

December 8, 2016

TO:	Members, Subcommittee on Commerce, Manufacturing, and Trade
FROM:	Committee Majority Staff
RE:	Hearing entitled "Mixed Martial Arts: Issues and Perspectives."

I. INTRODUCTION

On December 8, 2016, at 10:00 a.m. in 2322 Rayburn House Office Building, the Subcommittee on Commerce, Manufacturing, and Trade will hold a hearing entitled "Mixed Martial Arts: Issues and Perspectives."

II. WITNESSES

The Subcommittee will hear from the following witnesses:

- Randy Couture, President, Xtreme Couture;
- Lydia Robertson, Treasurer, Association of Boxing Commissions and Combative Sports;
- Jeff Novitzky, Vice President, Athlete Health and Performance, Ultimate Fighting Championship; and
- Dr. Ann McKee, Professor of Neurology & Pathology, Neuropathology Core, Alzheimer's Disease Center, Boston University

III. BACKGROUND

A. Introduction

Modern mixed martial arts (MMA) can be traced back to Greek fighting events known as *pankration* (meaning "all powers"), first introduced as part of the Olympic Games in the Seventh Century, B.C.¹ However, *pankration* usually involved few rules, while modern MMA is generally governed by significant rules and regulations.² As its name denotes, MMA owes its

¹ JOSH GROSS, ALI VS.INOKI: THE FORGOTTEN FIGHT THAT INSPIRED MIXED MARTIAL ARTS AND LAUNCHED SPORTS ENTERTAINMENT 18-19 (2016).

² Jad Semaan, Ancient Greek Pankration: The Origins of MMA, Part One, BLEACHERREPORT (Jun. 9, 2009), available at <u>http://bleacherreport.com/articles/28473-ancient-greek-pankration-the-origins-of-mma-part-one</u>.

origins to a variety of fighting styles,³ along with a desire among fans and fighters to determine which fighting style—not just which fighter—is the most effective.⁴

The advent and development of MMA as a professional American sport began with Brazilian *Vale Tudo* ("anything goes") and the efforts of Art Davie, the Gracie family, and a handful of others in the early 1990s.⁵ These activities eventually led to the promotion Ultimate Fighting Championship (UFC), which held its first event, UFC 1, on November 12, 1993.⁶

B. Background

1. The MMA Industry

MMA's profile has risen from virtually unknown in the early 1990s to garnering relatively significant viewership and fan engagement over the past decade. The MMA industry consists primarily of a handful of major, national promotions such as UFC, World Series of Fighting, and Bellator, along with several small, regional promotions. At the end of 2015, UFC had 573 fighters under contract and had generated about \$600 million in revenue, making it the largest MMA promotion in the U.S.⁷ Viewers typically access main event UFC fights over payper-view (PPV) while Fox Sports covers undercard fights as well as UFC news in general.⁸ Licensing fees, PPV sales, and subscriptions to UFC's Fight Pass streaming video service account for about 75 percent of the promotion's revenue.⁹ After its establishment in 1993, UFC was sold to Frank and Lorenzo Fertitta, who bought the property for \$2 million along with current UFC president Dana White.¹⁰ The Fertitta brothers, who ran UFC through a company called Zuffa, then sold the promotion to sports agency WME|IMG for around \$4 billion.¹¹ UFC

³ For example, UFC lists tae kwon do, muay thai, sanshou or sanda, kyokushin karate, judo, jeet kune do, Greco-Roman wrestling, freestyle wrestling, Brazilian jiu jitsu, and boxing as examples of the various disciplines involved in MMA, <u>http://www.ufc.com/discover/fighter/martial-arts-styles</u>.

⁴ See Brendan S. Maher, Article: Understanding and Regulating the Sport of Mixed Martial Arts, 32 HASTINGS COMM. & ENT. L.J. 209, 215 (Winter 2010) ("Thus, in the early 1990s, for many American sports fans, the question remained: Which fighting discipline was best?").

