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**BEFORE AN ARBITRATOR
STATE ATHLETIC COMMISSION
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

**In the Matter of the Arbitration of
Contract Dispute Between:**

MOSES HEREDIA, Manager,

and

JOSEPH DIAZ, JR., Boxer

DECISION OF THE ARBITRATOR

INTRODUCTION

On June 10, 2021, this matter came before Andrew Foster, Executive Officer for the California State Athletic Commission (Commission). Mr. Foster, acting in his official capacity, was duly appointed by the Commission to arbitrate the contract dispute between Moses Heredia (Manager) and Joseph Diaz, Jr. (Boxer). The Boxer-Manager contract (generally referred to herein as “the Contract”) in dispute was executed by the parties on February 23, 2017.

The arbitration convened by videoconference at approximately 10:15 a.m. on June 10, 2021, pursuant to written notice to all parties. (See Exhibit 1, Notice of Arbitration) Manager was present and represented by attorney Eric Montalvo of the Federal Practice Group. Boxer was present and represented by attorney James Greeley of VGC, LLP. The following witnesses were duly sworn and provided testimony at the arbitration hearing: Joseph Diaz, Jr., Moses Heredia,

1 Ralph Heredia, and Steven Bash. All evidentiary exhibits submitted by the parties were received
2 without objection.

3 This decision is based on the arbitrator's consideration of the parties' briefs, the
4 documentary and testimonial evidence presented, and pertinent legal authority.

5 **LICENSURE OF BOXER AND MANAGER**

6 Manager is, and was at all times relevant to this arbitration, a boxing manager, duly
7 licensed by the Commission. Boxer is, and was at all times relevant to this arbitration, a boxer,
8 also duly licensed by the Commission. (See Exhibits 2 & 3, CSAC license certifications.)

9 **JURISDICTION**

10 Professional Boxing is regulated in California by Business and Professions Code (Code)
11 section 18600, et seq., known as the Boxing Act, and California Code of Regulations, title 4,
12 section 220, et seq., which are the duly enacted regulations that supplement the legislature's
13 statutory framework.

14 Code section 18613 provides, in pertinent part:

15 (a) (1) The commission shall appoint a person exempt from civil service who
16 shall be designated as an executive officer and who shall exercise the powers
17 and perform the duties delegated by the commission and vested in him or her
18 by this chapter. The appointment of the executive officer is subject to the
approval of the Director of Consumer Affairs.

19 Code section 18855 provides:

20 The commission shall recognize and enforce contracts between boxers or
21 martial arts fighters and managers and between boxers or martial arts fighters
22 and licensed clubs. Contracts shall be executed on printed forms approved by
23 the commission. The commission may recognize or enforce a contract not on
24 its printed form if entered into in another jurisdiction. No other contract or
25 agreement may be recognized or enforced by the commission. All disputes
26 between the parties to the contract, including the validity of the contract, shall
27 be arbitrated by the commission pursuant to the provisions of the contract.
Subject to Section 227 of Title 4 of the California Code of Regulations, a
28 person who seeks arbitration of a contract shall send a written request to the
commission's headquarters and to the office of the Attorney General. The
commission may seek cost recovery related to arbitration proceedings from
the parties subject to the proceedings.

1 California Code of Regulations, title 4, section 221, subdivision (b), states in
2 pertinent part:

3 All disputes between the parties to the contract, including the validity of the
4 contract, shall be arbitrated pursuant to the provisions of the contract.

5 Additionally, paragraph C.4 of the Contract states, in pertinent part, that “[a]ll
6 controversies arising between the parties hereto, including but not limited to
7 controversies concerning the validity and/or enforceability of this contract, shall be
8 submitted to arbitration . . .” and “the decision of the arbitrator shall be final and binding
9 upon the parties hereto and each of them bound thereby.” (See Exhibit 4, 2017 Boxer-
10 Manager Contract.)

