

BARBARIANS' GATE:
INSIDE THE BUSINESS OF MIXED MARTIAL ARTS

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ABSTRACT

ANDREW WESTNEY: Barbarians' Gate: Inside the Business of Mixed Martial Arts
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The business of mixed martial arts has grown over the last decade as the Ultimate Fighting Championship (UFC), the foremost MMA organization, has flourished. This master's thesis examines four aspects of the sport's boom. The first article explores the effort by the UFC and its allies to overturn New York's 1997 MMA ban and conflicts between the UFC and local MMA supporters. The second article describes the business of MMA in North Carolina since the 2008 legalization of the sport, including the experiences of Walter Smith, an amateur heavyweight fighter. The third article evaluates the UFC's ambition to outstrip the NFL by comparing the popularity of each with Las Vegas sports bettors during the 2012 Super Bowl weekend, when UFC 143, one of the promotion's pay-per-view events, took place in the city. The fourth article, a sidebar to the third, compares boxing and MMA in sports betting terms.

This work is dedicated to Mari, the best cornerwoman there is, who came in during the toughest part of the action and rallied me for the championship rounds. I love that she loves a good fight.

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CHAPTER ONE

BACKGROUND AND INTRODUCTION

At UFC 136, a mixed martial arts event held in Houston on Oct. 8, 2011, the live gate—the value of the tickets sold to patrons at the Toyota Center—totaled \$2.23 million, the fourth-largest event in the arena’s history. More than 16,000 fans attended at an average of nearly \$140 per ticket, and 225,000 more bought the event for \$45 (or \$55 for high-definition) on pay-per-view television. The audiences came to watch trained athletes punch, kick and choke each other into submission. The sport looks barbaric: violent, bloody, frightening, uncontrolled. Yet the fighters know what they’re doing, having more technique, and often exercising more restraint, than it may appear. And the company that staged the event, the Ultimate Fighting Championship (UFC), definitely knows what it’s doing: the company’s live events, television programs, clothing, video games, and other merchandise constitute an empire estimated to be worth \$1 billion or more (Miller 2008). More and more, the sport’s brutal appeal and the business’s economic one are turning the UFC into an entertainment juggernaut. Cities across the United States and in Canada, Brazil and Europe clamor to host UFC events. The barbarians don’t have to batter their way into the mainstream; the dollars they provide are their ticket in.

Mixed martial arts, commonly known by the acronym “MMA,” has burgeoned from a niche sport to a mainstream entertainment in a short period of time. Mixed martial arts, as the name implies, combines elements of boxing, kickboxing, jiu jitsu,

judo, muay thai and wrestling. The sport was essentially invented in 1993 with the creation of the Ultimate Fighting Championship, or UFC, by Rorion Gracie. Gracie, a scion of the famous Gracie family of Rio de Janeiro, Brazil, conceived the competition as a way to test the Gracie style of jiu-jitsu—a form of groundfighting that forsakes strikes in favor of submission locks and choke holds—against other styles of martial arts. One of Gracie’s brothers, Royce, competed against representatives of boxing, wrestling, kickboxing and other individual styles in a tournament, winning the competition and opening American eyes to the potential of jiu-jitsu. The original tournament and subsequent early tournaments in the UFC’s history were advertised with the catchphrase “There Are No Rules!”, and while that assertion was not strictly true, there were precious few limitations on what went on in the cage—for example, gloves were not required (and little used), and head butts, hair pulls and groin strikes were permitted.

The original UFC shows were mounted with the backing of pay-per-view television company Semaphore Entertainment Group (Snowden 2008) and thrived. Part of the cachet of the promotion lay in its edginess, its unacceptability for regular television. But with edginess comes marginality, and the UFC soon found itself victimized by its own marketing. By the mid-1990s, critics of the sport’s violence were beginning to turn the tide of public opinion, including Arizona Sen. John McCain, who called the sport “human cockfighting,” echoing the condemnation of the sport by Lonnie Bristol, then president of the American Medical Association (Garcia and Malcolm 2010).

Perhaps even more importantly for the company’s business prospects, this opposition changed the legal landscape for the sport. By the early 2000s, the viability of mixed martial arts as a sport, much less as a going business proposition, was seriously in

doubt, with more than 30 states refusing to sanction mixed martial arts bouts. Ironically, by that time mixed martial arts promoters had toned down the violence of the sport, mandating the use of gloves and barring the most violent types of strikes, but it was too late: the advertising that emphasized the “no holds barred” appeal of the sport had made an all-too-successful impact on public consciousness.

The purchase of the Ultimate Fighting Championship in 2001 for a reported \$2 million by Zuffa LLC, a company created by Frank and Lorenzo Fertitta, brothers and owners of the Station Casinos empire, and run by Dana White, a former aerobics instructor and childhood friend of Lorenzo Fertitta, began the turnaround of the sport. While the UFC was not the only MMA organization operating at the time, it was by far the most well-known in the U.S., its main rival for recognition being Pride, a Japanese promotion. At first, the money injected by the new ownership team did little to reverse the company’s fortunes; White today frequently mentions with pride that the Fertittas lost \$34 million on the UFC through 2004. Despite the new owners’ investment, the promotion was at risk of being bought out or going out of business altogether before the company created a reality show called *The Ultimate Fighter*, showcasing fighters living in a house together as they competed for contracts with the UFC. The final fight of the original 2005 show featuring a slugfest between Forrest Griffin and Stephan Bonnar put the company on the map, creating a generation of stars for a public newly exposed to the sport (Snowden 2008).

In the past several years, the visibility of the sport has skyrocketed, and the company has attracted more sponsors, put on many more events on both pay-per-view and cable, and conquered most of its competitors. In August 2011, Fox Sports

announced a seven-year, \$700 million deal with the UFC to broadcast fights on Fox, FX, Fuel and the Spanish-language Fox Sports Deportes. The first fight, a heavyweight championship match between Cain Velasquez and Junior dos Santos, aired in November 2011.

The company's ambition is to become as successful, recognizable and identified with its sport as the National Football League and to expand the company's events beyond its U.S. base to reach the rest of the world. But the way might not be as easy, or the conquest as inevitable, as the company's meteoric rise suggests. Several key sticking points continue to hold up the process.

While the UFC has led a successful effort in the last decade to get mixed martial arts fights legalized by state legislatures, with only five states as of March 2012 not sanctioning fights, the state of New York continues to ban these events. The UFC, along with several fighters and others with a business interest in MMA, filed suit against the state in November 2011 to overturn the ban. The UFC contends that a labor union in New York, UNITEHERE, has torpedoed proposed MMA legislation as a demonstration of support for its Las Vegas affiliate, Culinary Union Local 226. The Las Vegas union has been at odds with Station Casinos, the UFC's parent company, for years over its attempts to unionize workers at Station Casinos properties. That political influence may continue to deter the company's efforts to expand.

The company's own labor force faces issues. As a group, the company's fighters, who are non-unionized and operate as independent contractors, receive far less than the roughly 50 percent of revenues received by players in better-established sports with effective unions, such as the NFL and National Basketball Association. Yet these

fighters have fewer and fewer options for where to ply their trade because the UFC has purchased and absorbed several of its competitors in recent years, including Pride, World Extreme Cagefighting (WEC) and Strikeforce (although Strikeforce still exists, its best fighters now compete in the UFC), and has seen others go out of business, including EliteXC, the International Fight League (IFL) and Affliction. The UFC has taken a hard line against unionization and in early 2012 held a significant bargaining advantage as the only prominent MMA organization. But a unionized workforce could present a major threat to the UFC's profit margin.

The new television deal with Fox solidifies the UFC's standing and gives it a reliable revenue stream to aid growth but threatens to undermine the company's traditional pay-per-view model. The company will continue to rely on revenues from pay-per-view sales at the same time that it will offer many of its best fights on network and cable TV.

All these issues also reflect a larger context of businesses and people struggling to succeed, or at least stay afloat, in a difficult economy. The national recession has made the tax and other economic benefits of hosting MMA events too seductive for states to resist, yet many opponents still object to the brutality of the sport. Indeed, increasing awareness of long-term health impairment from sports, particularly seen in the NFL's focus on concussions (and attendant lawsuits), will continue to give ammunition to MMA's opponents and possibly expose the UFC to legal vulnerability.