⁵ JOSH GROSS, ALI VS.INOKI: THE FORGOTTEN FIGHT THAT INSPIRED MIXED MARTIAL ARTS AND LAUNCHED SPORTS ENTERTAINMENT 245 (2016).

⁶ Id.

⁷ Andy Bull, *The Fight Game Reloaded: How MMA and UFC Conquered the World*, THE GUARDIAN (Mar. 4, 2016), *available at* <u>https://www.theguardian.com/sport/2016/mar/04/the-fight-game-reloaded-how-mma-conquered-world-ufc</u>.

⁸ Id.

⁹ Ben Fowlkes and Steven Marrocco, *How the UFC Bounced Back on Pay-per-View for a Record Year in 2015 – with Help from a Friend*, MMAJUNKIE (Oct. 29, 2016), *available at* <u>http://mmajunkie.com/2016/10/how-the-ufc-bounced-back-on-pay-per-view-for-a-record-year-in-2015-with-help-from-a-friend</u>.

¹⁰ Noah Kirsch, *The Fertitta Brothers Just Made 2,000x Their Initial Investment in UFC*, FORBES (Jul. 11, 2016) <u>http://www.forbes.com/sites/noahkirsch/2016/07/11/fertitta-brothers-sell-ufc-for-2000x-initial-investment-net-worths-rise-by-1-6-billion/#3f3fcbb631f2</u>

¹¹ Michael J. de la Merced, *UFC Sells Itself for \$4 Billion*, CNBC (Jul. 11, 2016), *available at* <u>http://www.cnbc.com/2016/07/11/ufc-sells-to-wme-img-for-4-billion-fertittas-to-remain-minority-investors-as-</u> <u>rousey-conor-mcgregor-takes-it-mainstream.html</u>.

fights are shown in over 156 countries, fights take place in all 50 states, and it is estimated that just under half of its audience is comprised of millennials.¹²

Bellator was founded in 2008 by Bjorn Rebney and several investors.¹³ Bellator contracts with about 200 fighters, compared to the nearly 600 fighters with UFC contracts. In 2011, Viacom purchased a controlling stake in the promotion, resulting in Bellator programming moving to Viacom's Spike TV.¹⁴ In 2014, Rebney left Bellator and the promotion began to move away from its previous tournament formats in favor of a more traditional "super fight" method of booking fights.¹⁵ Bellator relies less on PPV revenue than UFC; its first and only PPV aired two years ago, in May 2014.¹⁶ There is evidence of direct competition between UFC and Bellator for athletes, as some fighters have left one promotion to sign with the other.¹⁷ Due to the private nature of the promotions and the many factors that contribute to an event's revenue, it is difficult to directly compare fighter salaries.¹⁸ Nonetheless, UFC and Bellator compete to attract fighters with various enticements including higher pay or sponsorship arrangements.¹⁹

The MMA industry contrasts with boxing insofar as boxing promoters, fighters, managers, and networks are brought together on an *ad hoc* basis for each event. The structure of the boxing industry is therefore relatively flexible in terms of which promotions, managers, fighters, and networks can come together to produce a single event. In MMA, the major promotions have exclusive deals with television networks and in some cases sponsors, which may present an obstacle to boxing-style *ad hoc* arrangements.²⁰ For example, an event involving a bout between fighters from different promotions would be more difficult because conflicting exclusive TV and sponsorship deals could be difficult to honor simultaneously without

 $^{^{12}}$ *Id*.

¹³ Brett Okamoto, *Bjorn Rebney Out at Bellator MMA*, ESPN (Jun. 18, 2014), *available at* <u>http://www.espn.com/mma/story//id/11102623/bjorn-rebney-tim-danaher-part-ways-bellator-mma</u>.

¹⁴ Daniel Roberts, *Bellator: Bjorn Rebney's Fight Club*, FORTUNE (Nov. 28, 2012), *available at* <u>http://fortune.com/2012/11/28/bellator-bjorn-rebneys-fight-club/</u>.

 ¹⁵ Brett Okamoto, *Bjorn Rebney Out at Bellator MMA*, ESPN (Jun. 18, 2014), *available at* <u>http://www.espn.com/mma/story/_/id/11102623/bjorn-rebney-tim-danaher-part-ways-bellator-mma</u>.
¹⁶ Id.

