 Championship-Caliber Boxers from contracting with legitimate promoters, whether
15 they are new entrants or incumbents.

16 99. The relevant geography for the market for promoters of
17 Championship-Caliber Boxers is the United States. According to a recently
18 published research report, all major boxing promoters “are based in the United
19 States and focus on providing domestic services.” Although there may be some
20 foreign-based promoters, none has promoted a significant number of major events
21 or has the relationships required to serve as a close substitute to the U.S.-based (and
22 U.S.-licensed) promoters of Championship-Caliber Boxers.

23 100. Because of these market characteristics, a small but significant non-
24 transitory increase in price by a hypothetical monopolist would not induce
25 significant substitution by customers to promoters from outside the market. In
26 other words, if Haymon obtains power in this market, he will be able to charge
27 broadcasters, sponsors, and fans more—and pay boxers less—without fear that they
28 will resort to the services of promoters in other markets.

101. The market for promotion of Championship-Caliber Boxers is distinct from the market for management of Championship-Caliber Boxers. Under applicable state and federal laws, there is a “firewall” between these markets, and no single person may lawfully participate in both markets at the same time. As a practical matter, most market participants *do* in fact respect the boundary between these markets—which the notable exception of Haymon, as alleged herein.

The Defendants’ Market Power

102. Haymon possesses market power in the primary relevant market—the market for management of Championship-Caliber Boxers. In fact, Haymon has achieved unprecedented dominance in this market. Haymon’s stable includes approximately 200 fighters, including numerous Championship-Caliber Boxers. No other boxing manager represents more than a handful of boxers. While Plaintiff does not have access to precise figures, Plaintiff alleges that Haymon’s share of this relevant market is greater than 50 percent.

103. By engaging in the illegal, tortious, and anticompetitive conduct alleged herein, Haymon is leveraging his market power in the primary relevant market to undermine competition in and monopolize the secondary relevant market—the market for promotion of Championship-Caliber Boxers.

104. Haymon’s ability to foreclose competition in the secondary relevant market is enhanced by a “lock in” effect. Due to (i) Haymon’s signing bonuses and promises of future earnings, (ii) asymmetrical sophistication and bargaining power between Haymon and his clients, (iii) the impracticality (if not impossibility) of assessing the long-term costs and effects of Haymon’s “tie out” clauses *ex ante*, (iv) the high cost of switching from one manager to another, (v) the lengthy terms of Haymon’s management contracts, and (vi) the relative lack of adequate substitutes for Haymon’s management services, boxers are highly susceptible to being “locked in” to Haymon’s exclusionary contracts. Once locked in, Haymon’s boxers are contractually precluded from entering into agreements with legitimate promoters

1 without Haymon's consent. This "lock out" effect not only strengthens Haymon's
2 dominance in the primary market for management, it enhances his ability to
3 monopolize the secondary market for boxing promotion.

4 **ANTICOMPETITIVE EFFECTS AND DAMAGES**

5 105. At all material times, Haymon and his co-conspirators engaged in the
6 business of professional boxing management and the business of professional
7 boxing promotion throughout the United States, including in California. In
8 connection with this business, monies, contracts, bills, and other forms of business
9 communication and transactions were transmitted in a continuous and uninterrupted
10 flow across state lines. The Defendants used various devices to carry out the illegal
11 acts alleged herein, including the United States mail, interstate travel, and interstate
12 telephone commerce. Defendants' activities were within the flow of, and have
13 substantially affected, interstate commerce.

14 106. The Defendants have taken significant overt acts in furtherance of their
15 unlawful scheme in California, including within this District. For example, many
16 of the Defendants' meetings with broadcasters—which Caldwell attended on behalf
17 of Waddell & Reed and MGH—took place in or around Los Angeles, California.
18 Many of the PBC fights and broadcasts, which have been facilitated by Waddell &
19 Reed and MGH's active involvement in the conspiracy, have occurred in this
20 District. For example, the March 13, 2015 Andre Berto-Josesito Lopez, Shawn
21 Porter-Erick Bone, and Chris Arreola-Curtis Harper bouts were broadcast from the
22 Citizens Business Bank Arena in Ontario, California; and the June 6, 2015 Robert
23 Guerrero-Aron Martinez fight was broadcast from StubHub Center in Los Angeles,
24 California. Moreover, the Defendants' exclusion of legitimate promoters from
25 boxing venues has taken place throughout the country, including within this
26 District. As previously alleged, Haymon has successfully blocked legitimate
27 promoters from booking boxing matches at such venues as Staples Center, StubHub
28 Center, and The Forum.