The purpose of this project is to explore the business challenges facing the sport of MMA, and in particular the UFC, and to look in detail at the hurdles that must be overcome for the sport to continue to grow. In addition, it will examine the impact of the

rapid changes in the sport's business landscape on the fighters, trainers and fans involved. Finally, it will provide the perspective of opponents of the sport, some of whom find the money mixed martial arts offers to businesses to be a poisoned chalice, with any financial benefit tainted by the immorality of a sport marketing organized violence.

CHAPTER TWO

LITERATURE REVIEW

MMA's appeal and demographics

Garcia and Malcolm (2010) suggested that combat sports provide a way for members of civilized societies to experience the thrills of violence without the attendant risk. As they put it, such sports search for a “‘tension balance’ between danger and safety, freedom and restraint, that such activities generate for both players and spectators” (p. 42).

Two studies provide contrasting views on the nature of this balance. Abramson and Modzelewski's (2010) participatory investigation of the world of MMA fighters, during which the authors trained with the fighters they studied for extended periods, suggested that positive, constructive values, such as the intensiveness of the training involved to succeed as well as the complexity of the sport in its combination of techniques from many different martial arts, appeal to middle-class values of structure and discipline, and that violence is incidental or even contrary to those values. However, another study by Macintosh and Crow (2010) indicates that perceptions of the sport, even among knowledgeable fans attending live events, are not that far removed from the conventional negative views of the sport because the violence in MMA is still seen by many as extreme. An explanation for this difference might be provided by Abramson and Modzelewski's insistence that fans and participants comprise distinctly different groups;

in their view, participants are attracted to MMA as a subculture defined by its separation from larger cultural groups and, more specifically, from outsiders (fans in particular) who have only a superficial appreciation of the sport. For example, their study indicates that while fans might want to see violence and even injury during competition, violence per se is typically a minor point of attraction for participants in the sport, and fighters who deliberately injure others in training or competition are ostracized.

Garcia and Malcolm supported this notion in considering MMA's codified, regulated violence not only to be no less civilized than other forms of sport, but actually a way for participants and fans alike to express self-restraint. In their view, the potential for extreme violence in the sport requires greater self-discipline and respect for one's opponent than in other sports. Bledsoe, Hsu, Grabowski, Brill and Li (2006) suggested that MMA is no more dangerous than boxing: "The injury rate in MMA competitions is compatible with other combat sports involving striking. The lower knockout rates in MMA compared to boxing may help prevent brain injury in MMA events" (p. 136). Yet, according to Garcia and Malcolm, the appeal of fighting sports to fans is still at least partially grounded in the sense that somebody could be brutally injured, and they believe public perception of MMA is unlikely to change greatly despite medical evidence, as

the public's assessment is, in fact, largely independent of such measurements of violence and relies rather more on the structural characteristics of combat events which mean that they [those events], and by extension MMA, will always exist on the limits of socially (in)tolerable levels of violence. (p. 55).

Much of the limited scholarly literature on the business of mixed martial arts explores the financial expansion of the sport while the UFC as its largest promoter endeavors to downplay its violent image. From a management perspective, the sport's bind is that it seeks to draw on the allure of sudden violence while it also seeks to prevent

injuries to its labor force and present a spectacle palatable to a public beyond hard-core fans. Garcia and Malcolm discussed the strategy of media “spectacularization” of violence that makes the sport at once more appealing to some and more offensive to others. In recent years, the UFC and other MMA promoters have made significant advances in bringing marketing to the mainstream, walking the fine line between too much and too little violence. Macintosh and Crow examine the marketing potential of MMA, focusing on the motivations, or “psychographics,” of spectators. The authors conducted a survey at an amateur MMA fight event in Ohio and found that MMA was popular there with the 18- to 49-year-old demographic coveted by sponsors, including national sponsors such as Harley-Davidson, Anheuser Busch and Under Armour, that had shied away from the controversial sport. They also noted that while the traditional MMA audience member is male, about one-third of the attendees at the event were women.

An article on a public conflict between Dana White, president of the UFC, and boxing promoter Bob Arum indicates that the UFC sees the long-term success of the company as depending on maintaining and expanding its fan base. White and Arum clashed due to what Arum sees as MMA’s limited appeal to ethnic groups, including blacks and Latinos, who constitute a large portion of the boxing fan base. The UFC has recognized the problem, particularly as the country’s Hispanic population has boomed, and it heavily promoted former heavyweight champion Cain Velasquez, the son of a Mexican immigrant to California, for the company’s first fight on Fox (Kid Nate, 2010).

Legal issues

The potential limits on the sport’s fan base based on class or ethnicity issues as well

as the fine balance that must be struck between palatability and edginess present challenges to the UFC's bid to keep growing. The ongoing battle for the legalization of MMA hinges on the perception of the sport. Each state in the United States sanctions fights independently, with most having a commission that regulates boxing matches as well as MMA fights. The Association of Boxing Commissioners has created a set of unified rules for MMA, and all of the UFC's events are conducted under these rules (2009). Despite the greater safety due to the unified rules' limitation on violent techniques, there remains substantial opposition to legalization from opponents who find the sport's violence abhorrent, as well as from political interests opposed to the UFC.

Since the sport's legal nadir in the early 2000s, when more than 30 states (including the UFC's home base, Nevada) refused to sanction mixed martial arts events, the sport has gradually gained recognition and is now legal in 45 states (Non 2011). Show described the UFC's role in pushing for legalization in states as part of an international marketing strategy to win greater recognition for MMA (2009). Since the beginning of the recession in 2007, states that had held out against legalization, including Massachusetts and Pennsylvania, have introduced the sport. Hui (2009) gave a sense of the state of play in Massachusetts immediately after legalization, including the economic value of legalization to the state. A local MMA promoter said that it took four years to get legalization passed in Massachusetts, with the UFC actively involved for two of those years. The terms of legalization require that the state receive a percentage of the gate of all MMA events: 4 percent of ticket sales and 2 percent of television event revenues. The UFC's international legalization efforts have also borne fruit for the company and local economies. Potter (2011) details the sales success of a UFC event held in Toronto in

April 2011, shortly after the legalization of the sport there in August 2010, with 55,000 tickets sold and an \$11 million gate, doubling the company's previous attendance and gate records.

But while the UFC has succeeded in seeing MMA legalized in many states and profited handsomely from its efforts, one of the biggest potential prizes continues to elude it. New York State, one of the last and certainly the largest untapped state market, maintains a 1997 ban on MMA. The speaker of the New York State Assembly, Sheldon Silver, refused to allow a bill legalizing MMA to come to a general vote in June 2011 despite its approval by numerous committees. He claimed "there does not appear to be widespread support in the Assembly for this legislation" (Yakas 2011). According to the UFC, union interests have been the major factor in delaying legalization in New York by exercising political influence against the bill because of prior conflicts with the UFC's parent, Station Casinos, and its owners, Lorenzo and Frank Fertitta. In August 2011 that opposition was openly declared when the Culinary Workers Union Local 226, located in Las Vegas, asked the Federal Trade Commission to investigate the UFC for anti-competitive practices (Cruz 2011).

But the UFC and MMA face another problem in New York. Despite the growing approval for MMA in the New York State Legislature, particularly for the money it would bring into the state, a March 2011 Siena Research Institute poll showed that there was still great division in public opinion about the sport, with approximately equal percentages of the public favoring maintaining the state ban and overturning it (2011). But the UFC is now seeking to bypass the public and the legislature through a lawsuit, filed in November 2011 in conjunction with other business interests, to overturn the New

York MMA ban. The suit claims that the ban violates various constitutional rights, including the First Amendment right to free speech on the grounds that MMA fighting features expressive content (2011). At the time of this literature review, the suit is pending in the United States District Court for the Southern District of New York.