¹⁷ See, e.g., Adam Guillen, Jr., *Matt Mitrione signs with Bellator MMA, guaranteed six figures per fight*, SB NATION MMA MANIA (Mar. 14, 2016), *available at* <u>http://www.mmamania.com/2016/3/14/11223042/matt-mitrione-signs-</u>with-bellator-mma-guaranteed-six-figures-per-fight-mma.

¹⁸ Cf. Bellator 154 Fighter Salaries: Phil Davis and King Mo Top List with \$30,000 each, MMAWEEKLY (May 17, 2016), available at <u>http://www.mmaweekly.com/bellator-154-fighter-salaries-phil-davis-and-king-mo-top-list-with-30000-each</u>; Jesse Holland, UFC 203 payouts and salaries: CM Punk banks \$500,000 for submission loss to Mickey Gall, SB NATION MMA MANIA (Sep. 12, 2016), available at <u>http://www.mmamania.com/2016/9/12/12890058/ufc-203-payouts-and-salaries-cm-punk-banks-500000-submission-loss-cleveland-mma</u>.

¹⁹ See Tristen Crutchfield, UFC Signs 6-Year Deal with Reebok; Rankings to Determine Fighter Pay, SHERDOG (Dec. 2, 2014), available at <u>http://www.sherdog.com/news/news/UFC-Signs-6Year-Deal-with-Reebok-Rankings-to-Determine-Fighter-Pay-78115</u>; Andrew Brennan, Why is the UFC-Reebok Deal Exploiting UFC Fighters and Condoning Pay Gaps, FORBES (May 16, 2016), available at

 $[\]label{eq:http://www.forbes.com/sites/and rewbrennan/2016/05/16/is-it-the-ufc-or-is-it-reebok-that-is-exploiting-ufc-fighters-and-condoning-pay-gaps/#2fe3e5fb657f.$

²⁰ See Josh Gross, UFC, Fox agree to seven-year deal, ESPN (Aug. 18, 2011), available at <u>http://www.espn.com/mma/story//id/6874530/ufc-reaches-seven-year-broadcast-deal-fox-networks</u>.

significant negotiations between numerous parties. These circumstances may help make copromotion a rare occurrence in MMA.²¹

Both UFC and Bellator operate fights under the Unified Rules of MMA.²² The rules include requirements for the fighting area and equipment; handwrapping; mouthpiece usage; gloves; apparel; round length; judging; prohibited activities while in the ring (such as biting, eye gouging, and hair pulling); and types of contest results.²³ On July 30, 2009, the Association of Boxing Commissions and Combative Sports (ABC) adopted the Unified Rules of MMA, along with explanatory statements.²⁴ ABC's role in the regulation of combative sports such as MMA is described further below.

The major promotions consider MMA fighters to be independent contractors, which would effectively bar them from bargaining as a union with promotions.²⁵ Nonetheless, the MMA Fighters Association was established to assist fighters with matters other than bargaining²⁶ and other efforts have taken place to fully unionize fighters.²⁷ Similarly, a group of fighters led by former welterweight champion Georges St-Pierre announced the establishment of a non-union MMA Athletes Association (MMAAA) on November 30, 2016.²⁸

Despite UFC fighters' apparent status as independent contractors, in 2011, UFC began offering its fighters health insurance.²⁹ The major promotions also take active roles in barring the use of banned substances. Bellator reportedly imposes contractual penalties on its fighters for failing drug tests, but also relies on state athletic commission anti-doping rules, testing requirements, and suspensions.³⁰ UFC takes a different approach, having launched a

²¹ See Adam Guillen Jr., Bellator MMA star wants to see cross-promotion bouts with UFC, SB NATION MMA MANIA (Sep. 4, 2016), available at <u>http://www.mmamania.com/2016/9/4/12792570/bellator-star-michael-page-wants-to-see-cross-promotion-bouts-with-ufc-mma</u>.