11 **THE CONTRACT**

12 Boxer and Manager entered into the Contract on February 23, 2017. The Contract was
13 memorialized on a standard preprinted form approved by the Commission. It was executed in the
14 presence of Commission representative Larry Ervin and was approved by the Commission as
15 Contract ID M-2017-0006 on February 24, 2017. The term of the Contract is five (5) years and
16 has an expiration date of February 22, 2022.

17 Pursuant to Section A.2 of the Contract, Manager is to receive 18% of Boxer’s purse for all
18 fights taking place during the lifetime of the contract. In addition, the Contract requires Boxer to
19 attend all training, exercising, and other necessary work as Manager might require. Boxer also
20 agrees not to accept or engage in any boxing contests, exhibitions, or training exercises without
21 written permission from Manager. (Sections A.3-6.) Among other things, Manager agrees to
22 guarantee at least two (2) fights per year and to use his best efforts to secure remunerative boxing
23 contests and to act in the best interests of Boxer (Sections B.1-2.)

24 **HISTORY OF THE PARTIES’ RELATIONSHIP**

25 Boxer and Manager first became acquainted with each other in the lead-up to the 2012
26 Olympics in London. Boxer was attempting to qualify for the U.S. men’s boxing team, and
27 Manager and his brother, Ralph Heredia, took an interest in Boxer and supported him in his
28 efforts. At that time, Manager was licensed by the Commission and had experience working with

1 other fighters. After Boxer successfully made the U.S. men's boxing team, Manager traveled to
2 London to watch Boxer participate and assisted Boxer's parents with their travel expenses to the
3 Olympics.

4 After competing in the Olympics, Boxer was interested in becoming a professional boxer.
5 Manager and his brother had become close with Boxer and his family over the preceding year,
6 and on September 4, 2012, Boxer signed a purported Boxer-Manager contract with the Manager
7 and his brother. (See Exhibit 5, 2012 Boxer-Manager Contract.) Under the terms of the five-year
8 agreement, the Heredias would receive 20% of Boxer's fight purses. The agreement did not
9 guarantee Boxer a minimum amount of earnings or bouts per year. Although it is clear the parties
10 believed that they were contractually obligated to each other under the 2012 agreement, the
11 purported Boxer-Manager Contract was not a valid Boxer-Management Contract because the
12 parties failed to have the agreement executed before a Commission representative or approved by
13 the Commission in writing as required by California Code of Regulations, title 4, section 222.¹

14 Nonetheless, over the next four years, the parties appear to have honored the terms of their
15 2012 agreement. Manager helped negotiate a lucrative promotional deal with Golden Boy
16 Promotions (Golden Boy) and also worked to obtain product endorsement deals for Boxer. Boxer
17 dedicated himself to becoming a world-class professional fighter, amassing an undefeated 23-0
18 record and establishing himself as one of the top-ranked featherweights by the World Boxing
19 Council (WBC), the World Boxing Organization (WBO) and the International Boxing Federation
20 (IBF). Over this time, the relationship between Boxer, Manager and Ralph Heredia appears to
21 have been strong and cooperative.

22 In February 2017, the parties took action to terminate the 2012 agreement that they believed
23 was valid in order for Boxer and Manager to enter into an entirely new agreement which
24 contained different terms (i.e., the Contract). On February 23, 2017, the parties met with

25 ¹ The Commission has no record of Ralph Heredia holding a manager license in 2012. At
26 the arbitration hearing, however, Manager produced what was purported to be a copy of Ralph
27 Heredia's manager license from 2012. Because the reason for the discrepancy between the
28 Commission's records and the exhibit offered by Manager has not been established, and because
the 2012 agreement was not valid regardless of Ralph Heredia's licensure status, the arbitrator
makes no determination as to whether the 2012 agreement was also invalid due to Ralph Heredia
signing the agreement.