MMA and the UFC as live events and as television programming

A fundamental business challenge facing the UFC and other promoters is coordinating the marketing platforms the company uses, particularly selling tickets to live events and buys on pay-per-view. From the beginning of the UFC, the company's events have been both live shows and pay-per-view television programs (Snowden 2008). Yet Macintosh and Crow (2010) found a significant difference between the live audience and the television audience for MMA; approximately half of the audience surveyed had never purchased an MMA pay-per-view. Macintosh and Crow found that a great part of the appeal of live events lay in the social interaction possible there compared with watching the sport on television. And certainly live events generate substantial revenues for both the UFC and the arenas and cities in which they appears.

However, the biggest money in the sport comes from television. After *The Ultimate Fighter* reality show on the cable network Spike turned around the UFC's fortunes in 2005, the company began providing more and more television content for regular cable, from highlight shows such as *UFC Unleashed* to full events such as *UFC Fight Night*. The cable events typically provide less compelling fight cards than the pay-per-views, justifying the outlay of \$45 to \$55 for the pay-per-view.

Dana White said of the UFC's new deal with Fox: "This is it for me. It's what I

always wanted, always felt this was the pinnacle for us.” The seven-year, \$700 million contract calls for the UFC to provide full fight events on the Fox network as well as other programming for the cable channels FX and Fuel TV, also owned by News Corp. The UFC’s deal with Spike was worth only about \$35 million per year (Meltzer 2011). The marketing potential available to the UFC under its new contract dwarfs its previous exposure, according to FX President John Landgraf. Speaking at the press conference announcing the UFC-Fox deal, Landgraf mocked the 30 to 50 gross rating points (a way of measuring audience size) that Spike provided for *The Ultimate Fighter*: “With due respect to Spike, [Fox] has 50 gross ratings points of promotion in the cushions of our couch” (2011).

The UFC quickly sold out its ads for the Fox debut, including many to national advertisers such as Nike and Under Armour (Mendoza 2011). And with more revenue coming to the UFC, bigger money should be available to fighters as well through both increased salaries and more valuable endorsements (Iole 2011). With the deal, the UFC achieved a consolidation in public recognition and marketing presence that boxing, its acknowledged rival in combat sports, currently lacks and might never have had.

The new deal calls into question the sustainability of the company’s pay-per-view model, however. At the press conference announcing the deal, Dana White insisted that “we are still a pay-per-view company.” The first fight featured on Fox, the heavyweight championship fight between dos Santos and Velasquez in November 2011, was one of the most anticipated fights in the division’s history (Smith 2011). The UFC is now compelled to provide Fox with valuable content for free broadcast, then must turn around and try to market at times inferior programming for a substantial pay-per-view fee.

White and Fox Sports Media Chairman David Hill contended that the greater audience exposure possible through the network fights would compensate for any negative impact on the pay-per-view audience (Morgan 2011).

The experience of UFC rivals shows that a television deal is no guarantee of ultimate success. No serious challenge to UFC's dominance has been mounted without some kind of television deal, yet most of these efforts have ended in failure. Weinreb (2007) discussed the well-financed plan of the International Fight League (IFL), whose main backer, a comic book tycoon named Gareb Shamus, wanted to make the sport more mainstream, saying his goal was "to be Spiderman" rather than a cult favorite, as he perceived the UFC to be. The IFL tried featuring city-based teams to win over U.S. audiences accustomed to team sports, then featured teams from different gyms as a compromise between the original concept and the actual practice of MMA. Nevertheless, the IFL went bankrupt in 2008, despite a cable television deal with none other than Fox Sports Net. Other flash-in-the-pan promotions included EliteXC, whose contract with CBS made it the first MMA organization to break into network television, and Affliction, which sustained lawsuits from fighters after failing to stage the third of three planned pay-per-view events in 2009 (Cruz 2009).

And the UFC itself may be signing up with Fox just in the nick of time, as Meltzer (2011) indicates that ratings for UFC programs have declined for the last few years:

Brock Lesnar, coaching against Junior Dos Santos in the spring 2011 season [of *The Ultimate Fighter*], was the lowest-rated season in the history of the show...As numbers declined, so did Spike's prime-time average, falling from a top-15 network to where it frequently struggles to crack the top 25. Over the past two years, the number of prime-time hours devoted to UFC has greatly decreased.

Another challenge to the UFC is the pirating of fights by websites. Stone (2011)

discussed the UFC's growing problem with various websites illegally streaming pay-per-view events, including Justin.tv, and Stone quoted Lawrence Epstein, UFC's general counsel, who said, "What keeps us up at night is piracy. If we have an Achilles' heel, this is it." Stone compared the UFC's situation to the NFL's and other sports' and suggested that piracy creates a more acute problem for the UFC's expensive pay-per-view broadcasts. The UFC's efforts to secure a network TV deal might have something to do with the explosion in the volume and sophistication of piracy in recent years.

The overall challenge for the UFC in television is whether the marketing of the company will become over-saturated and, in particular, whether the increased exposure of the sport and the company with the availability of fights on network television will be worth the devaluing of the company's pay-per-view events.

Labor and other issues

As the largest MMA organization, the UFC has great economic leverage on its fighters. Rather than the millions in salaries paid out by NFL, NBA and major league baseball teams, the UFC typically pays in the tens of thousands; for example, Brock Lesnar and Alistair Overeem made roughly \$400,000 each for their headline fight at UFC 141, but no other fighter in the event made more than \$82,000, with several fighters making \$8,000 to \$12,000 each (Myers 2011). The UFC refuses to deal with agents, which precipitated a lawsuit by Golden Glory, an agency formerly representing Strikeforce fighters, including Overeem (Wayne 2011). Wertheim (2009) described Dana White's blunt "set speech" that he gives fighters and managers asking about money: "If you do your job and take care of business, money is going to fall on your

fucking head.” (p. 230).

Prior to 2011, the UFC did not provide a comprehensive insurance plan to its fighters. Hendricks (2011) commented in a podcast reviewing the new plan on the problems fighters had with the company’s former barebones insurance. With that plan, which only covered injuries incurred during an actual fight, many competitors would enter a fight hiding serious injuries sustained in training to have their treatment covered by insurance after the bout. Hendricks mentioned that Jon Jones, current UFC light heavyweight champion, appeared to have used this tactic, and added:

You know, me and you both as journalists in the sport, we know a lot of things that we can’t necessarily write about or report on, and so we know sometimes about these injuries going into the fight, and it just turns your stomach to know what these fighters are doing.

As the UFC seeks to become the new NFL, it might eventually, despite the company’s advantageous position, have to undergo labor difficulties that the NFL and other major sports organizations have already dealt with. Thomaselli (2011) gave a sense of the massive scope of potential losses to a sports business from labor issues in an analysis of the 2011 NFL lockout. Horrow and Swatek (2011) broke down the positions of management and labor in the NFL and raised the specter of government intervention.

Compared to the NFL and other major sports leagues, the UFC is a young organization in a young sport. For example, the NFL was founded in 1922, and the NFL Players Association was formed in 1956 and began collective bargaining in 1968 (NFL Players 2011). The UFC’s relatively immature status relative to other sports organizations might place it at a competitive disadvantage as it works out its growing pains in a highly competitive market during a difficult economy, a situation described by Fullerton and Morgan (2009):

Sport business shows classic symptoms of an industry in the maturity stage of the product life cycle with large numbers of competitors, plateauing markets, shrinking margins and tough battles for consumer loyalty through promotion, pricing and distribution. Perhaps the economic crisis is merely amplifying the deficiencies of those sports and sponsors who would have suffered anyway in the competitive stampede that maturing markets bring. (p. 8)

Chadwick (2009) suggested that sports business might be more recession-resistant than other businesses, but that in as severe a downturn as the current one, it will still be negatively affected. A 2009 Standard & Poor's report on Zuffa showed that its ownership was taking a lot of cash out of the UFC, which a company might normally do with a mature business, rather than one that is still in a growth phase (Philpott).

Another significant labor-related problem is the health of fighters. Whether the concussion problem bedeviling the NFL becomes an issue for the UFC, in the short term the company must deal with frequent injuries. And when one of the company's major draws gets hurt or ill, the company's bottom line can take a substantial hit. According to MMA Payout's blue book (2011), four of the six UFC events dating back to 2008 that topped 1 million in pay-per-view buys featured Brock Lesnar. Lesnar was a two-time NCAA wrestling champion, but sold pay-per-view buys to the public largely on the strength of his pro wrestling fame with World Wrestling Entertainment. After suffering two bouts of diverticulitis, a serious intestinal disease, Lesnar announced his retirement on Dec. 30, 2011, leaving a marketing niche that might prove difficult for the UFC to fill.