1 107. As a direct and proximate result of the Defendants' unlawful actions,
2 competition has been substantially foreclosed in the relevant markets. Defendants'
3 conduct harms competition by reducing the ability of existing managers and
4 promoters to compete "on the merits" with Haymon. The conduct also deters entry
5 into the relevant markets, and thereby reduces the likelihood that rivals to Haymon
6 will emerge in the future. By undermining competition in these markets,
7 Defendants have affected a substantial volume of commerce—and proximately
8 injured boxers, legitimate promoters, and consumers alike. If Defendants' conduct
9 is not stopped, and Haymon obtains the monopoly he seeks in the boxing promotion
10 market, these injuries will only continue and become more egregious.

11 108. In a competitive market for professional boxing management, Haymon
12 would not be able to obtain or exercise such sweeping control over his clients'
13 careers. Among other things, Haymon would not be able to induce the boxers in
14 his stable to turn down lucrative bouts with non-Haymon boxers. Moreover, by
15 virtue of his dominance in the management business, Haymon coerces professional
16 boxers into giving him veto power over any promotional contracts the boxers would
17 otherwise enter into. Having prevented his boxers from freely contracting with
18 legitimate promoters, Haymon can step in and fill that role, in willful disregard for
19 the Ali Act's "firewall" provision.

20 109. By skirting the "firewall" established in the Ali Act, Haymon is
21 essentially sitting on both sides of the bargaining table. While purporting to act in
22 his clients' best interests, Haymon has obtained direct and indirect financial
23 interests in promoting his boxers—thereby creating the very conflict of interest the
24 Ali Act sought to remedy.

25 110. Haymon is exploiting his dominance in the management market to
26 harm and exclude legitimate promoters from the promotion market. If this conduct
27 continues unabated, and Haymon becomes the *de facto* sole promoter of
28 Championship-Caliber Boxers, it will become increasingly difficult for any

1 remaining non-Haymon boxers to gain exposure and quality opponents. In order to
2 salvage their careers, non-Haymon boxers will have no choice but to sign up with
3 Haymon—on both the management and promotion sides. As Haymon’s power and
4 influence in both markets grow, he will be able to exert even more control over the
5 entire boxing industry.

6 111. Haymon’s scheme harms consumers as well. The more power
7 Haymon has in the relevant markets, the less variety consumers will enjoy.
8 Haymon’s scheme will ensure that consumers only see Haymon fights and Haymon
9 boxers. Moreover, once Haymon’s predatory tactics pay off, consumers will only
10 pay *more* to see these bouts. The venture capitalists financing Haymon’s plot fully
11 expect recoupment of the predatory outlays currently being used to finance and
12 monopolize airtime.

13 112. Distributors of boxing content, including arenas and broadcasters, also
14 stand to lose out. As Haymon excludes more competitors in the promotion market,
15 arenas will be forced to deal exclusively with Haymon—giving him
16 disproportionate bargaining power. And once Haymon is the only show in town,
17 there is no reason to believe that he will be paying broadcasters to air his content.
18 Not only will broadcasters be paying him, they will be paying more than they ever
19 would in a competitive promotion market.