1 Commission representative Larry Ervin to execute a Release of Contract that expressly released
2 the parties from any further liability or obligation under the 2012 agreement. (See Exhibit 6,
3 Release of Contract.) That same day, in the presence of Boxer’s father and Commission
4 representative Ervin, who reviewed the Contract with the parties prior to its execution, Boxer and
5 Manager executed the Contract at issue in this arbitration. Under the terms of the Contract,
6 Manager is to receive 18% of Boxer’s fight purses and Boxer is guaranteed at least two (2) fights
7 per year. More importantly, the Contract was approved in writing by the Commission and duly
8 recorded in the Commission’s records as Contract ID No. M-2017-0006.

9 After the Contract was signed, Boxer and Manager’s relationship appears to have remained
10 strong and cooperative. Manager helped Boxer negotiate another highly advantageous promotion
11 contract with Golden Boy that included a \$150,000 signing bonus, bouts on high-profile fight
12 cards and lucrative incentive provisions. For his part, Boxer continued to train diligently and win
13 fights. Although he sustained one loss in May 2018, Boxer won his next four fights, and by late
14 2019, Manager was negotiating with Golden Boy to secure Boxer an opportunity to challenge for
15 the IBF super featherweight title. The title bout took place on January 30, 2020, and Boxer won
16 by unanimous decision. Although Boxer won the fight in convincing fashion, he suffered a
17 significant laceration above his left eye. This injury coupled with the COVID-19 pandemic
18 derailed planning and preparation for Boxer’s next fight.

19 **THE DISPUTE**

20 It is unclear at exactly what point the relationship between Boxer and Manager began to
21 deteriorate, but Boxer’s decision to enter into a contractual relationship with MTK Global USA,
22 LLC (MTK Global) in August 2020 appears to have represented a tipping point. According to its
23 public website, MTK Global provides “unrivalled expertise in boxer management, relations,
24 training, and event promotions.” MTK Global is not licensed by the Commission as a manager or
25 promotor in the State of California. With the precise nature of the contractual relationship
26 between Boxer and MTK Global uncertain to Manager, Manager sought more information about
27 the agreement. After Boxer effectively ceased communication with Manager and MTK Global
28 issued a press release that failed to clarify Manager’s understanding of the agreement, Manager

1 filed a request for arbitration with the Commission, asserting that Boxer had breached the 2017
2 Boxer-Manager Contract by signing the MTK Global agreement.

3 On paper, it appears that the MTK Global agreement was a “business advisory” deal
4 focused on maximizing Boxer’s business and sponsorship activities outside the ring. If so, it
5 would seem that the MTK Global agreement could have coexisted with the Boxer-Manager
6 Contract without conflict. Unfortunately, however, neither party’s actions during this time were
7 conducive to salvaging their longstanding relationship. Boxer cut off communication with
8 Manager and also failed to provide information about the MTK Global agreement sufficient to
9 assuage Manager’s concerns. Manager’s conduct was also damaging to the relationship.
10 Although Manager’s request for arbitration can be viewed as a reasonable response to the
11 situation given his lack of information about the MTK Global agreement, his decision to file a
12 separate legal action under the federal Racketeer Influenced and Corrupt Organizations (RICO)
13 Act served to hasten the demise of Boxer and Manager’s relationship. The RICO action took aim
14 not only at MTK Global but also at Boxer’s attorneys (VGC, LLP) and Boxer’s longtime
15 promotor, Golden Boy. The inclusion of Golden Boy in the now-dropped lawsuit appears to have
16 been particularly misguided in that, regardless of Boxer’s dispute with Manager, Golden Boy had
17 an obligation to try to find Boxer, who was then the IBF super featherweight champion, a suitable
18 fight. Thereafter, the relationship continued to deteriorate, as Boxer filed a lawsuit against
19 Manager’s brother, Ralph Heredia.

20 Nonetheless, Golden Boy scheduled Boxer to engage in a title defense on February 13,
21 2021. Manager was not involved in scheduling the fight and did not provide his written
22 permission for the bout. Boxer failed to make weight prior to the fight, and was stripped of his
23 title. Although the fight went forward as scheduled, Boxer was required to pay a \$100,000
24 penalty (20% of his purse) for missing weight. The fight ended in a draw, taking Boxer’s record
25 to 33-1-1. Per the Contract, Manager should have received 18% (\$72,000) of Boxer’s reduced
26 purse from the fight. To date, Boxer has not paid Manager the \$72,000.