Thesis objective

The purpose of this paper is to examine the present and look toward the future of the business of MMA at this crucial moment when the UFC has consolidated so much power. Will MMA and the UFC gather the momentum to become as familiar to the

public and associated with each other as football and the NFL? Or will the company, and potentially the sport, crash beneath the pressure of economic realities and the weight of its ambition?

CHAPTER THREE
RESEARCH QUESTIONS AND METHODOLOGY

Research questions

The approach of this thesis is to explore specific issues facing the mixed martial arts community and the UFC as the sport seeks acceptance. The larger context will consider whether the UFC can break through to enjoy sustainable success and public recognition comparable to that of major sports, or whether the factors that have helped it to achieve success—low labor costs, lack of competition, novelty to the general public, its expansion into more states and countries, the brashness of its management and marketing—will threaten its success.

In the four articles comprising the project, I focus on certain challenging areas of the sport's growth. The central corresponding questions for each article are as follows:

1. What forces are at play in the UFC's battle to overturn the ban on MMA in New York State? What conflicts exist between the UFC and local MMA forces? Who stands to gain and who to lose if the state sanctions the sport? What are the political issues, what are the legal issues, and what are the moral issues involved? What are the chances of the UFC's lawsuit succeeding, and if it does, what impact will that have on state businesses?
2. What are the challenges fighters in North Carolina face as they pursue MMA careers at the amateur and professional level? How do those involved in the

North Carolina MMA business, from gym owners to trainers to fighters to promoters, view the present and future of the sport? How do individual fighters, from rising amateurs to experienced professionals, make ends meet at different levels of the MMA ladder? Where do these fighters see their careers going, including the chances of making a career in the UFC, and how do they view the future of the sport?

3. How close is the UFC to rivaling the NFL? What does the sports betting market in Las Vegas tell us about MMA's popularity relative to football and about the UFC's and MMA's potential for growth? What problems does the UFC face in seeking to overtake the NFL and what advantages does it possess?
4. How does MMA compare to boxing in sports betting terms? Are MMA and the UFC's success relative to boxing at sports books an indicator of future growth?

Interviews

In conducting interviews, I sought to reach officials at the UFC, government representatives in New York and other states, fighters, trainers, gym operators, and others who participate in the business of MMA. I spoke with individuals with different stakes in the issues involved to obtain as many points of view as possible.

The precise methodology varied according to the story. For the story on the legalization of MMA in New York, I spoke with those directly involved in the lawsuit, including the constitutional scholar who is helping to litigate the suit as well as one of the plaintiffs. To look at the division of opinion between the UFC and local MMA forces (including those involved, directly or indirectly, with the lawsuit), I interviewed (in a group setting) Dana White of the UFC, local gym owners, fighters, promoters and the

leader of a group advocating for legalization. I also interviewed politicians on both sides of the legalization debate to bring out the political issues involved and discuss the possibility of MMA legislation being passed this year. I conducted several of the interviews during a trip to New York in early March.

For the story on North Carolina MMA, I centered my story on a Raleigh fighter, Walter Smith, who was preparing for a championship amateur fight in Wilmington. I watched him in training and interviewed him and his head trainer. I also attended the event and conducted interviews during and after Smith's fight. I interviewed many other members of the North Carolina MMA community, including the head of the government authority that oversees MMA, the promoter of the Wilmington fight, a Raleigh MMA gym owner and professional fighters. I used their experiences to give a broader picture of the Triangle and North Carolina MMA worlds and to shed light on Smith's challenges as he works his way up the MMA ladder.

For the two Las Vegas stories, I looked at MMA's status in the sports betting world as a concrete way to evaluate the UFC's chances of realizing Dana White's ambition of surpassing the NFL, and as a way to introduce both the advantages the UFC possesses relative to the NFL and boxing as well as the problems it faces as it tries to continue its rapid growth. I traveled to Las Vegas during Super Bowl weekend in early February, when a live UFC event was also being held in Las Vegas, to interview figures in the sports betting industry. While in Las Vegas, I also visited MMA gyms to conduct interviews and obtain contact information for the New York story.

Limitations

The sport and business of MMA are in flux, so I endeavored to provide as accurate as possible a portrait of its current state and to seek as many opinions as possible on its present and future. Because the business future of MMA is so closely tied up with the UFC, to some extent one cannot talk about MMA without discussing that company. I was able to participate in a group interview of Dana White during a press conference at Radio City Music Hall in New York and spoke off the record with Kirk Hendrick, Chief Operating Officer of Zuffa LLC. Unfortunately, limited financial information was available for the UFC, which made evaluating its financial stake in New York legalization, for example, more difficult to evaluate.

Despite my fears that the UFC's dominance in the industry might cause fighters and others to be reluctant to speak on record, I found that those I spoke with were generally willing to speak candidly about the company, including fighters in North Carolina and Erik Owings, a former professional fighter and plaintiff in the New York lawsuit.

Pursuing two stories outside of North Carolina meant that I had limited time in New York and Nevada to conduct interviews, but I was able in each case to arrange my travel to cover a specific event, which helped focus these stories. In Las Vegas, I covered the Super Bowl weekend, during which UFC 143 took place in the city, and in New York, I covered conflicting events hosted by the UFC and a local MMA advocacy organization called NY MMA Now.

Finally, while all four of the stories continue to evolve, the New York story in particular will likely see important results in the lawsuit and the legislative process in the next few months. I endeavored to make the present conflicts in the situation clear while

also showing the potential changes that lie ahead.

Articles

The first article focuses on the effort by the UFC and others to overturn the New York ban on MMA and the impact that would have on local businesses and fighters. It examines both the ongoing legislative effort and the pending lawsuit to have the ban thrown out on constitutional grounds. The article also looks at the conflicts in the relationships between the UFC and local MMA forces.

The second article explores the North Carolina MMA scene, focusing on a heavyweight fighter as he prepares for an amateur bout. Interviews with other fighters, gym owners and promoters shed light on the business of MMA in North Carolina and the challenges fighters face trying to establish themselves in the state and in trying to make a name for themselves outside the state to attract the attention of the UFC.

The third article focuses on the UFC's rivalry with the NFL, which is presently largely one-sided in favor of the NFL, as the companies' relative positions in sports betting show. The article explores the ways in which the UFC's ambition to overtake the NFL may not be as farfetched as it appears, as well as the risks the UFC will face as it seeks to continue to expand.

The fourth article compares MMA and boxing as the preeminent combat sports for bettors at Las Vegas sports books and explores the implications of MMA's popularity in sports betting for its future success.

CHAPTER FOUR

WAIT 'TIL THIS YEAR:

THE UFC SHOWS ALLIES AND ENEMIES WHO'S BOSS IN NEW YORK

At 11 a.m. on March 6, the Ultimate Fighting Championship—the leading mixed martial arts, or MMA, promotion in the world—assembled a press conference on stage at Radio City Music Hall in midtown Manhattan, with UFC fighters and top brass, including company president and celebrity Dana White, in attendance. UFC star fighters Josh Koscheck and Pat Barry flanked the podium, along with Nate Diaz and Jim Miller, the headliners for May 5's UFC broadcast on Fox as part of its seven-year, \$700 million contract with the network signed the previous August.

Several hundred fans and dozens of media representatives crowded to the front rows of the massive theater, a few already wearing giveaway “New York UFC” t-shirts, modeled on the block-letter “New York City” t-shirt John Lennon made famous. Others clutched books, photographs and other memorabilia to be signed by the fighters after the Q&A is complete.

After the press asked its questions, fans lined up to grab their chance at the microphone. A woman proposed marriage to Nate Diaz, to no comment. A man dressed in a sweatshirt with “Bring MMA to New York” on the back offered his resume to Dana White.

After trading barbs (Koscheck), jokes (Barry) and quiet hostility (Diaz) according to personality, the fighters squared off for photos. With several hundred fans pressing forward and the bright stage lights shining down, the posed staredowns took on a certain level of intensity, even if well short of the lean, authentically hungry looks fighters exchange at weigh-ins the night before a fight.