20 113. Top Rank and other legitimate promoters have already been, and will
21 continue to be, injured as a direct and proximate result of the Defendants’ illegal,
22 tortious, and anticompetitive conspiracy. But for the conduct alleged herein, the
23 Championship-Caliber Boxers whom Haymon manages would be free to contract
24 with legitimate boxing promoters and to compete against boxers who are promoted
25 by legitimate promoters, and would in fact contract with such promoters and
26 compete against such boxers. But for the conduct alleged herein, broadcasters
27 would be free to contract with legitimate boxing promoters, and would in fact
28 contract with such promoters; and leading venues for boxing matches would be free

1 to contract with legitimate boxing promoters on the dates of their choice, and would
 2 in fact contract with such promoters. Through their illegal, tortious, and
 3 anticompetitive conduct, the Defendants have excluded legitimate promoters,
 4 reduced output, and undermined competition in both relevant markets. These
 5 anticompetitive effects constitute direct evidence of Haymon's market power.

6 114. The Defendants' anticompetitive scheme has already substantially
 7 harmed competition in both the primary and secondary relevant markets. The
 8 cumulative anticompetitive effects of this scheme lack any redeeming value and far
 9 outweigh any ostensible procompetitive benefits that Defendants may allege.

10 115. Haymon and his co-conspirators have engaged in the illegal, tortious,
 11 and anticompetitive conduct alleged herein with the specific intent to maintain
 12 Haymon's monopoly in the primary relevant market, and to obtain a monopoly in
 13 the secondary relevant market. If left unchecked, the Defendants have a dangerous
 14 probability of achieving monopoly power in the secondary relevant market.

15 116. As a direct and proximate result of Defendants' conduct, Plaintiff has
 16 suffered significant harm. The full extent of Plaintiff's damages cannot yet be fully
 17 measured, but Plaintiff believes and alleges that its damages exceed \$100 million.
 18 Such damages should be trebled pursuant to 15 U.S.C. § 15.

19 **CLAIMS FOR RELIEF**

20 **COUNT I**

21 **Unlawful "Tie Out" in Violation**

22 **of Section 1 of the Sherman Act (15 U.S.C. § 1)**

23 **(Against Al Haymon, Haymon Boxing, Haymon Sports, Haymon Holdings,**
 24 **and Does 1–10)**

25 117. Plaintiff incorporates each preceding and succeeding paragraph as
 26 though fully set forth herein.

27 118. Defendants have knowingly and intentionally engaged in an unlawful
 28 contract, combination, or conspiracy constituting a *per se* violation of Section 1 of

1 the Sherman Act. 15 U.S.C. § 1.

2 119. With the financial backing and complicity of Waddell & Reed and
3 MGH, Haymon has entered into agreements to restrain trade in a substantial portion
4 of the market for promotion of Championship-Caliber Boxers. As previously
5 alleged, Haymon's "advisor" contracts with Championship-Caliber Boxers contain
6 exclusionary provisions that condition his professional services on the boxers'
7 agreement to not contract with legitimate boxing promoters without his consent.
8 These agreements constitute unlawful "tying" or "tie out" arrangements (sometimes
9 known as "negative tying").

10 120. "Tie out" agreements constitute *per se* violations of the Sherman Act.
11 For example, plaintiffs in *Image Technical Services v. Eastman Kodak* alleged that
12 Kodak had illegally tied the sale of its photocopier parts to an agreement not to use
13 the maintenance services of independent services organizations. 903 F.2d 612,
14 614–15 (9th Cir. 1990) ("Kodak will not sell replacement parts for its equipment to
15 Kodak equipment owners unless they agree not to use ISOs"). The Ninth Circuit
16 determined that the plaintiffs' claim was cognizable under Section 1's *per se* rule,
17 *id.* at 619, and the Supreme Court affirmed. *Eastman Kodak Co. v. Image Tech.*
18 *Servs.*, 504 U.S. 451, 479 (1992); *see also, e.g., RealPage, Inc. v. Yardi Sys., Inc.*,
19 852 F. Supp. 2d 1215, 1222–29 (C.D. Cal. 2012) (denying motion to dismiss *per se*
20 "negative tying" claim under Section 1).

21 121. Haymon's illegal agreements create a "tying" relationship between
22 services sold in separately defined relevant markets: the market for management of
23 Championship-Caliber Boxers (*i.e.*, the "tying" market), and the market for
24 promotion of Championship-Caliber Boxers (*i.e.*, the "tied" market). Specifically,
25 Haymon does not provide his managerial services to Championship-Caliber Boxers
26 unless the Championship-Caliber Boxers agree to not independently contract with
27 legitimate promoters like Top Rank.