27 Boxer is currently scheduled to fight on July 9, 2021. Having no lines of communication
28 with Boxer, Manager was also not involved in scheduling this fight and did not provide his

1 written permission for the bout. Boxer’s purse for the July 9, 2021 fight is \$500,000. Per the
2 Contract, Manager is entitled to 18% (\$90,000) of Boxer’s purse from this fight.

3 Further, per the Contract, Manager is entitled to receive 18% of Boxer’s fight purses for
4 any future bouts that take place during the life of the contract. By its terms, the Contract does not
5 expire until February 22, 2022. The contract is also subject to possible extension because of the
6 2020 boxing shutdown caused by the COVID-19 pandemic.

7 **THE PARTIES’ POSITIONS**

8 Manager asserts that Boxer breached the Contract by entering into the August 2020 contract
9 with MTK Global, by becoming uncooperative and non-communicative with Manager, and by
10 failing to pay Manager 18% (\$72,000) of Boxer’s purse from the February 13, 2021 fight.
11 Manager seeks the \$72,000 from the February 2021 fight and 18% of the purse from the July 9,
12 2021 fight, plus 18% of Boxer’s purse for all future fights taking place prior to the expiration of
13 the Contract. Manager also asserts that that the Contract term should be extended by sixteen (16)
14 months due to Boxer’s significant injury, the pandemic shutdown, and Boxer’s lack of
15 cooperation and communication since August 2020. Finally, Manager seeks repayment from
16 Boxer for alleged loans and advances in the amount of \$46,114.88.

17 Boxer’s primary argument is that the Contract is not valid because it violates the so-called
18 “seven year rule” for personal service contracts established by Labor Code section 2855. Boxer
19 also argues that the contract should be deemed invalid as a matter of public policy because
20 Manager’s brother allegedly circumvented the regulatory process by functioning as a manager
21 despite being unlicensed and not being a party to the Contract. Lastly, Boxer asserts that the
22 Contract should be invalidated because Manager materially breached the contract in a variety
23 ways, as detailed below.

24 **VALIDITY AND FUTURE OF CONTRACT**

25 The Contract entered into by Boxer and Manager on February 23, 2017, is a valid and
26 enforceable contract. The parties were both duly licensed by the Commission at the time of
27 contract; the parties utilized the appropriate preprinted and approved form to memorialize the
28 agreement; the term of the Contract did not exceed five (5) years; the contract called for manager

1 to receive less than 33 1/3 percent of Boxer’s gross earnings; a Commission representative was
2 present for the execution of the Contract; and the Commission formally approved and recorded
3 the contract in its files. Accordingly, the Contract satisfied the requirements of California Code
4 of Regulations, title 4, sections 220 through 222,² for purposes of validity and enforcement.

5 As explained below, Boxer breached the Contract when he failed to pay Manager after the
6 February 13, 2021 fight. Further, because Boxer both accepted and engaged in that fight without
7 the written permission of Manager, Boxer also breached Section A.6 of the Contract. Boxer
8 again breached Section A.6 of the Contract when he accepted the July 9, 2021 fight.

9 Labor Code Section 2855 Does Not Prohibit Enforcement of the Contract

10 Boxer’s argument that enforcement of the Contract would violate Labor Code section 2855
11 is unavailing. In essence, Boxer argues that because the term of 2012 agreement and the term of
12 Contract total more than seven years when combined, the Contract cannot be enforced pursuant to
13 Labor section 2855. Labor Code 2855 prohibits enforcement of an otherwise valid contract when
14 that contract obligates an employee to perform services in excess of seven years. Boxer’s
15 assertion that the 2012 agreement and the Contract should be viewed as a single, uninterrupted
16 contract is not persuasive. As discussed above (and as argued by Boxer himself), the 2012
17 agreement was not a valid Boxer-Manager Contract because it was not executed in compliance
18 with Rule 222. Although the parties may have considered themselves bound by the 2012
19 agreement, the terms were not enforceable and at no time was Boxer actually legally obligated to
20 serve under it. Therefore, the restrictions set forth in Labor Code 2855 are immaterial with
21 respect to the purported 2012 agreement, which was invalid on its face.

