

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
EMMANUEL PACQUIAO

Plaintiff,

– against –

M&M SPORTS INC. and
MURAD MUHAMMAD

Defendants.
-----X

05 CIV _____

Jury Trial Demanded

COMPLAINT

Plaintiff Emmanuel Pacquiao (“Pacquiao”), by his attorneys, Judd Burstein, P.C. and Davidson & Associates, P.L.C., as and for his complaint, alleges as follows:

NATURE OF THE ACTION

1. This is an action that arises from the shameless exploitation of a boxer by a greedy and unscrupulous boxing promoter. Pacquiao is one of today’s great boxers, both in terms of talent and commercial viability. Broadcasters and sites, such as casinos, pay millions of dollars to present his matches, in which he literally risks his life. Unfortunately, Pacquiao has not received his fair share of those monies due to the misconduct of Defendants M&M Sports Inc. (“M&M”), and its principal, Murad Muhammad (“Muhammad”) (collectively referred to herein as “Defendants”). That misconduct includes, but is not limited to, the following:

- a. Muhammad and M&M’s violation of 26 U.S.C. § 1441, which required M&M to withhold and pay to the Internal Revenue Service an amount equal to 30% of Pacquiao’s purses. Instead, M&M paid these monies and more to a shell limited liability company (“LLC”) controlled by Pacquiao’s business managers on the fiction (not even permitted by law) that the shell corporation would pay Pacquiao’s taxes. No such taxes were ever paid, however.

Instead, through this scheme, M&M and Muhammad allowed the business managers to divert millions of dollars that should have been paid to Pacquiao. As a result, Pacquiao must now pay very substantial back taxes, penalties and interest.

- b. M&M and Muhammad used M&M's diversion of monies to the business manager-controlled shell LLC to compromise the integrity of purse negotiations. Put simply, since M&M and Muhammad had facilitated a scheme that permitted Pacquiao's business managers to retain as much as 50% or more of Pacquiao's earnings, Pacquiao's business management had a vested interest in not risking the exposure of their scheme by antagonizing Muhammad through hard negotiation for the highest possible purses. Instead, M&M and Muhammad had facilitated a situation where the business managers stood to earn far more through the shell LLC as opposed to simply taking their agreed-upon ten percent share of Pacquiao's purses.
- c. Surely recognizing that disclosure of actual revenues for Pacquiao's bouts would cause Pacquiao to question the paucity of the net monies he was receiving, M&M repeatedly failed to provide Pacquiao with the disclosures required by 15 U.S.C. § 6307e (the "Ali Act"), thereby impeding Pacquiao's ability to negotiate purses for future fights.
- d. M&M also breached its contractual obligation to provide Pacquiao with a bout agreement prior to his recent bout with Erik Morales.

2. To be clear, the allegations set forth directly above are just a sampling of the grounds for this action against the Defendants.

JURISDICTION AND VENUE

3. This Court has subject matter jurisdiction over this case pursuant to 28 U.S.C. § 1332 in that it is a civil action between a citizen of a foreign state and citizens of a State, and involves an amount in controversy in excess of \$75,000.

4. This Court also has federal question jurisdiction pursuant to 28 U.S.C. § 1331 and 15 U.S.C. § 6307e.

5. Venue is proper in this District pursuant 28 U.S.C. § 1391(b)(2).

THE PARTIES

6. Plaintiff Pacquiao, a world famous boxer, is a citizen of the Republic of the Philippines.

7. Defendant M&M is a corporation organized under the laws of the State of New Jersey, with its principal offices located in that state. M&M is a boxing promoter.

8. On information and belief, Defendant Muhammad is a citizen of the State of New Jersey. On information and belief, he is the sole owner of M&M.

FIRST CLAIM FOR RELIEF **(Against M&M)**

9. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1-8 above as if realleged fully herein.

10. Pacquiao and M&M have been and/or are parties to (a) a June 19, 2001 promotional agreement, as amended in August of 2001 and July 2002, and (b) a March 4, 2004 promotional agreement, as amended in December of 2004.

