

WELL, SHOULD WE OR SHOULDN'T WE?

Written by Charles Jay
Saturday, 26 July 2003 18:00

The 75th Round

The people who involve themselves in discussions as to whether television networks should be licensed by boxing commissions tend to fall into the trap of tying that to the consideration of whether they are or aren't actually "promoters". This group includes the promoters themselves. You should have seen them at the WBA's "emergency ratings meeting" in New York last October, when the microphone was opened up for comments and questions.

Don King, Butch Lewis, Gary Shaw - all of them, it seemed, have conditioned themselves to pointing the finger at the TV networks. "THEY'RE the REAL promoters," is the rallying cry for this "disadvantaged" constituency.

I'm not sure I want to get into a dispute over semantics or not. To me, the salient question is not whether networks are promoters, or even function as promoters, but rather, regardless of how they're classified, whether whatever it is they do should be subject to some kind of oversight, above and beyond that which is prescribed by the Federal Communications Commission.

If you insist though, I would say my first instinct is to label them "exhibitors". While we know them as the financial benefactors of nearly every significant boxing show in the United States, at the same time they do not perform the "grass roots" function of organizing an event that we customarily associate with promoters.

I'm not giving them an "out" just for that, though.

Certainly a major question that deserves to be addressed - should networks who sign fighters to contracts have to be regulated as if they were promoters? Well, it is by choice that a network signs a fighter to a contract, and it is with very specific objectives in mind. Even in those cases where the network doesn't sign the fighter directly but instead signs an agreement with a promoter to deliver the fighter, we know that, in reality, it is an agreement specifically FOR that fighter.

When a network enters into one of these pacts, whether it is direct or indirect, short-term or long-term, it is true that it may not be deriving a direct financial benefit from the fighter's earnings. Of course, if it did, that would make their participation akin to being that of a manager. In point of fact, it is they who actually PROVIDE the means by which the fighter's income is derived.

However, the network WILL derive a benefit should the fighter continue to remain victorious, and it also realizes residual financial benefits in the form of premium cable subscribers, additional advertising revenues (which might be a by-product of higher ratings), pay-per-view revenues, etc., by virtue of the rights they possess.

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Therefore, they have a very definable, vested interest in a fighter's success, perhaps the most considerable of any peripheral party (i.e., a party other than the fighter himself). Let's put it this way - they would have a more valuable property at their disposal if the fighter won than if the fighter lost. This effectively fits a practical definition of promoter, or at the very least, a "promotional partner", along with the "conventional" promoter the fighter may be contractually obligated to.

Networks are the engine behind the guarantee of certain minimum purse levels for a fighter, as promoters would normally be. As I mentioned in the last chapter, "The economics of the business dictate that in the vast majority of cases, a promoter won't - indeed, can't - put on a show unless there is network money behind it."

In that sense, the network, in large part, fits the definition of a "promoter" as set forth in the Professional Boxer Safety Act:

"The term 'promoter' means the person primarily responsible for organizing, promoting, and producing a professional boxing match".

That's if we can agree that actually enabling a fight to happen can be considered part of a "promoting and producing" function.

Networks have become involved intimately in the selection of opponents for a fighter they have under contract, and in fact, often have the final say in those matters, except in cases where that fighter is compelled to fight the #1 mandatory challenger of a sanctioning organization. This may also constitute a subtle step from simply an "exhibitor" to an interested party.

Networks have also taken a position where they will step in and assert their exclusive rights in order to preclude matches from happening. A recent - and glowing - example was the Lennox Lewis-Mike Tyson fight, a scenario in which both fighters wanted to make the match, but since Lewis was affiliated with HBO, and Tyson with Showtime, discussions about this fight had a hard time getting out of the initial stages because of the conflicts between the two networks. In the end, the fight was only made when both networks were satisfied. In this case, the function of the network fits the profile of the "de facto" promoter almost perfectly.

And as we illustrated in an earlier story involving Freeman Barr and the WBO, a mandatory super middleweight title challenger actually couldn't get a shot at the championship largely because the promoter, Frank Warren, could not get any television outlet to agree to televise it. In that particular case, the strength of television actually precluded a fighter from receiving a chance that was rightfully his, and imposed its own will on the sanctioning body, which naturally wilted.

Even if that's the natural order of things in this day and age, it's still way too much power to go unchecked. And so I couldn't care less whether a network is really a "promoter" or not.

I know what the networks' "party line" is - they shouldn't be bothered, because they're just sort of an "innocent bystander".

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This "don't look at us" posture was reflected in the testimony of Ross Greenberg before the Senate Committee on Commerce, Science and Transportation on February 5 of this year.

Greenberg took great exception to the idea that the institution of television be lumped into the same category as the boxing promoter - "The view that television networks should be regulated as if they were promoters reflects a misperception that the television industry and boxing promoters perform roughly the same function and have similar relationships with and economic power over boxers. This simply is untrue.

"Telecasters are not in a position to and do not engage in the coercive and unfair practices at issue here. Telecasters have not made exorbitant profits at a fighter's expense, hidden revenues from a fighter or used surrogates to double dip from a fighter." As if that was the way promoters are defined in the law.

The fact is, even if we concede that networks don't do all those things directly, there is no question that they knowingly enable the parties who do. So they can't wash their hands so easily.

Besides, networks HAVE hidden revenues - not to mention other financial figures - from fighters.

In fact, representatives of HBO have asserted in court cases - namely one involving Top Rank, Bones Adams and the WBA - that disclosure of information about rights fees would put it at a competitive disadvantage. Of course it would - if one promoter knew what every other promoter was getting from the network, they'd be able to bargain better, wouldn't they?

Likewise, if fighters knew what promoters were getting paid, they'd be in a better bargaining position and prices might very well be driven up.

But in the case, HBO argued that Adams did not need to know anything about the money.

Also, what's not often considered is that networks can indeed be at risk, as a promoter would be, in association with a boxing promotion. In fact, there are scenarios where they can be the ONLY party at risk.

Sure, many times they're just acting in the role of distributor. But there are cases where they make guarantees as well. For instance, if Showtime Event Television (SET) guarantees 200,000 pay-per-view homes for the Evander Holyfield-James Toney fight, they're making a commitment of about \$4 million. They're at risk. Fundamentally, it's no different than a club show promoter who has to lay out or guarantee purse money to the talent, and has to rely on selling enough tickets in the ballroom to get to his break-even point.

It's just on a much bigger scale. SET has to sell enough "tickets", except it's "ballroom" can fit about 35-40 million people. I would offer the proposition that if this were the case, Showtime (SET) would in fact be the promoter, in the truest sense of the word, while Dan Goossen would be the "packager".

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Another reason networks want to avoid regulation, whether they want to admit it or not, is that they've been known on occasion to have arrangements - clandestine or otherwise - with individuals, whether they be promoters or other boxing operatives, which involve the proverbial "quid pro quo" or - heaven help us - maybe even a direct kickback. And they fear that, subject to regulation, these transactions would be subject to disclosure, interfering with those arrangements or preventing them entirely.

We'll cover those possibilities, but you've got to turn the page to the next chapter.

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