22 Furthermore, even if the 2012 agreement had been valid, there would be insufficient
23 grounds to find that the 2017 Contract is not enforceable. Boxer’s principal legal argument of the
24 seven-year rule relies heavily on an unreported case: *De la Hoya v. Top Rank, Inc.*, No. CV 00-
25 10450-WMB, 2001 WL 34624886 (C.D. Cal. Feb. 6, 2001.) In contrast to the situation in this
26 matter, the contract in *De la Hoya* did not involve separate successive agreements. Rather, in the

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28 ² Pertinent Commission regulations under title 4 of the California Code of Regulations are
sometimes referred to herein as “Rules.”

1 *De la Hoya* case, there was a single contract that had been amended and extended in excess of
2 seven years without interruption. That situation is not present in this case. Here, the parties took
3 action to formally sever any and all contractual obligations they believed they had with respect to
4 the 2012 agreement. (See Exhibit 6, Release of Contract.) As such, there can be no question that
5 for a period of time, however brief, Boxer was fully released from any and all obligations that he
6 mistakenly believed he had under the 2012 agreement. Thereafter, Boxer voluntarily and
7 knowingly signed the 2017 Contract in the presence of his father and Commission representative
8 Ervin.

9 It should be noted that the situation here is far more indicative of separate and distinct
10 contracts than the contracts at issue in the well-worn case of *Manchester v. Arista Records, Inc.*
11 (C.D. Cal. 1981.) 1981 U.S. Dist. LEXIS 18642. In *Manchester*, the court found that a one-year
12 option contract that had been negotiated and executed in the middle of the original contract, and
13 which would become operable at the conclusion of the original contract, should be viewed as a
14 separate and distinct contract rather than an extension. In dismissing singer Melissa Manchester’s
15 argument that the option contract must be viewed as an extension of the original contract because
16 it had been entered into before the expiration of the original agreement, the court ruled that such a
17 construction would unreasonably “prevent an employee from entering into a new contract with
18 his or her current employer until after the completion of all obligations between them.” *Id.* at 18.
19 Here, when Boxer and Manager entered into the Contract, they had no preexisting, legally
20 binding contractual obligations to each other because the 2012 agreement was invalid, and any
21 obligations they mistakenly believed they had owing to the 2012 agreement were terminated in
22 their own minds as a result of the signed release.

23 Finally, as Boxer acknowledges in his declaration, the parties engaged in genuine
24 negotiations prior to entering into the Contract. The fact that the parties engaged in negotiations
25 that resulted in the Contract containing materially different terms from the 2012 agreement
26 further confirms that the Contract was not a mere extension of the 2012 agreement but was

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1 instead a separate and distinct contractual relationship. For these reasons, the seven year rule set
2 forth in Labor Code section 2855 does not prohibit enforcement of the Contract.

3 *The Contract Is Not Invalidated Because of Ralph Heredia's Relationship with Boxer*

4 Boxer also asks the Commission to void the Contract because of Ralph Heredia's
5 involvement in Boxer's career. In his brief to the arbitrator, Boxer claims that the Contract
6 should be invalidated because Ralph Heredia was his true and exclusive manager, and Manager
7 participated in that role in name only. (Diaz Brief, page 9.) Boxer's brief further asserts that
8 "[a]t no time has [Manager] provided [Boxer] meaningful management services." Id.
9 The evidence does not support Boxer's unequivocal statements on this issue, and in fact, Boxer
10 abandoned these assertions at the hearing when counsel for Boxer openly acknowledged that
11 Manager did provide management services to Boxer. In addition, contrary to statements made in
12 his declaration, Boxer admitted in his testimony that he did not have full knowledge of the extent
13 to which Manager had worked to negotiate advantageous deals with Golden Boy on his behalf.
14 Testimony from Manager, Ralph Heredia and Steven Bash, along with documentary evidence
15 presented to the arbitrator, further establish that Manager ably fulfilled his duties to Boxer under
16 the Contract.