28 122. Haymon exercises market power in the market for management of

1 Championship-Caliber Boxers (*i.e.*, the “tying” market). Haymon’s economic
 2 power in the “tying” market is sufficient to substantially affect the market for
 3 promotion of Championship-Caliber Boxers (*i.e.*, the “tied” market). Haymon’s
 4 power in the “tying” market has allowed him to foreclose competition in the “tied”
 5 market. Haymon’s power in the “tied” market is enhanced by the susceptibility of
 6 boxers to become “locked in.”

7 123. Haymon’s “tie out” contracts with Championship-Caliber Boxers have
 8 in fact had a significant adverse effect on a not insubstantial substantial amount of
 9 interstate commerce, in the millions of dollars.

10 124. As a direct and proximate result of Defendants’ unlawful and
 11 anticompetitive conduct, Plaintiff has been injured and damaged in its business and
 12 property.

13 **COUNT II**

14 **Conspiracy in Restraint of Trade in Violation** 15 **of Section 1 of the Sherman Act (15 U.S.C. § 1)** 16 **(Against All Defendants)**

17 125. Plaintiff incorporates each preceding and succeeding paragraph as
 18 though fully set forth herein.

19 126. Defendants have knowingly and intentionally engaged in an unlawful
 20 contract, combination, or conspiracy that has unreasonably restrained trade in
 21 violation of Section 1 of the Sherman Act. 15 U.S.C. § 1. The Defendants’
 22 agreements include, but are not limited to:

- 23 A. agreements between Waddell & Reed, MGH, and Haymon,
 24 whereby Waddell & Reed and MGH have financed, actively
 25 participated in, and gained a direct or indirect financial interest
 26 in Haymon’s anticompetitive scheme;
- 27 B. agreements between Haymon and Championship-Caliber
 28 Boxers;

- 1 C. agreements between Haymon and boxing venues;
- 2 D. agreements between Haymon and television broadcasters;
- 3 E. agreements between Haymon and advertisers;
- 4 F. agreements between Haymon and sponsors; and
- 5 G. agreements between Haymon and “sham” promoters who act as
- 6 “frontmen” for Haymon.

7 127. As previously alleged, Defendants have engaged in a multi-faceted and
8 far-reaching scheme to unreasonably restrain trade in the primary and secondary
9 relevant markets. This scheme includes, but is not limited to, the following actions:

- 10 A. violating the prohibition, under state and federal law, against
- 11 acting as both manager and promoter, so as to gain an unfair
- 12 advantage over legitimate promoters;
- 13 B. entering into unlawful “tie out” agreements to prevent
- 14 Championship-Caliber Boxers from contracting with legitimate
- 15 promoters,
- 16 C. surreptitiously operating in the promotion business through a
- 17 network of “sham” promoters;
- 18 D. locking up boxing talent, venues, and television broadcasters in
- 19 coercive and exclusionary contracts;
- 20 E. paying broadcast companies for exclusive rights to television
- 21 airtime, at a significant short-term loss, so as to exclude
- 22 legitimate promoters and enhance Haymon’s unlawful presence
- 23 in the promotion business; and
- 24 F. other unlawful, anticompetitive, and tortious conduct.

25 128. As a direct and proximate result of this illegal, tortious, and
26 anticompetitive conduct, Defendants have undermined and foreclosed competition
27 in a substantial share of the affected commerce. Specifically, Defendants have
28 maintained and expanded Haymon’s market power in the primary relevant market,

1 and caused a significant adverse effect on a substantial volume of commerce in the
2 secondary relevant market.

3 129. The anticompetitive effect of the Defendants' unlawful and
4 anticompetitive conduct outweighs any ostensible procompetitive benefits.

5 130. As a direct and proximate result of Defendants' unlawful and
6 anticompetitive conduct, Plaintiff has been injured and damaged in its business and
7 property.