But right now, orchestrated tension is as close as the UFC can get to a scrap on a New York stage. When these fighters throw their first punches in anger, they will be nine miles away at the Izod Center in East Rutherford, N.J., where MMA is legal.

The UFC's business, professional mixed martial arts, is illegal in New York State, and has been since the State of New York passed its Professional MMA Ban in 1997. Ever since, the UFC has been trying to get back in, especially since its current owner, Zuffa LLC, bought the company in 2001. The sports market in the nation's media capital remains tantalizingly untapped.

Asked if this is the year the UFC finally comes to New York (to a big cheer from the audience), White answered: "We've been dealing with this for the last eleven years, not just here in New York, but all around the world. So it's not like this thing is driving us nuts. We're going to keep grinding and grinding and grinding until we get this done."

Dan Montanez, the man who offered his resume to White, works as an overnight dailies editor on the TV show *Gossip Girl* and literally ran over to Radio City directly from work. The front of his sweatshirt features a logo patterned after the famous "I Love NY" emblem, but with the UFC's trademarked Octagon symbol in place of the heart. He got it as a giveaway at the UFC's press conference the previous year at Radio City, a much smaller affair, said Montanez.

“I’m amped; I’m pumped; I just got two autographs,” he said, proudly displaying his copy of *The UFC Encyclopedia*.” Nate Diaz, the kid from the mean streets of Stockton, Calif., has written “West Side Cali” above his name, and the 42-year-old fan, Bensonhurst-born and still living off Avenue U, couldn’t be happier.

But that doesn’t mean he’ll go to New Jersey for MMA.

“I want to see it here, in the Garden,” Montanez said. “To go to see the fight in Jersey, the ticket’s going to be easily \$300 for a nosebleed seat. I want to see it in the Garden, see them put 12 shows on a year like the WWE does, where you can spend 60 bucks and get a halfway decent seat.”

Montanez has been a supporter of the UFC and MMA “since Day One” and stays plugged in to local martial scene, attending kickboxing, muay thai and grappling events—all legal in the state—when he can. He just found out on Facebook about a pro-MMA rally being staged outside New York Gov. Andrew Cuomo’s downtown office today but chose to come to the UFC event instead.

“I was wondering why they weren’t doing this in conjunction,” Montanez said. “Did they want to do the rally because they were doing a press release today?”

* * * * *

At 11:30 a.m. on March 6, as Dana White and his fighters fielded fan questions, a group called NY MMA Now—its full name is the Coalition to Legalize Mixed Martial Arts in New York—started a protest on the street outside the governor’s office at 633 Third Ave., 10 blocks south and three long blocks east from Radio City. A few dozen

supporters attended the rally, handing out flyers to passersby and listening to speeches by, among others, former New York Assemblyman Michael Benjamin and NY MMA Now founder Stephen Koepfer.

The turnout might have been relatively small potatoes, but the rally was no spur-of-the-moment effort meant to ride the coattails of the UFC's press conference. The rally had been announced for more than a month and the organization's MMA film festival later that evening at Madison Square Garden had been scheduled for a week when the UFC began to publicize its Radio City appearance.

"Why would you do that?" said NY MMA Now founder Steve Koepfer, who also spoke at the protest. "That kind of move risks alienating the locals. It's not like I didn't try to work with [the UFC]. I said, 'If you make it two hours later, people can actually go to three events in one day.' And the Fox fight's like two months from now."

To Koepfer, the timing of the two events was no coincidence. "They want to be the main draw, the main guy," he said.

On Feb. 8, 2011, a similar NY MMA Now rally coincided with a media day scheduled by Strikeforce, another mixed martial arts promotion. After Koepfer contacted the company, Strikeforce changed the time of its event to avoid conflict with the rally, and Strikeforce heavyweight champion Alastair Overeem made an appearance. (The UFC purchased Strikeforce in March 2011, and Overeem now fights in the UFC.)

Hoping for the same kind of cooperation from the UFC, Koepfer contacted the company's recently hired public relations firm, Greenberg Public Relations.

"They said they can't change the time, said they'd be done by 12 so media people could get to the rally. And it was too late to rearrange for fighter schedules. Since when

does Zuffa care about fighter schedules?”

Steven Greenberg, founder of Greenberg PR, confirmed that by the time the conflict was brought to his attention, it was too late to change schedules, and added that the press conference was simply “something the UFC does on a regular basis to promote its fights.”

Greenberg also said that his firm was doing nothing to collaborate with local MMA forces and that Zuffa and his firm’s focus is on presenting the merits of MMA for New York.

Later that night, Koepfer emceed for his coalition’s film festival at the New York City venue the UFC covets most for its events: Madison Square Garden. Not the Garden proper, where the Big East basketball tournament was just beginning, but in the lobby of the smaller Theater at Madison Square Garden. About 150 supporters squinted up at flat-screen TVs meant for fans waiting in line at the concession stand, which was optimistically open for the film festival but doing tepid business.

Between rounds of New York MMA trivia and prize giveaways, three films on MMA were shown, including “NY MMA,” a documentary on the legalization battle produced by and featuring Koepfer.

“Pat Barry was supposed to maybe come to this thing,” Koepfer said, referring to the boisterous heavyweight who’d made an appearance in the UFC event at Radio City. “Yesterday he said he wanted to come.” Koepfer said he thought Barry was told not to attend by the UFC. “Unfortunately, Zuffa keeps a very tight leash on their people.”

The lack of cooperation is the more puzzling because Koepfer contributed to the lawsuit the UFC and its allies are filing to legalize MMA in New York. Several of the

plaintiffs in the suit are members of the coalition, including Assemblyman Dean Murray, photographer and amateur fighter Danielle Hobeika and MMA instructor Steve Kardian.

When asked at the Radio City rally about NY MMA Now's protest and the UFC's collaboration with local pro-MMA forces, White said: "Obviously, there's a lot of hardcore fans and people who are involved in the mixed martial arts business who are just as eager to get MMA into New York as we are. Obviously, we've been putting a lot of effort toward New York, and a lot of other people have, too. It's inevitable."

So why the beef between the UFC and NY MMA Now? Fundamentally, after all, they want the same thing. Yet the recent history of the effort to legalize MMA in New York shows the roots of both the collaboration and the dissension between the UFC and local MMA advocates, and how politics can turn bedfellows into strangers.

* * * * *

At one time the legalization—or more accurately, the re-legalization—of mixed martial arts in New York seemed like it wasn't going to be that big of a deal to local MMA fans, perhaps the way Chicago Cubs fans once didn't figure it'd be that big a deal to get back to the World Series. The UFC's state-by-state strategy of lobbying for sanctioning by state athletic commissions had worked throughout the United States and Canada, and it figured to be a matter of time until the same result was achieved in New York.

But New York's law posed a knottier problem. Unlike many other states in which the UFC could push for approval, where unregulated mixed martial arts events were often

legal if unregulated, New York had made promoting mixed martial arts events a crime with its 1997 ban.

The individual elements of mixed martial arts, including boxing, wrestling, kickboxing, muay thai and jiu-jitsu, have never been banned separately in New York. Boxing and wrestling are regulated by the New York State Athletic Commission, and kickboxing, muay thai and jiu-jitsu fight events and tournaments are allowed to proceed under the rules of an approved national sanctioning body within each sport. Only combined in MMA and presented as a live, professional event are these martial arts illegal.

“When you think of it logically, you have, I’d venture to say, hundreds of schools in New York that teach mixed martial arts,” said Murray, a Republican assemblyman from Medford in central Long Island and proponent of MMA legislation. “You can teach it, it’s on TV. The only thing we can’t do is hold live events, which is crazy. It’s basically like saying, listen: eggs are legal, flour’s legal, sugar’s legal, milk is legal, but you can’t bake a cake.”

At a panel discussion during the 2010 World MMA Expo at the Jacob Javits Center in New York City, several coaches, fighters and journalists identified apathy on the part of the New York MMA community as a primary reason the law had not been changed and called for a grassroots movement to turn the tide.