17 Nonetheless, Boxer posits that the Commission should refuse to enforce the Contract on
18 public policy grounds because Ralph Heredia performed the services of a manager even though
19 he is unlicensed and is not a party to the Contract. Boxer points out that, under Section C.6 of the
20 Contract, Manager certified and promised to the Commission (and to Boxer) that no other person
21 or party would in any way share or participate in the Boxer's earnings or Manager's portion of
22 those earnings. According to Boxer, Manager perpetrated a fraud on the Commission with
23 respect to this provision because he knew that Ralph Heredia would be sharing in Manager's
24 portion of Boxer's earnings. Boxer fails to note that under Section C.6 he pledged the very same
25 certification and promise to the Commission (and to Manager). The reality is that if Ralph
26 Heredia's role in the management of Boxer's career warranted disclosure to the Commission,
27 both parties failed to make that disclosure because both parties were well aware of that role.
28 Furthermore, if as Boxer claims, he has always considered Ralph Heredia to be his true manager,

1 it is disconcerting that Boxer would be willing to submit for Commission approval a Boxer-
2 Manager Contract that concealed information or contained misleading information about the true
3 parties. Under such circumstances, it would be wholly inequitable to sanction Manager by
4 voiding the Contract, thereby providing a windfall to Boxer. Boxer cannot now use Ralph
5 Heredia's participation in Manager's activities to his advantage when he undoubtedly shared in
6 the parties' mutual obligation to provide truthful representations to Commission.³ See Civil Code
7 § 3517 ("No one can take advantage of his own wrong."); *Moriarty v. Carlson* (1960) 184
8 Cal.App.2d 51, 55; *Camp v. Jeffer, Mangels, Butler & Marmaro* (1995) 35 Cal.App.4th 620, 638;
9 *Kendall-Jackson Winery, Ltd. V. Superior Court* (1999) 76 Cal.App.4th 970, 979.

10 *The Contract Is Not Invalidated Due to Alleged Material Breaches by Manager*

11 Boxer's argument that the Contract should be invalidated because of material breaches by
12 Manager is also unconvincing. Boxer cites six (6) purported breaches by Manager that he
13 believes warrant invalidation of the Contract. None of the breaches claimed by Boxer support
14 such action.

15 Boxer's first breach of contract claim asserts that Manager wrongfully took 20% of his
16 earnings instead of the 18% that Boxer had bargained for in the Contract. This allegation was
17 simply not substantiated by Boxer, and no serious attempt to substantiate it was ever made.
18 Accordingly, Boxer's first breach of contract claim does not provide grounds to nullify the
19 Contract. Boxer's second breach of contract claim is also unavailing. Boxer asserts that Manager
20 breached the Contract in a manner warranting invalidation because he failed to provide an
21 accounting within 30 days of Boxer's request in violation of Contract Section B.4. Boxer's
22 request for an accounting was made on April 6, 2021. By that date, however, Boxer had already
23 materially breached the Contract by failing to pay Manager after the February 13, 2021 fight.
24 Therefore, Manager's failure to provide a timely accounting under section B.4 of the Contract can
25 be viewed as justified. See *Brown v. Grimes* (2011) 192 Cal.App.4th 265, 277 [one party's

26 ³ The arbitrator's determination that the Contract should not be invalidated because of
27 potential misrepresentations to the Commission by both parties does not exclude the possibility of
28 disciplinary action if so warranted. However, disciplinary actions are separate and distinct
proceedings from arbitrations, and they afford a number of due process protections, such as the
right to appeal, that are not afforded to the parties in this binding arbitration.