8 **COUNT III**

9 **Attempted Monopolization in Violation**

10 **of Section 2 of the Sherman Act (15 U.S.C. § 2)**

11 **(Against Al Haymon, Haymon Boxing, Haymon Sports, Haymon Holdings,** 12 **and Does 1–10)**

13 131. Plaintiff incorporates each preceding and succeeding paragraph as
14 though fully set forth herein.

15 132. The Haymon Defendants have orchestrated a predatory and
16 anticompetitive scheme to leverage Haymon's monopoly power in the market for
17 management of Championship-Caliber Boxers, in an attempt to obtain a monopoly
18 in the market for promotion of Championship-Caliber Boxers, in violation of
19 Section 2 of the Sherman Act. 15 U.S.C. § 2. This scheme includes, but is not
20 limited to, the following predatory and anticompetitive conduct:

- 21 A. violating the prohibition, under state and federal law, against
22 acting as both manager and promoter, so as to gain an unfair
23 advantage over legitimate promoters;
- 24 B. entering into unlawful "tie out" agreements to prevent
25 Championship-Caliber Boxers from contracting with legitimate
26 promoters;
- 27 C. surreptitiously operating in the promotion business through a
28 network of "sham" promoters;

1 D. locking up boxing talent, venues, and television broadcasters in
2 long-term exclusive dealing arrangements;

3 E. paying broadcast companies for exclusive rights to television
4 airtime, at a significant short-term loss, so as to exclude
5 legitimate promoters and enhance Haymon's unlawful presence
6 in the promotion business; and

7 F. other unlawful, anticompetitive, and tortious conduct.

8 133. Defendants have engaged in predatory and anticompetitive conduct
9 with a specific intent to monopolize the market for promotion of Championship-
10 Caliber Boxers.

11 134. If left unchecked, Defendants have a dangerous probability of
12 obtaining monopoly in the market for promotion of Championship-Caliber Boxers.

13 135. As a direct and proximate result of Defendants' unlawful and
14 anticompetitive conduct, Plaintiff has been injured and damaged in its business and
15 property.

16 **COUNT IV**

17 **Injunctive Relief Under Section 16 of the Clayton Act (15 U.S.C. § 26)**

18 **(Against All Defendants)**

19 136. Plaintiff incorporates each preceding and succeeding paragraph as
20 though fully set forth herein.

21 137. As previously alleged, Defendants' illegal, tortious, and
22 anticompetitive scheme violates Sections 1 and 2 of the Sherman Act.

23 138. As a direct and proximate result of Defendants' unlawful and
24 anticompetitive conduct, Plaintiff has been injured and damaged in its business and
25 property.

26 139. Unless enjoined, Defendants' unlawful and anticompetitive conduct
27 will continue and cause further injury to competition, and Plaintiff will continue to
28 suffer injury for which there is no adequate remedy at law.

140. Plaintiff therefore seeks equitable and injunctive relief pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26, to correct for the anticompetitive effects caused by Defendants' unlawful and anticompetitive conduct, and other relief so as to assure that such conduct does not continue or reoccur in the future.

COUNT V

Violation of the California Unfair Practices Act

(Cal. Bus. & Prof. Code §§ 17000 *et seq.*)

(Against All Defendants)

141. Plaintiff incorporates each preceding and succeeding paragraph as though fully set forth herein.

142. Al Haymon, Haymon Boxing, Haymon Sports, Haymon Holdings, Waddell & Reed, and MGH are persons engaged in business within the State of California.

143. As previously alleged, Haymon, Waddell & Reed, and MGH have purchased millions of dollars' worth of network airtime from over half a dozen leading broadcasters to televise and promote PBC boxing matches featuring Haymon's boxers. Ordinarily, television broadcasters pay for boxing broadcast rights—not the other way around.

144. As previously alleged, Waddell & Reed and MGH have colluded with Haymon in purchasing millions' of dollars' worth of network airtime. Waddell & Reed and MGH have jointly participated in this predatory and anticompetitive scheme, such as by investing over \$400 million in PBC, attending meetings with network executives, negotiating directly with network executives, and/or actively participating in the planning, financing, and execution of broadcast events under the PBC brand.