Koepfer, also the owner of New York Combat Sambo, a martial arts school in Manhattan, co-founded NY MMA Now with journalist Eddie Goldman in December 2010. Koepfer believed then (as he believes now) that the UFC’s political approach had been moving too slowly. Zuffa donated \$75,000 to Gov. Andrew Cuomo’s 2010 election

campaign, but as of March 6, the governor had yet to make a public statement supporting the legalization of MMA.

Hopes were high for legislation in 2011, especially after a bill legalizing MMA passed in the Senate and was passed by several committees in the Assembly. Sixty members of the Assembly signed a letter to Speaker Sheldon Silver supporting the bill.

But Silver didn't allow the bill to come to a vote on the Assembly floor, saying: "There does not appear to be widespread support in the Assembly for this legislation."

Dana White blamed the defeat on unions in New York. Culinary Union Local 226 in Las Vegas has been attempting to unionize the gaming workers at Station Casinos, owned by Lorenzo and Frank Fertitta, the UFC's owners, for more than 15 years. The 60,000 member culinary union is an affiliate of UNITEHERE, a union organization headquartered in New York with members working in hotels, airports and food service as well as the gaming industry.

Making limited headway in New York, the UFC fired its public relations firm, Global Strategy Group, and hired Greenberg with the mandate to emphasize the positive effects legalizing MMA would have in New York. Asked about the union issue, Greenberg said that Zuffa didn't want any "red herrings" distracting from the positive value of legalizing MMA to New York State.

The often profane and pugnacious Dana White, however, continues to rise to the union's bait. In an interview in February after a culinary union member appeared before the Nevada State Athletic Commission to ask for an "MMA Bill of Rights" for fighters, an irritated White called the culinary union "gangsters" and said, "I don't give a shit about what you guys think, what you do; you don't matter to me any way, shape or

form.”

In a move that, if successful, would bypass the political problems the UFC faces, the company filed a lawsuit on Nov. 15, 2011, against New York Attorney General Eric Schneiderman and New York District Attorney Cyrus R. Vance Jr. to overturn New York’s law banning MMA. The suit challenges section 8905-a of New York Unconsolidated Law, which the lawsuit labels the “Live Professional MMA Ban.” The law makes illegal any professional performance of a “combative sport” permitting striking.

While not explicitly directed against MMA, the law exempts from the “combative sport” definition boxing, wrestling, judo, taekwondo, karate and kenpo matches conducted by approved organizations, and allows for further exemptions for other individual martial arts. Any person “who knowingly advances or profits from a combative sport activity” is guilty of a misdemeanor, and a second offense within five years is a felony. The civil penalty for these offenses is the greater of \$10,000 or twice the amount of profit made in the commission of the crime.

The suit challenges the ban on a number of constitutional grounds, including vagueness and overbreadth in the wording of the statute, violation of equal protection for those seeking to make a living practicing professional MMA in New York, and infringement of free speech rights.

New York University law professor Barry Friedman, a constitutional law expert and litigator, put together the lawsuit in collaboration with Morrison & Foerster, a New York law firm hired by Zuffa. Friedman noted that with MMA legislation continuing to meet with frustration, the lawsuit became a more attractive solution. He dismissed the

attorney general's complaint that the suit seeks to circumvent the legislature for a solution from the courts.

"Everybody whose constitutional rights are violated is entitled to go to court; they don't have any obligation to go to the legislature," Friedman said. "After all, they've already lost in the legislature."

Friedman said to the extent the state wishes to regulate MMA for safety purposes, the UFC has no problem. In fact, the UFC only conducts events governed by the Unified Rules of MMA, which were originally written in New Jersey in 2001 and have become the industry standard.

"It's very unusual in the world to find a plaintiff coming to a legislature or agency and saying 'please regulate me,' but as you know about Zuffa, they want to be in states where [MMA] is regulated," Friedman said. "But at some point...it's proving futile. We're doing what we could have done in the first place. That's completely what the game plan is. We plan to win this in court."

The constitutional rights of MMA practitioners are at the heart of the suit, particularly a First Amendment challenge to the ban as curbing freedom of expression. The suit relies on the Supreme Court's 2011 decision in *Brown vs. Entertainment Merchants Association* that struck down a California ban on the sale of violent video games to minors. The suit maintains that the New York ban is a similarly content-based restriction explicitly designed to censor the violent message of MMA.

The most recent development in the suit is a reply brief filed by Attorney General Schneiderman, which states that the Supreme Court has never found sports activities to be protected by the First Amendment. To Friedman, this argument misses the point.

“The Supreme Court has never ruled that sport is speech, that’s true. But just because the Supreme Court hasn’t ruled doesn’t mean it’s not protected,” Friedman said. “The question the judge is going to have to decide is whether it’s speech, and that’s an interesting and important question. We argue that it is.”

Friedman also finds the Attorney General’s brief self-contradictory on the issue of MMA’s violent content.

“What’s bizarre—what’s truly bizarre, and I don’t know that I’ve ever seen this—is that while they are saying it’s not speech, they are saying the legislature was entitled to regulate it because of the message,” Friedman said. “Well, if it has a message, it’s speech! I have a hard time holding those two things together in my head.”

Asked if making that argument was a mistake by the opposition, Friedman said, “I think that’s exactly right.”

Friedman said that his legal team, with the backing of the UFC, deliberately chose plaintiffs from different walks of life to illustrate the various problems with the statute.

“Any one of them could have brought a lawsuit by themselves, and argue different things,” Friedman said. “If you’re a promoter, it’s one thing; if you’re a fighter, it’s another; if you’re a photographer, it’s another. But I think it’s important that these individuals are representing much larger groups of people that do the same thing they do.”

Koepfer, who helped connect the lawyers with the members of NY MMA Now who became plaintiffs in the case, said he was “very skeptical at first” when approached by the legal team about helping in the suit, having had what he considered a bad relationship with the UFC’s former public relations company, Global Strategy Group.

“But the legal team they hired went completely the opposite—extremely welcoming, accommodating, open-minded,” Koepfer said. “It was awesome; I was glad to work with them. Plus they were going to do it anyway whether I worked with them or not, so why not work with them?”

Koepfer said the lawsuit will make the public aware of the issues involved in the case. “Whether or not the lawsuit is successful, I think it’s helping us,” Koepfer said. “If you go on the street in New York, nine out of 10 people don’t even know it’s illegal, and of those nine, they still think it’s no holds barred.”

But his problem remains with the UFC’s approach to persuading the legislature, where the difference in attitude and tactics between the UFC and his grassroots organization becomes clear.

“If it was really just about lobbying and padding some politicians’ pockets, then we would have had it years ago,” Koepfer said. “Something’s not working.”

NY MMA Now is not without allies in the legislature. State Assemblyman Murray dismissed Silver’s statement regarding lack of support for last year’s bill. “That was right before I handed him a letter with 60 signatures saying that they were interested. So I don’t think that’s an excuse anybody is buying now.”

This year, Murray said the bill has “a 50-50 shot” of succeeding in the Assembly.

“I have no doubt it would pass. We have the votes to get it through,” Murray said, but house leadership “just will not let it get to the floor.”

The primary sticking point for MMA in the Assembly, said Murray, is the dispute between Station Casinos and Culinary Union Local 226.

“This is where politics gets a bit ugly,” Murray said. “Unfortunately, there’s a

union in Vegas that has a lot to say about whether this hits the floor or not, and that's really unfortunate, that we're allowing a union out in Las Vegas to decide whether or not we have this sport legalized in New York."

Koepfer said he believes the UFC has largely brought the union problem on itself.

"Zuffa is equally as guilty of using New York MMA as a battle platform to attack the union as the union is of using MMA to attack the Fertittas...A couple of years ago the union issue was really a non-issue. When I started the coalition, there was not a single politician I spoke to that even believed the union issue was an issue. You had Assemblyman [Keith L.T.] Wright saying, 'No union has spoken to me about anything, and I don't see why they wouldn't, because I'm chairman of labor.'"

The UFC's straw man, intended to bear the blame for legislative failure, had turned into a real man.

"If you take shots at people long enough, they're going to have to fire back," Koepfer said. "The unions did start firing back, and now they are a legitimate problem here."