1 material breach of contract may relieve the other party from its duty to perform under a contract.]
2 Furthermore, while it appears to be true that Manager failed to provide an accounting within 30
3 days of being requested to do so, ultimately Manager did provide an accounting. (*See* Heredia
4 Exhibit Nos. 31-32). For these reasons, Boxer's second claim for breach of contract does not
5 provide adequate grounds for voiding the Contract.

6 For his third breach of contract claim, Boxer alleges that Manager failed to satisfy his
7 obligation to obtain fights for Boxer because he has not secured a fight for Boxer since the
8 January 2020 title bout. As previously noted, the evidence indicates that Boxer was unable to
9 fight for a period of time in 2020 due to a serious laceration above his left eye. In addition, the
10 COVID-19 pandemic caused a shutdown of all boxing events in California for a period of time
11 and continued to present major difficulties for the sport throughout the year. While these events
12 obviously justify Manager's inability to obtain fights for Boxer, the biggest impediment to
13 Manager being able to secure fights was Boxer's refusal to communicate with Manager. Manager
14 testified that Boxer halted all communications after Boxer signed the MTK Global deal in August
15 2020. Further, Manager maintains that Boxer and his representatives instructed Golden Boy not
16 to deal with Manager in scheduling fights. Although counsel for Boxer had the opportunity to
17 challenge these and other assertions by Manager on cross-examination, counsel for Boxer chose
18 not to do so. In short, the evidence presented clearly indicates that Manager's failure to obtain
19 fights for Boxer over the course of the past year does not represent a material breach of his
20 contractual obligations.

21 The fourth breach of Contract claim upon which Boxer seeks to have the Contract
22 invalidated concerns purported loans made to Boxer. Among other things, evidence on this issue
23 was provided in the form of witness testimony, text messages from Boxer requesting money, and
24 canceled checks. The evidence indicates that Ralph Heredia routinely provided money to Boxer,
25 upon Boxer's request, to help pay for a variety of Boxer's living expenses. However, Ralph
26 Heredia is not a party to the Contract. This obvious fact, which is clear from the face of the
27 Contract, was argued by Boxer himself in his pending lawsuit against Ralph Heredia and the
28 court in that matter naturally agreed. Therefore, Ralph Heredia is not in a position to have

1 breached the Contract. To the extent that Manager also provided money to Boxer to assist with
2 Boxer's living expenses, Manager's failure to comply with Rule 224 does not amount to a
3 material breach of the Contract, but it does mean that the arbitrator will not consider Manager's
4 request for reimbursement related to any such loans. Manager's failure to comply with Rule 224
5 also has the potential to serve as grounds for discipline; however, as previously noted, this
6 arbitration is not a disciplinary action.

7 Boxer's fifth breach of contract claim also involves Ralph Heredia, not Manager. The
8 evidence indicates that Ralph Heredia purchased a vehicle for Boxer but title to the vehicle was
9 kept in Ralph Heredia's name. Boxer claims that, although he repaid Ralph Heredia for the
10 purchase, Ralph Heredia repossessed the vehicle. This dispute is a component of Boxer's lawsuit
11 against Ralph Heredia and does not involve Manager, who is not a named party in that civil
12 lawsuit. For these reasons, the repossession of Boxer's automobile does not constitute a breach of
13 contract by Manager.

14 The sixth claimed breach upon which Boxer seeks to have the Contract voided relates to
15 Manager's RICO action against MTK Global, VGC, LLP and Golden Boy, et al. In putting forth
16 his argument, Boxer asserts that Manager also "sued Mr. Diaz" but this claim is incorrect. (Diaz
17 Brief, page 12.) Manager's decision to bring a lawsuit against various entities and individuals in
18 response to the MTK Global agreement and based on his belief that he was being frozen out of
19 dealings with Boxer may have been misguided, but it did not constitute a material breach of the
20 Contract.

21 *Findings as to Manager's Arguments*

22 Boxer's signing of the MTK Global agreement did not constitute a breach of contract. On
23 paper, the agreement is a business advisory deal that, if performed by the parties within the
24 parameters of its terms, could have coexisted with the Contract without conflict.