145. Haymon, Waddell & Reed, and MGH have sold a product at less than the cost thereof, and/or given away a product to the television broadcasters, as those terms are defined under California law. *See, e.g.,* Cal. Bus. & Prof. Code §§ 17024,

1 17026, 17043. Haymon, Waddell & Reed, and MGH have taken these actions for
2 the purpose of injuring competitors and/or destroying competition.

3 146. Haymon, Waddell & Reed, and MGH have sold a product at less than
4 the cost thereof, and/or given away a product to the television broadcasters, as a
5 “loss leader,” as those terms are defined under California law. *See, e.g.*, Cal. Bus.
6 & Prof. Code §§ 17030, 17044. Haymon, Waddell & Reed, and MGH have taken
7 these actions for the purpose of injuring competitors and/or destroying competition.

8 147. In fact, Haymon, Waddell & Reed, and MGH have literally *paid*
9 broadcasters to take their product. This conduct is even more predatory, and even
10 more damaging, than traditional below-cost or “loss leader” selling.

11 148. As a direct and proximate result of Defendants’ below-cost and “loss
12 leader” selling, Plaintiff has suffered an injurious effect in its business and property.

13 **COUNT VI**

14 **Violation of the California Unfair Competition Law**

15 **(Cal. Bus. & Prof. Code §§ 17200 *et seq.*)**

16 **(Against All Defendants)**

17 149. Plaintiff incorporates each preceding and succeeding paragraph as
18 though fully set forth herein.

19 150. California Business & Professions Code §§ 17200 *et seq.* defines as
20 “unfair competition” any unlawful business practices. Defendants’ conduct as
21 herein alleged violates the following statutes, laws, and regulations:

- 22 A. Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1, 2;
- 23 B. the Muhammad Ali Boxing Reform Act, 15 U.S.C. § 6301 *et*
24 *seq.*;
- 25 C. California Code of Regulations, title 4, § 396; and
- 26 D. the California Unfair Practices Act, Cal. Bus. & Prof. Code §§
27 17000 *et seq.*

28 151. Additionally, the company controlled by Haymon and Waddell &

1 Reed was recently criticized for blocking California venues from promotional
2 competitors.

3 152. Moreover, the Defendants' illegal, tortious, and anticompetitive
4 scheme constitutes unlawful, fraudulent, and unfair conduct. In addition to the
5 aforementioned legal violations, Defendants have engaged in the following unfair
6 business practices:

7 A. employing fraud, overbooking, and other unlawful tactics to
8 prevent legitimate promoters from obtaining critical dates for
9 boxing matches in major arenas, thereby inhibiting such
10 promoters from arranging attractive and profitable bouts for
11 their boxers; and

12 B. illegally "scalping" tickets to boxing matches, and failing to pay
13 income taxes properly due on such sales, in order to increase
14 their revenue and gain an unfair advantage over legitimate
15 promoters.

16 153. In addition to violating the aforementioned statutes, laws, and
17 regulations, these unlawful, fraudulent, and unfair business practices independently
18 violate California Business & Professions Code §§ 17200 *et seq.*

19 154. Defendants' illegal, tortious, and anticompetitive conduct has caused
20 significant adverse effects on commerce in the State of California, including within
21 this District. Defendants have undermined and foreclosed competition in the
22 business of professional boxing promotion, and caused substantial injury to
23 California businesses and consumers.

24 155. As a direct and proximate result of the Defendants' illegal, tortious,
25 and anticompetitive scheme, Defendants have been unjustly enriched in an amount
26 to be determined at trial.

27 156. Unless enjoined, Defendants' unlawful conduct will continue and
28 cause further injury to Plaintiff. Plaintiff will continue to suffer injury for which

1 there is no adequate remedy at law.

2 157. Plaintiff therefore seeks equitable and injunctive relief pursuant to Cal.
3 Bus. & Prof. Code § 17203, to correct for the injurious and anticompetitive effects
4 caused by Defendants' unlawful conduct, and other relief so as to assure that such
5 conduct does not continue or reoccur in the future.