11. Pacquiao performed all of his obligations pursuant to these agreements.

12. M&M has committed numerous material breaches of these agreements.

13. Pacquiao has been damaged in an amount to be determined at trial, but which is in no event less than \$3,000,000.

SECOND CLAIM FOR RELIEF
(Against M&M and Muhammad)

14. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1-13 above as if realleged fully herein.

15. For the period 2001 to date, Rodolfo Nazario and Roberto Nazario (the "Nazarios") served in a fiduciary role to Pacquiao as his business managers.

16. Throughout 2001 to date, the Nazarios breached their fiduciary duty to Pacquiao.

17. Both M&M and Muhammad knowingly participated in, and aided and abetted, the Nazarios' breach of their fiduciary duty to Pacquiao.

18. Pacquiao has been damaged thereby in an amount to be determined at trial, but in no event less than \$5,000,000.

19. In addition, because the conduct of the Defendants has been so outrageous, willful, wanton and malicious, punitive damages in the amount of \$20 million should be awarded.

THIRD CLAIM FOR RELIEF
(Against M&M and Muhammad)

20. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1-19 above as if realleged fully herein.

21. For the period 2001 to date, M&M and Muhammad failed to provide Pacquiao with the disclosures required by 15 U.S.C. § 6307e.

22. Pacquiao has been damaged by this non-disclosure in an amount to be determined at trial, but in no event less than \$5,000,000.

23. Further, pursuant to 15 U.S.C. § 6309, Pacquiao is also entitled to an award of his reasonable legal fees.

FOURTH CLAIM FOR RELIEF
(Against M&M)

24. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1-23 above as if realleged fully herein.

25. Plaintiff contends that he is no longer contractually bound to perform any of his obligations under any and all extant promotional agreements with M&M because of, *inter alia*, M&M's prior material breaches of contract, its knowing participation in the Nazarios' breaches of fiduciary duty, and its violations of the Ali Act.

26. On information and belief, M&M denies the allegations against it, and contends that it has an enforceable contract with Plaintiff.

27. A justiciable controversy has arisen concerning the enforceability, if any, of any contracts between Plaintiff and M&M.

28. Plaintiff has no other adequate remedy at law and the equities favor Plaintiff.

29. Plaintiff therefore prays for a judgment declaring that he is no longer bound to any extant promotional agreement between himself and M&M.

FIFTH CLAIM FOR RELIEF
(Against M&M and Muhammad)

30. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1-29 above as if realleged fully herein.

31. Given (a) that Plaintiff is no longer contractually bound to M&M, and (b) that a professional boxer has only a limited number of peak earning years, any effort by Defendants to interfere with Plaintiff's efforts to continue his career with other boxing promoters will cause Plaintiff irreparable injury.

32. Plaintiff has no other adequate remedy at law and the equities favor Plaintiff.

33. Plaintiff therefore prays for a judgment permanently enjoining Defendants from any interference with Plaintiff's efforts to continue his career with other boxing promoters.

WHEREFORE, Plaintiff demands judgment as follows:

A. On his first claim for relief, an award of damages against only M&M, in an amount to be determined at trial, but in no event less than \$3 million;

B. On his second claim for relief, an award of damages against both Defendants in an amount to be determined at trial, but in no event less than \$5 million, with punitive damages of \$20 million;

C. On his third claim for relief, an award of damages against both Defendants in an amount to be determined at trial, but in no event less than \$5 million, together with an award of reasonable attorneys fees;

D. On his fourth claim for relief, a judgment declaring that Plaintiff is no longer bound to any extant promotional agreement between himself and M&M;

E. On his fifth claim for relief, a permanent injunction barring Defendants from interfering in any way with Plaintiff's efforts to continue his career with other boxing promoters;

F. With such other and further relief as this Court deems just and proper.

Dated: New York, New York
April 27, 2005

Yours, etc.,

JUDD BURSTEIN, P.C.

By _____
Judd Burstein (JB-9585)
1790 Broadway, Suite 1501
New York, New York 10019
(212) 974-2400

Keith M. Davidson
Davidson & Associates, P.L.C.
8383 Wilshire Blvd.
Beverly Hills, California 90211
(323) 658-5444
Attorneys for Plaintiff Emmanuel Pacquiao