²² RULES AND REGULATIONS, UFC, <u>http://www.ufc.com/discover/sport/rules-and-regulations</u>; RULES, BELLATOR, <u>http://bellator.spike.com/about</u>.

 $^{^{23}}$ *Id*.

²⁴ SUMMARY REPORT, DISCUSSION AND REVIEW OF UNIFIED RULES OF MIXED MARTIAL ARTS, ASSOCIATION OF BOXING COMMISSIONS AND COMBATIVE SPORTS, <u>http://www.abcboxing.com/committee-report-on-unified-rules-for-mma/</u>.

²⁵ Marc Raimondi, *Sports agent Jeff Borris explains why he's attempting to start a UFC fighters union*, MMA FIGHTING (Aug. 16, 2016), *available at* <u>http://www.mmafighting.com/2016/8/16/12493350/sports-agent-jeff-borris-explains-why-he-s-attempting-to-start-a-ufc</u>.

²⁶ MMAFA MISSION STATEMENT, MMA FIGHTERS ASSOC. (last visited Dec. 1, 2016), *available at* <u>http://mmafa.tv/about-mmafa/</u>.

 ²⁷ Robby Kalland, UFC fighters unionize as the Professional Fighters Association, CBSSports.com (Aug. 11, 2016), available at http://www.cbssports.com/mma/news/ufc-fighters-unionize-as-the-professional-fighters-association/.
²⁸ Marc Raimondi, Georges St-Pierre, four other UFC stars announce launch of MMA Athletes Association, MMA FIGHTING (Nov. 30, 2016), available at http://www.mmafighting.com/2016/11/30/13800624/georges-st-pierre-four-other-ufc-stars-announce-launch-of-mma.

²⁹ Damon Martin, *Details about Zuffa's New Fighter Insurance and Coverage for UFC and Strikeforce*, MMAWEEKLY (May 9, 2011), *available at* <u>http://www.mmaweekly.com/details-about-zuffas-new-fighter-insurance-and-coverage-for-ufc-and-strikeforce</u>.

³⁰ Steven Marrocco, *Notebook: Chael Sonnen on new Bellator deal, UFC exit, and USADA tests*, USA TODAY SPORTS, MMA JUNKIE (Sept. 16, 2016), *available at* <u>http://mmajunkie.com/2016/09/notebook-chael-sonnen-on-</u>

comprehensive Anti-Doping Program with the United States Anti-Doping Agency (USADA).³¹ Under the Anti-Doping Program, USADA conducts tests, analysis, and sets forth investigatory and hearing rules.³²

A handful of major U.S. promotions independent of World Series of Fighting, Bellator and UFC have arisen, but for the most part are no longer a significant presence. For example, Strikeforce, a California-based kickboxing and MMA promotion founded in 1985, was purchased by Zuffa in early 2011.³³ EliteXC was founded in 2006, with Showtime Networks as a major investor and Kimbo Slice as a headline fighter, but quickly folded under controversy in 2008.³⁴ Internationally, promotions such as K-1 and Rizin Fighting Federation are in operation, but Japanese promotions Pride FC and DREAM are now defunct. The World Series of Fighting is also an independent promotion based in Las Vegas, signed a 3-year deal with NBC Sports in 2013, and in the past, it has bought time on networks instead of charging a license fee to be aired.³⁵ Regional promotions such as Titan Fighting Championship and Resurrection Fighting Alliance—which is merging with Legacy promotions to create LFA—are considered feeders for national promotions such as UFC and Bellator.³⁶

2. State Regulation of MMA

Legal Status. As of April 14, 2016—when New York Governor Andrew Cuomo signed a bill legalizing MMA into law—MMA is now legal in all 50 states.³⁷ In return for granting MMA legal status in New York, the state legislature subjected promotions to higher costs than in most other states. Under the New York law, the State Athletic Commission is directed to adopt MMA regulations, and the state is authorized to collect an 8.5% tax on ticket sales receipts and a 3% tax on gross receipts from broadcasting and Internet streaming rights.³⁸ Notably, New York requires promoters of any combative sport, including boxing and MMA, to carry a minimum \$1 million insurance policy on each fighter in any competition specifically to cover "life-threatening" brain

<u>new-bellator-deal-ufc-exit-and-usada-tests</u> ("... Sonnen claimed his contract includes language that spells out harsh punishment for any failed drug test: 100 percent of his fight purse and a \$500,000 fine.").