25 As previously discussed, Boxer did breach the Contract by accepting and engaging in the
26 February 13, 2021 fight without written consent from Manager and by failing to pay 18 percent of
27 the purse to Manager per the Contract. Boxer further breached the Contract by accepting the July
28 9, 2021 fight without obtaining Manager's written consent. Manager is owed and deserves

1 damages related to these two fights because Boxer committed these breaches while the Contract
2 was valid and enforceable.⁴

3 Manager also seeks reimbursement in the amount of \$46,114.88 for loans or advances he
4 purportedly made to Boxer. Rule 224 sets forth the procedures by which Managers are obligated
5 to follow in the event that they wish to provide monetary advances to Boxers. The purpose of this
6 rule is to protect boxers from having their earnings wrongfully diminished as a result of dubious
7 advances claimed by managers. Manager plainly failed to follow the strictures of Rule 224 with
8 respect to monetary advances that he provided to Boxer. Therefore, the arbitrator will not
9 consider Manager's request for reimbursement.

10 Lastly, Manager seeks to have the Contract extended for a period of sixteen (16) months,
11 arguing that Boxer's injury in 2020, the pandemic, and Boxer's recalcitrance warrant such an
12 extension. Concomitantly, Manager asks that he be given 18% of Boxers purse for all fights that
13 occur during the lifetime of the extended Contract. It is important to note that Manager seeks this
14 lengthy extension of the Contract despite the fact that Manager readily acknowledges that his
15 relationship with Boxer has been "irreparably" damaged. As such, it is clear that Manager's
16 request to extend his contractual relationship with Boxer is entirely incongruous with his own
17 understanding of the state of that relationship. Because both parties agree that the relationship is
18 irreparable, the Contract will not be extended.

19 Furthermore, while the Commission strives to uphold agreements between boxers and
20 managers whenever possible, where conditions exist that it is in the best interest of boxing to
21 sever those contractual ties, the Commission must take such action. Given the parties' mutual
22 belief that the relationship cannot be salvaged, and in light of the facts and circumstances
23 surrounding this dispute, the arbitrator finds that it is in the best interest of boxing to terminate the
24 Boxer-Manager Contract.

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28 ⁴ As indicated in the Order, Boxer will be permitted to pay these damages over time rather than in lump sum.

1 **ORDER**

2 WHEREFORE, THE FOLLOWING ORDER is made:

3 1. Damages are awarded to Manager for Boxer's breach of contract. The total arbitration
4 award is \$162,000, which constitutes 18% of Boxer's earnings from the February 13, 2021 fight
5 and the July 9, 2021 fight.

6 2. The Commission may assist in the execution of this Order by withholding \$90,000
7 (18%) of Boxer's earnings from the July 9, 2021 fight, and if necessary thereafter, by withholding
8 up to 4% of Boxer's purse from each of Boxer's next three (3) fights, until the balance of the
9 arbitration award has been paid.

10 3. If after three (3) fights subsequent to the July 9, 2021 fight, the arbitration award has
11 not been fully satisfied through the withholdings described above, no additional withholdings will
12 be made, and Manager shall not be entitled to further recovery.

13 4. If for any reason Boxer fails to participate in three (3) additional fights by January 1,
14 2023, no additional withholdings will be made, and Manager shall not be entitled to further
15 recovery.

16 5. If the Commission is provided documentation that the arbitration award has been
17 satisfied in full by other means or that Boxer and Manager have agreed that the award will be
18 satisfied by other means, said withholdings will not be made.

19 6. Boxer-Manager Contract ID No. M-2017-0006, dated February 23, 2017, is hereby
20 canceled, effective July 10, 2021.

21 This decision shall become effective on July 9, 2021.

22 DATE:

23 *Andy Foster*
24 _____
25 Andrew Foster, Executive Officer
26 Arbitrator
27 California State Athletic Commission
28