6 **COUNT VII**

7 **Tortious Interference With Prospective Economic Advantage** 8 **(Against All Defendants)**

9 158. Plaintiff incorporates each preceding and succeeding paragraph as
10 though fully set forth herein.

11 159. Plaintiff possesses or has possessed economic relationships with
12 Championship-Caliber Boxers, boxing venues, television broadcasters, sponsors,
13 advertisers, and other third parties in the professional boxing industry. In each of
14 these relationships, there is or was a reasonable probability of future economic
15 benefit to Plaintiff.

16 160. Defendants had knowledge of these relationships.

17 161. Defendants committed intentional acts designed to disrupt these
18 relationships with Plaintiff. These acts include but are not limited to:

- 19 A. violating the prohibition, under state and federal law, against
20 acting as both manager and promoter, so as to gain an unfair
21 advantage over Plaintiff;
- 22 B. entering into unlawful "tie out" agreements to prevent
23 Championship-Caliber Boxers from contracting with Plaintiff;
- 24 C. locking up boxing talent, venues, and television broadcasters in
25 coercive and exclusionary contracts;
- 26 D. employing fraud, overbooking, and other unlawful tactics to
27 prevent Plaintiff from obtaining critical dates for boxing
28 matches in major arenas, thereby inhibiting Plaintiff from

arranging attractive and profitable bouts for its boxers;

E. paying broadcast companies for network television airtime, at a significant short-term loss, so as to exclude Plaintiff; and

F. other unlawful, anticompetitive, and tortious conduct.

162. As previously alleged, Defendants have committed unlawful, anticompetitive, and tortious acts that are independently unlawful. Defendants' conduct as herein alleged violates the following statutes, laws, and regulations:

A. Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1, 2;

B. the Muhammad Ali Boxing Reform Act, 15 U.S.C. § 6301 *et seq.*;

C. California Code of Regulations, title 4, § 396;

D. the California Unfair Practices Act, Cal. Bus. & Prof. Code §§ 17000 *et seq.*; and

E. the California Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.*

163. As a direct and proximate result of Defendants' unlawful, anticompetitive, and tortious conduct, Defendants actually disrupted Plaintiff's economic relationships with third parties.

164. As a direct and proximate result of Defendants' unlawful, anticompetitive, and tortious conduct, Plaintiff suffered economic harm.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully demands judgment for the following relief:

A. For an injunction, permanently and pending final judgment in this case, precluding Defendants and each of them and the agents, employees, and representatives of each of them from having any direct or indirect financial interest in the promotion of bouts featuring boxers they manage, from acting as both

1 boxing managers and promoters, from presenting boxing
2 matches on television featuring such boxers, or from arranging
3 the arenas, sponsors and/or television broadcasts of boxing
4 matches featuring boxers they manage, from directing or
5 otherwise causing boxers not to sign written contracts with
6 Plaintiff or other promoters, from attempting, in any way, to
7 prevent Plaintiff from obtaining venues or other essential
8 facilities for the boxing matches Plaintiff promotes, from
9 attempting in any other way to monopolize the business of
10 promoting Championship-Caliber Boxers in the United States,
11 and from financing or otherwise aiding or abetting any of the
12 acts so enjoined;

- 13 B. for damages in the sum of \$100 million or such other sum as
14 shall be found;
- 15 C. that such damages be trebled pursuant to 15 U.S.C. § 15;
- 16 D. for restitution in such amount as shall be found;
- 17 E. for interest at the highest lawful rate on all monetary awards;
- 18 F. for Plaintiff's reasonable attorneys' fees; and
- 19 G. for costs of suit and such other or further relief as the Court shall
20 deem just.
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1 Dated: July 1, 2015
2

3 By: /s/ Daniel M. Petrocelli
4 O'MELVENY & MYERS LLP
5 BY Daniel M. Petrocelli, Esq.
6 *Counsel for Plaintiff Top Rank, Inc.*
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DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff demands a trial by jury on all issues so triable.

Dated: July 1, 2015

By: /s/ Daniel M. Petrocelli
O'MELVENY & MYERS LLP
BY Daniel M. Petrocelli, Esq.
Counsel for Plaintiff Top Rank, Inc.