³¹ UFC ANTI-DOPING PROGRAM, USADA, *available at* <u>http://www.usada.org/ufc-anti-doping-program/</u>. ³² *Id*.

³³ Josh Gross, *UFC buys rival Strikeforce*, ESPN (Mar. 13, 2011), *available at* <u>http://www.espn.com/extra/mma/news/story?id=6209923</u>.

³⁴ *Reports: EliteXC tells employees, fighters it's out of business*, ESPN (Oct. 21, 2008), *available at* <u>http://www.espn.com/extra/mma/news/story?id=3655102</u>.

³⁵ Mike Chiappetta, *World Series of Fighting signs 3-year deal with NBC Sports Network*, MMA FIGHTING (Feb. 4, 2013), *available at* <u>http://www.mmafighting.com/2013/2/4/3951214/world-series-of-fighting-signs-3-year-deal-with-nbc-sports-network</u>.

³⁶ *Top UFC Feeder Leagues Announce Merger*, MMA WEEKLY (Sep. 19, 2016), *available at* <u>http://www.mmaweekly.com/top-ufc-feeder-leagues-announce-merger</u>.

³⁷ Chuck Mindenhall, *Gov. Andrew Cuomo signs bill for MMA in New York, UFC 205 planned for MSG on Nov. 12*, MMA FIGHTING (Apr. 14, 2016), *available at* <u>http://www.mmafighting.com/2016/4/14/11431018/gov-andrew-cuomo-signs-bill-for-mma-in-new-york-first-event-planned</u>.

³⁸ S. 05949A, 201st Leg., 2nd Sess. (N.Y. 2016); Michael McCann, *Analyzing the Legal, Economic Impact of MMA Legalization in New York State*, SPORTS ILLUSTRATED (Mar. 23, 2016), *available at* http://www.si.com/mma/2016/03/23/mixed-martial-arts-legalization-new-york-state-legal-economic-impact.

injuries.³⁹ Commenters have observed that the cost could effectively bar smaller promotions and that insurance companies may not be willing to take on the risk of such policies.⁴⁰

Banned Substances. In general, state approaches to the regulation of banned substances in MMA vary. For example, the Texas Department of Licensing and Regulation (TLDR) only requires fighters to provide urine or blood samples for drug testing "either before or after the bout, if directed by the executive director or his designee."⁴¹ Similarly, Illinois requires fighters to "provide a urine specimen for drug testing either before or after the bout, as directed by the Division representative,"⁴² but does not require blood to be submitted. The Nevada Athletic Commission (NAC) recently made changes to its rules, which now mirror the list of World Anti-Doping Agency (WADA) banned substances; require MMA combatants to submit to drug tests upon request of NAC whether in or out-of-competition; and require a promoter to submit to NAC each contract between the promoter and any drug testing organization.⁴³

Fighter Safety and Licensure. The widely-accepted Unified Rules of MMA, which are the basis for the bout rules used by the major national promotions, were first established in 2001 and were quickly adopted by the New Jersey State Athletic Control Board (NJSACB).⁴⁴ The most recent version of these rules is still in effect in New Jersey,⁴⁵ and several other states have adopted nearly identical rules of sport.⁴⁶ All states have adopted some form of MMA rules of sport. As discussed above, the rules are intended to prevent extraordinarily harmful attacks and establish equipment requirements, round length, weight classes, and to empower the referee or a physician to stop a fight. In general, a fighter must also obtain a license to fight in any given state,⁴⁷ and in some states, the athletic commission can decide at its discretion whether a particular fight may take place.⁴⁸

