

# DAILY BUSINESS REVIEW

CHRONICLING MONEY AND POWER IN SOUTH FLORIDA

WEDNESDAY, AUGUST 19, 1998 VOL. 73, NO. 50 \$1.00

## Ringside treat?

*Boxing promoter Don King gave \$100,000 to foundation set up by key regulator, who's pushing for new rule King seeks*

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The state's top boxing regulator, M. Michael Scionti, is facing conflict-of-interest accusations for accepting, on behalf of a charitable foundation he started, a \$100,000 donation from Don King — then pushing for changes favorable to the flamboyant promoter.

The allegations were leveled at Scionti during Thursday's meeting of the Florida State Athletic Commission. During the session Scionti, the commission's executive director, recommended that the agency reverse a longstanding position that it is illegal to tie a boxer contractually to a single promoter.

Critics contend that exclusive promotional contracts are anti-competitive and allow promoters to control boxers unfairly.

The change in the commission's stance that Scionti recommended would benefit King in a court battle to keep former welterweight champ Julio Cesar Chavez under contract. Chavez is trying to have the contract voided as illegal.

Chavez's attorneys suggested that Scionti's recommendation, accepted by the commission, was payback for the Deerfield Beach-based promoter's six-figure donation to the Florida State Boxing Foundation Inc. — a nonprofit organization Scionti



**CHANGE OF HEART:** M. Michael Scionti, above, executive director of the Florida Athletic Commission, says that promoters, such as Don King, should be allowed to control individual boxers: King's son now is on the board of the educational foundation Scionti created.

formed last year to help boxers continue their education.

Chavez's lawyers also questioned why the commission issued a promoter's license to Don King Productions Inc., even though the Deerfield Beach company and its head failed to disclose on the license application

that they were under indictment, which should have barred them from getting a license. The commission postponed until next week a decision on the status of King Productions' license. King was acquitted of the charges last

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# Boxer's corner says regulator too eager to please controversial promoter

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month. Scionti says the matter was an oversight.

Scionti "seems to be in the hip pocket of Mr. King," Judd Burstein, a New York lawyer representing Chavez, said during the commission meeting.

Afterward Burstein said: "My belief is based on Mr. Scionti's inexplicable conduct ... [which] leads me to believe that the \$100,000 at least bought Mr. Scionti's unquestioning loyalty to Don King Productions."

A furious Scionti brushed off Burstein's charges. "No way," Scionti said when asked if there was a quid pro quo. "That was so ridiculous and so far removed."

He added: "It was not a conflict as far as I was concerned. ... For someone to think I would do something wrong for money that would go to a foundation that would help boxers, give me a break."

The usually loquacious King had no comment on Burstein's remark Thursday following a Broward Circuit Court hearing. At that hearing, coincidentally held the same date the commission met, King unsuccessfully sought to use the disputed contract to stop Chavez from fighting Oscar De La Hoya in a welterweight title bout next month.

The conflict-of-interest allegations against Scionti represent the latest controversy for the commission's executive director, who has been on the job just over two years. The discord began when Scionti applied for the post eight days before his predecessor, Don Hazelton, resigned, the Orlando Sentinel reported at the time of Scionti's appointment in May 1996.

## Earlier rounds

At a commission meeting last year, Scionti rebutted numerous allegations, including one that he sexually harassed an employee at a Tampa topless cabaret and that he allowed prostitutes to sit ringside at a fight in Miami, according to the St. Petersburg Times.

Scionti was again on the defensive at last week's athletic commission meeting. Under previous director Hazelton, the commission held that exclusive promotional contracts between promoters and fighters are invalid. Its stance is based on an in-house interpretation of a 1984 state law that makes it a second-degree misdemeanor for promoters to have "any direct or indirect financial or pecuniary interest" in boxers whose fights they stage. The law was designed to prevent fighters from becoming vassals of promoters.

But on Thursday, the commission unanimously agreed that it intends to recognize exclusive promotional contracts. Commissioners said the approval of the contracts would be followed by additional regulations governing them and may include a model contract.

## Two-page letter

The commission made its decision after hearing arguments from Scionti and from proponents and opponents of the contracts, primarily lawyers for King and Chavez. As executive director, Scionti does not vote on commission matters.

Chavez sued King Productions on May 6 in Broward Circuit Court to void contracts that prevent him from fighting in bouts not promoted by King. The suit alleges that exclusive three-year contracts signed by King Productions and Chavez violate state law.



IN ONE CORNER: Judd Burstein, left, a New York lawyer representing Julio Cesar Chavez, told an Athletic Commission meeting that Scionti 'seems to be in the hip pocket of Mr. King.'

PHILIPPE JENNEY/ARGENT

Scionti, at the athletic commission's meeting, read from a two-page letter stating why he was recommending the commission permit exclusive promotional contracts. But before he did, he denied an accusation by Chavez's lawyers that his recommendation was connected to the donation King made to the foundation Scionti started last year.