As an assemblyman, Murray's main interest in sanctioning MMA is to bring more money to state government. He said the economic downturn beginning in 2008 spurred consideration of new sources of revenue, including MMA and expanded casino gambling.

"No doubt the economy had an impact, and that increases our chances of getting it done," he noted. "At some point you have to look at the numbers and say, 'Are we willing to pass up tens of millions of dollars in revenue, or willing to pass up the creation of hundreds of jobs, are we willing to do this just to appease a certain group?'"

Murray said the whole debate could have been avoided this year if Gov. Cuomo had included MMA in his budget but acknowledges the governor has “bigger fish to fry” than MMA. Two years ago, MMA was included in Gov. David Paterson’s original budget plan, which if approved would have made the sport legal in the state, but was dropped during negotiations in the Senate.

Sen. Joseph A. Griffo, a Republican from Rome who has supported MMA since his election in 2006, introduced last year’s failed MMA bill and believes this year’s bill, currently in committee, has the support to move quickly to the Assembly.

“This is one issue that has support from Republicans and Democrats, both upstate and downstate, and both male and female,” including Sen. Betty Little, chair of the Senate Cultural Affairs, Tourism, Parks and Recreation Committee. “There are not many issues where you see support like this,” Griffo said.

For Griffo as for Murray, the potential for new revenue for the state is the biggest attraction of MMA—especially on his home turf, near Syracuse in western New York.

“That’s something I’ve talked to [UFC president] Dana [White] about, and [UFC owner] Lorenzo [Fertitta]—you’ve got to come upstate and use venues here, because I’ve been a prime sponsor of this bill and their strongest advocate, and I want that reflected later,” Griffo said.

He agreed that the economic downturn increased support for the bill. “It’s played a role,” he said. “To me, it should be an element because you are having economic problems, and this is a way to generate revenue without imposing something on someone. This is free choice...To me, it’s a no-brainer.”

For the UFC, certainly, there’s also big money at stake. An economic impact study

commissioned by the company in February 2001 said that two UFC events in a given year, one in New York City and the other in Buffalo, would create approximately \$16 million in new spending in the state, and shows by other promotions would create an estimated \$4 million. The UFC commissioned similar studies in Boston and Philadelphia as part of its successful efforts to have MMA sanctioned in Massachusetts and Pennsylvania in 2009.

That \$4 million noted for other promotions would be generated by smaller national shows like Bellator and Strikeforce and by regional and local promotions. Louis Neglia, the promoter of Ring of Combat, a long-running show that staged the first legal MMA fight in New Jersey after the sport's legalization in that state in 2002, said his business is poised to take advantage as soon as MMA becomes legal in New York.

Neglia lives in Bellmore, Long Island, but stages all of his MMA shows in New Jersey (he also promotes amateur kickboxing events in New York), where more than half his audience typically comes from New York. Neglia said what's good for New York will be good for its business owners.

“Any politician will admit the economy needs MMA,” said Neglia. “I bring 3,000 people to a sold-out show in New Jersey. I had the same show in New York, in my home state, I'd increase the taxes from the venue in New Jersey, the hotels, the cab drivers, the restaurants.”

Neglia added that MMA crowds are the demographic group all sponsors want—19 to 39 years old and middle- or upper-middle-class with money to spend, rather than the low- to middle-income fans he says boxing attracts.

As a former competitive kickboxer, Neglia prides himself on nurturing young

fighters into national stars, pointing to Ring of Combat veterans such as former UFC champions Matt Serra from Long Island and Frankie Edgar from New Jersey. Working up the ranks slowly is key, Neglia said. He urges fighters to take six to 10 fights as amateurs before considering going pro, even though it's more burdensome for unpaid fighters to travel to neighboring states to compete than it is for professionals.

Nevertheless, Neglia declined to participate in the UFC's lawsuit.

"They approached me to do be part of it, but I didn't because I don't think the change is going to come from that," Neglia said. "I don't think a lawsuit is going to make the change in the feelings of the politicians." He prefers to try to change opinions less confrontationally, by inviting politicians unfamiliar with MMA to see one of his MMA events, for example.

Other, less well-established companies are also looking to get in on the action. The sponsor of the film festival at Madison Square Garden, TakeOn Productions, staged the first muay thai ever in Madison Square Garden's Theater at the Garden on March 16. Muay thai is a form of kickboxing, emphasizing knee and elbow strikes, that originated in Thailand.

In a press release for the event, Scott O'Neil, president of MSG Sports, said: "This event will deliver world-class stand up battles for local combat sports fans as we all anxiously await the sanctioning of Mixed Martial Arts in New York."

Speaking after the film festival, Eddie Cuello, president of TakeOn Productions, said that although TakeOn is primarily a muay thai organization, "the moment that MMA does become legalized, we're going to be the absolute first promotion here in New York putting on mixed fight cards of MMA and muay thai."

“It’s a crying shame just to get our beloved sport legalized,” Cuello added. “I can guarantee right now that come next year if it’s not legalized, we’ll be right here, doing the same thing all over again, fighting the good fight.”

* * * * *

For all the progress the UFC has made winning legislators to its side, Assemblyman Bob Reilly remains MMA’s most adamant and outspoken opponent and the most public voice in the Assembly on the issue. One colleague calls Reilly “the poster boy” of the anti-MMA camp.

Reilly said that most politicians don’t like MMA but are persuaded to vote for it by the argument that it will bring needed money to the state. He doesn’t think the economic benefits would amount to as much as the UFC has claimed, and in any case, he said, “At some point you say revenue be damned, it’s not worth it.”

He also doesn’t give much credence to the argument that requiring New York fighters to travel to compete places an unfair burden on them. “If you’re a fighter that lives in New York City, you can take a train over to Jersey or drive over there,” said Reilly. “I don’t think that’s a great hardship to you.”

But Reilly’s chief objection to MMA is a moral one against the violence he believes the sport celebrates and promotes in society.

The UFC’s marketing has come a long way from its “no holds barred” origins, when the first UFC poster trumpeted: “There Are No Rules!” There were some rules even then to be sure—even in the early ’90s, certain violent moves such as eye-gouging

and fish hooks, which involve digging a finger inside an opponent's cheek, were forbidden—but there were no gloves, and groin strikes and hair pulling were permitted. Today, using the Unified Rules that the UFC helped create in 2001 with current New Jersey athletic commission counsel Nick Lembo, violence has been reduced, but UFC ads still feature spectacular, sudden knockouts, chokes, fighters licking blood off their hands, and so on.

To Reilly, it's too much. He called the UFC-sponsored lawsuit "frivolous" and the notion that MMA is a valid form of free expression protected by the First Amendment "nonsensical" because to him it's merely an expression of brutality. He also thinks the suit is an act of desperation on the UFC's part. "If this is UFC's strategy, it would indicate that they've given up on trying to legislatively get anywhere," Reilly said.

While Reilly said he opposes MMA as a sport and not specifically the UFC, he added, "If MMA were legalized in New York, I'd want the role of the UFC to be greatly diminished from what I perceive it to be in other states."

He lauds the National Football League for its condemnation of the New Orleans Saints' defensive coaches after it was revealed they had placed bounties on opposing players.

"They're working toward the safety and integrity of their game, and UFC and other mixed martial arts proponents are working in exactly the opposite way," says Reilly, noting that the UFC awards a "Knockout of the Night" cash bonus at each of its events.

In supporting the ban on mixed martial arts, Reilly endorses its restriction of what he perceives as the violent message of MMA. He compares separating what's artistic from what's violent in the sport's message to determining when something's

pornographic and when it isn't, alluding to Supreme Court Justice Potter Stewart's famous phrase, "I know it when I see it."

"It gets down to the same thing in trying to define violence and control violence," Reilly said.

Whether or not the sport of MMA itself encourages violence, some critics have taken exception to what they see as the violent message MMA figures convey outside the cage. Deborah Tucker, executive director of the non-profit National Center on Domestic and Sexual Violence, sent a letter to members of the New York Assembly in January urging them not to overturn the New York MMA ban, saying that the UFC "has failed to demonstrate that it is willing to ensure its fighters behave in a socially responsible way." The letter listed several examples of language from UFC fighters and employees, including Dana White, that it said "contributes to a culture of violence against women, and lesbian, gay, bisexual and transgender (LGBT) people."