Fair Contests. States have generally adopted regulations to ensure the competency and impartiality of those officiating an MMA bout. The ABC's MMA sub-group has encouraged states to require officials to undergo regular training, and offers its own training courses and certification for both officials and judges.⁴⁹ Some states also impose stringent licensure

³⁹ S. 05949A, § 1015.11, 201st Leg., 2nd Sess. (N.Y. 2016), available at

 $[\]frac{\text{http://assembly.state.ny.us/leg/?default_fld&bn=A02604&term=2015&Summary=Y&Actions=Y&Memo=Y&Text}{=Y}.$

⁴⁰ See Insurance and Why "There's Not Going to [be] Small Promoters Doing MMA in New York, COMBAT SPORTS LAW (Mar. 27, 2016).

⁴¹ 16 Tex. Admin. Code § 61.47(p).

⁴² 68 Ill. Admin. Code § 1370.220(c).

⁴³ Adopted Reg. of the Nev. Athletic Comm'n, LCB File No. R062-16 (Nev. Athletic Comm'n Sept. 9, 2016), *available at* <u>https://canadianmmalawblog.files.wordpress.com/2016/10/new-nevada-combat-sports-regs.pdf</u>.

 ⁴⁴ See New Jersey State Athletic Control Board, *Mixed Martial Arts Unified Rules of Conduct, Additional Mixed Martial Arts Rules*, Summary of agency proposal, *available at <u>http://www.nj.gov/lps/sacb/docs/martial.html</u>.
⁴⁵ See N.J. Admin. Code § 13:46-1 et seq.*

⁴⁶ See Brendan S. Maher, Article: Understanding and Regulating the Sport of Mixed Martial Arts, 32 HASTINGS COMM. & ENT. L.J. 209, 231 (Winter 2010).

⁴⁷ See Cal. Bus. & Prof. Code § 18642.

⁴⁸ See Cal. Bus. & Prof. Code § 18640.

⁴⁹ See Types of Course & Curriculum, MMAReferee.com, *available at* <u>http://www.mmareferee.com/?q=courses</u> (last visited Dec. 1, 2016).

requirements for officials. Before licensing a referee to officiate martial arts or kickboxing matches in California, for example, the state requires referees to have officiated at least 100 martial arts or kickboxing matches; perform a demonstration of competency before a representative of the commission; pass a written exam; be in good physical condition with good reflexes in the ring; and undergo a medical exam showing physical and mental fitness.⁵⁰ States also typically control the selection of referees and prohibit them from showing "partiality" to avoid unfair officiating.⁵¹

Conflicts of Interest and Fighter Contracts. In MMA, as in boxing, a fighter's best interests are best served if his or her interests are directly aligned with his or her manager. A manager with financial interests tied to a promoter is less likely to obtain the best deal for the fighter. In order to prevent these scenarios, Nevada prohibits promoters from acting as a fighter's manager or holding any financial interest in the fighter's management or earnings from contests.⁵² To address perceived bargaining disparities between individual fighters and promotion companies, some states also regulate promoter-fighter contracts. For example, Nevada prohibits bout agreements requiring one fighter to pay for the services of an opponent and requires bout agreements between promoters and fighters to be executed "on a form provided by the Commission."⁵³ In order to prevent managers from taking advantage of fighters through postbout modification of managerial contracts, Nevada also requires such contracts to be filed with the NAC before the bout.⁵⁴

3. Federal Law

Federal law does not specifically regulate the MMA industry. However, the Ali Boxing Reform Act required the ABC to promulgate rules and minimum contractual provisions for bout agreements and boxing contracts for the boxing industry.⁵⁵ The ABC has voluntarily extended some of its efforts around boxing to MMA, as state commissions have begun to regulate legalized MMA.⁵⁶ The most recent changes to ABC's Unified Rules of MMA were adopted in August 2016, over objections from New Jersey's representative.⁵⁷ Among other things, the new rules address efforts by fighters in the ring to circumvent or game certain prohibited moves, and are scheduled to go into effect beginning Jan. 1, 2017.⁵⁸ As a non-governmental entity, ABC does not have official enforcement authority and does not possess the ability to force states to adopt any of its recommended practices, rule changes, or training offerings.