In an interview, Scionti said he came up with the idea for a foundation to aid boxers about three months after he became commission executive director in May 1996.

Scionti said he met King in February 1997 after being told the flamboyant promoter wanted to meet him. During the hour-and-a-half meeting, Scionti said, he mentioned his interest in starting a foundation to assist fighters financially in pursuing a vocational or technical education so they would have something to fall back on after their boxing careers.

It was then that King said he wanted to be the first contributor and offered to commit \$100,000, Scionti said.

"I was sort of shocked it was that much," Scionti said.

State records show the foundation was incorporated in June 1997. Scionti said he started it with \$1,000 of his own, which included the cost of registering the non-profit organization with the Secretary of State and the Internal Revenue Service.

The foundation's board met for the first time around November 1997, Scionti recalled.

Scionti was involved in the appointment of a few foundation board members, including Carl King, the promoter's son. Each of the athletic commission's five members also recommended two people to the foundation's board, he said.

## Gone after 'the first penny'

Scionti said he obtained no contributions on the foundation's behalf other than Don King's. And once King officially made his donation in December 1997, Scionti said he ended his involvement with the foundation. He said he had been told by commission members, attorney friends and the lawyer for the commission that he had to end his involvement once it received money.

"I couldn't remotely be connected with it once it accepted its first penny," Scionti said.

Asked how he ended his involvement, Scionti said, "[I] just disappeared into the

sunset. There was no big ceremony."

## Sought advice

Before the foundation's formation, Scionti said, he sought counsel from assistant attorney general Allen R. Grossman.

Grossman said that during the initial conversations with Scionti about the foundation, Scionti had questions about by-laws, incorporating the foundation and the structure of its board. At that time, Grossman said he told Scionti that no athletic commission resources could be used to create the foundation.

Later, Grossman said he warned Scionti that his activities with both organizations could lead to appearances of impropriety and possibly to an ethics complaint. Scionti confirmed those discussions took place.

"I'm concerned he appears not to have taken my advice," Grossman said in interview last week. Without giving credence to the allegations by Chavez's lawyers, he said those were exactly the kind of allegations he was concerned about when he advised Scionti.

Grossman also disputed Scionti's assertion that he advised Scionti to end his involvement in the foundation once it received its first contribution.

"He was not advised that by me," Grossman said. "I didn't give a darn about the first penny. I just didn't want the commission and the foundation intertwined."

Scionti explained why he didn't believe there was a conflict of interest.

"Because I personally didn't accept [the \$100,000]. Don King did not give the money to me or the commission. He made the donation to the foundation."

Scionti added he personally never received any money from the foundation. "I wouldn't even let them take me to lunch," he said.

Alvin Goodman, the athletic commission's chairman, concurred with Scionti's view that there was never a conflict.

"The money was given to the foundation," said Goodman, a Miami lawyer. But he added, "Are they looking for favoritism? I don't know."

Scionti resented any implication that he was on the take.

"Anybody that knows me will tell you ... that I don't have a price tag," he said.

Charles E. Lomax, King's in-house counsel, came to Scionti's defense at Thursday's commission meeting. He

charged Chavez's lawyers were trying to make King's donation an unsavory act rather than a charitable one.

"We're in the business of boxing," Lomax said. "If we didn't do something like [donating to the foundation], it would be ridiculous." Lomax did not respond to a reporter's request for further comment.

How many other contributions, if any, were made to the foundation couldn't be immediately determined.

Scionti said he occasionally had been kept apprised of the organization's activities, but added he hadn't received any correspondence in the last month or two.

He said he believed 15 to 18 scholarships of either \$500 or \$1,000 had been awarded but couldn't say what the foundation is doing now. Asked about the status of the foundation, Scionti said it was "now is in a state of limbo." Efforts to find additional information on the foundation were unsuccessful.

As for the commission's action in granting Don King Productions its promoters license at a time when Don King was under federal indictment, Scionti reiterated his opinion that the rule barring licenses to indicted people is unconstitutional.

## 'An oversight'

Chavez's lawyers — who are being paid by rival promoter Bob Arum of Top Rank Inc., which is promoting the De La Hoya-Chavez title fight — also pushed to have the commission suspend and revoke King Productions' promoter's license because it didn't disclose the indictment. The license wouldn't have been issued if the indictment had been disclosed. The commission didn't catch the omission.

"I personally believe that our staff had an oversight," said Scionti. "We missed it. It's not something we did to be deceitful etc., etc."

Burstein said he thought it was odd the Scionti chose to take the blame for Don King Productions' omission.

King had been under indictment since 1994, and was acquitted last month after an earlier trial ended in a hung jury. King Productions was added to the indictment last year, but the jury was unable to reach a decision as to the company's guilt or innocence. Prosecutors have said they do not intend to pursue their case against the company, but technically, it still remains under indictment, according to Chavez lawyers.