⁵⁰ 4 Cal. Code Reg. § 543.

⁵¹ See 68 Ill. Admin. Code § 1370.100.

⁵² Nev. Admin. Code § 467.104.

⁵³ Nev. Admin. Code § 467.112.

⁵⁴ Nev. Admin. Code § 467.102.

⁵⁵ Pub. L. No. 106-210 § 9.

⁵⁶ See John Morgan and Steven Marrocco, *Despite Staunch New Jersey objection, Association of Boxing Commissions passes rules and regulation changes*, USA TODAY SPORTS, MMA JUNKIE (Aug. 2, 2016), *available at* <u>http://mmajunkie.com/2016/08/despite-staunch-new-jersey-objection-association-of-boxing-commissions-pass-rules-and-regulation-changes</u>.

⁵⁷ Id.

⁵⁸ Josh Sanchez, *New MMA rules to be implemented on Jan. 1, 2017*, CAMPUS SPORTS (Aug. 3, 2016), *available at* <u>http://campussports.net/2016/08/03/new-mma-rules-to-be-implemented-on-jan-1-2017/</u>.

Although no federal statutes or regulations specifically cover MMA, federal antitrust law has been invoked. The Federal Trade Commission (FTC) has investigated the UFC twice for potential violations of Section 5 of the FTC Act, which prohibits "unfair methods of competition."⁵⁹ On November 5, 2015, the FTC sent a letter to UFC closing out its second investigation and clearing it of any alleged Section 5 violations.⁶⁰ The FTC determined that UFC was not engaging in unfair methods of competition through its use of long-term exclusive contracts "or other exclusionary conduct."⁶¹

In December 2014, several fighters filed an antitrust suit against UFC.⁶² Among other things, the plaintiffs argue that UFC leveraged its alleged monopoly and monopsony market power to "impair and foreclose competition" in violation of the Sherman Act.⁶³ After the case was transferred to Las Vegas, the court denied UFC's motion to dismiss in September 2015 and in January 2016, UFC filed its answer denying the plaintiffs' claims.⁶⁴ The case is still pending.

IV. ISSUES

The following issues may be examined at the hearing:

- Which approaches by state regulators to protect the health and safety of fighters have been most effective? What improvements could be made?
- What are the different approaches to banning certain substances? What has worked and what issues are still being addressed?
- How is the structure of the MMA industry different from that of other professional sports? What do these differences mean for policymakers?
- Are MMA fighters' economic interests adequately addressed?
- How will MMA evolve in the near future? What does this evolution mean for policymakers?

⁵⁹ Luke Thomas, *Federal Trade Commission ends second investigation of UFC*, MMA FIGHTING (Nov. 24, 2015), *available at* <u>http://www.mmafighting.com/2015/11/24/9796478/federal-trade-commission-ends-second-investigation-of-ufc</u>.

⁶⁰ *Id*.

⁶¹ *Id*.

⁶² *Cung Le, et al. v. Zuffa, LLC*, No. 5:14-cv-05484 (D. No. Cal. filed Dec. 16, 2014); *Le et al. v. Zuffa LLC*, 15-cv-01045 (D. Nev. 2015).

⁶³ Complaint, *Cung Le, et al. v. Zuffa, LLC*, No. 5:14-cv-05484, Para. 166 (D. No. Cal. filed Dec. 16, 2014), *available at* <u>https://cdn1.vox-cdn.com/uploads/chorus_asset/file/2583228/lawsuit.0.pdf</u>; the Sherman Act declares that "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce" is guilty of a felony, 15 U.S.C. § 2.

⁶⁴ Paul Gift, *UFC Lawsuit: Zuffa files official answer denying fighters' antitrust claims*, SB NATION BLOODY ELBOW (Jan. 20, 2016), *available at* <u>http://www.bloodyelbow.com/2016/1/20/10796946/antitrust-lawsuit-ufc-files-answer-denying-fighter-claims-mma-news</u>.

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Paul Nagle or Graham Dufault of the Committee staff at (202) 225-2927.