Sofia Gegovic, a mixed martial arts competitor and manager of Tiger Schulmann's Mixed Martial Arts gym in Manhattan, recognizes the negative perception many women have of the sport. Gegovic began participating in martial arts ten years ago and said MMA training can be a positive experience for women—once they give it a chance.

"Women don't see themselves fighting, and they think mixed martial arts is just fighting," Gegovic said. "But if you come here in the evening and see our classes, they're packed with women. You ask them what they do outside of here, they're schoolteachers, they're CEOs of companies. What they're learning is self-defense."

In their lawsuit, the UFC and its allies contend that banning MMA for its violent message misreads that message, and even to the extent MMA's message is violent or encourages violence, the right to such expression is protected by the First Amendment. The speech concerns form the core of the case, said Friedman.

"Courts will look more closely at First Amendment issues than they will at some of these other issues," Friedman said. "That's just the way the law works. And so fundamental rights get more protection. You can agree or disagree with it, but [the courts] don't see economic rights as fundamental."

Erik Owings, owner of Mushin Mixed Martial Arts, a New York City martial arts studio, signed on to the UFC's suit because he does believe in the expressive nature of his work, the "art" in "martial arts." The suit emphasizes the artistic and even religious nature of what Owings does, including the Buddhist influence on martial arts, yet Owings doesn't deny the centrality of violence to MMA and American culture in general.

"We're a violent people, we're a violent nation, we committed genocide, we enslaved black people," Owings said. He grew up fighting frequently in rural Kentucky and was especially opposed to bullying, which "comes from our violent society, our violent parents, our violent conditioning, our war movies, our crazy video games."

Those words wouldn't sound out of place coming from Bob Reilly. However, Owings' conclusion on the connection between martial arts and violence is quite different. To Owings, training martial arts helps its practitioners learn to control violence.

"After I started training as a professional fighter, I never fought again in my life," Owings said. "Before I started training as a martial artist, I fought all the time. If you try

to deny fighting, it's like denying sexuality or anything else; it's part of who we are.”

□ The lawsuit mentions that Owings is a partner in Fight for Humanity, a charity that works with the Gang Bureau of the Brooklyn District Attorney to help former gang members “improve their lives by using the principles of martial arts.”

Owings created Mushin Mixed Martial Arts, located near Union Square in Manhattan, in 2010 with sole funding from Richard J. Byrne, CEO of Deutsche Bank Securities. Byrne has known the Fertitta brothers for years, Owings said, and helped broker Zuffa's purchase of Pride, a prominent Japanese MMA promotion. Owings has ambivalent feelings about the UFC, though, and isn't afraid to speak his mind.

On the one hand, what the UFC has accomplished in popularizing the sport is “amazing,” Owings said. Owings knows first-hand the financial vulnerability of MMA promotions. He is a veteran professional MMA fighter who went 3-2 in the International Fight League, an MMA company that created a league of teams based in major cities. The I.F.L., a company publicly traded on the Over-The-Counter Bulletin Board (OTCBB) system, collapsed in 2008 after two years in existence.

“Whether we like it or not, they *are* MMA now...If the UFC folds, MMA folds, so we've got to go ahead and embrace them,” Owings said.

But the UFC's dominance in MMA comes at a price to fighters, Owings added. If fighters were boycotting the UFC for better payment, he'd “totally be on the fighters' side.”

“You can't make money fighting,” he said. “There's 15 guys in the UFC that have real money; everybody else is fighting for chump change...Three or four years in the NFL can probably pay off a house, start a business if you're not blowing your dough. In the

UFC, if you fight five to 10 fights, there's a good chance you can pay your medical bills and maybe save enough to pay the first year of your kid's college."

Owings started using MMA as a marketing tool, he said, but he plans to remove "mixed" from the gym's name within six months, saying he wants grow his business "based on martial arts, not on selling the cage fighter fantasy." Still, he said that legalizing MMA would definitely benefit his business.

"Parents take kids to an MMA show at the Garden, next thing I know I get 40 more kids next month because they all went to watch the UFC. Ultimately [the ban] is hurting business a lot of indirect ways."

* * * * *

During his Radio City appearance, UFC president Dana White apologized more than once for the occasional incoherence in his answers. He'd recently returned from Australia, had just come into town from a company retreat and was leaving to film *The Ultimate Fighter* in Las Vegas the next day, followed by a trip to Brazil for the final episodes of that country's new version of *The Ultimate Fighter*.

Said White, "I've been in every fucking country in this planet in the last three weeks."

Although often abrasive and prone to using foul language the NBA's David Stern or the NFL's Roger Goodell would be unlikely to employ in public, White sees the UFC's dominance as a positive influence in MMA. Discussing the dangers to a fighter who tries to extend his career too long, White said: "I think it's one of the good things

about the sport. Other people disagree and hate me for it, but I actually can make those decisions. Where in boxing, you can get cut by your promoter, but you can go fight in 50 other promotions and continue to take the damage that so many guys have who should have hung it up, [in MMA] I do get to make that decision.”

He also sees the UFC’s insistence on only performing using the Unified Rules of MMA as advancing the safety of the sport. “I heard a story about a muay thai fighter here in New York who was on medical suspension for a subdural hematoma,” said White, adding sarcastically: “And the safe place to come and fight where you can get fights is New York because the regulation here is non-existent.”

For White, getting MMA legalized in New York is all part of the UFC’s master plan.

“The next two years are going to be very important, here in the United States and all over the world,” White said. “We plan on going to states we’ve never been to like New York, and places we haven’t been back to in a few years, and getting these big Fox fights on and introducing millions of people to the sport here in the United States who’ve never seen it.”

He thinks the East Coast lags behind the West Coast in knowledge of MMA—perhaps for historical reasons, as the company was created in California and Zuffa operates out of Las Vegas—and that will help raise awareness among untapped audiences in the Northeast. The UFC’s former cable TV partner, Spike TV, is “strong in the Bible Belt,” but White feels the channel wasn’t big enough to make an impact in major markets like Boston, New York and Philadelphia.

Despite the company’s worldwide ambitions, White called New York “a huge

priority.”

“When we do this fight at the Garden, you know how big this thing’s going to be? It’s going to be like Toronto when we did Toronto, it’s going to be like all these other countries we’ve done for the first time.”

* * * * *

Two New York fighters visited the New York Assembly in 2011 to speak to assembly members in support of MMA. In April, those two fighters—light heavyweight champion Jon “Bones” Jones, born in Endicott, and challenger Rashad Evans, born in Niagara Falls—will meet in the UFC’s Octagon to fight for the title. But they won’t be fighting in Madison Square Garden, or in Griffo’s Rome, or Rochester, or anywhere else in New York, meeting instead at Philips Arena in Atlanta. MMA has been legal in Georgia since 2001.

Legalization of the sport in New York is at least three months away. Griffo’s bill, S 1707A, passed out of the Senate Commerce, Economic Development and Small Business Committee in early March and went to the Finance Committee for review. Friedman expects the lawsuit to drag on but hopes the judge in the case will permit fact-finding to go forward despite the attorney general’s brief.

And the legislative fight may well carry into 2013. Gov. Cuomo finally addressed mixed martial arts in a public forum on March 8, two days after the UFC’s press conference at Radio City and NY MMA Now’s rally.

“We don’t have a position,” said Gov. Cuomo at the Capitol in Albany. “I

understand the proponents argue it would be an economic development miracle, and we need economic development, and so I understand the potential appeal, but I have not gone through it specifically.”

So after all the waiting, the campaigning, the perpetually restated cautious optimism, 2012 may still not be the year MMA makes it to New York. But if the fight’s as close and hard-fought as expected, the UFC has demonstrated that it’s always up for a rematch.

CHAPTER FIVE

TAKING HIS SHOT:

AN ASPIRING FIGHTER MIXES IT UP IN NORTH CAROLINA MMA

Walter Smith—33 years old, a college graduate, doting father of a 2-year-old daughter—is flat on his back in the middle of a martial arts gym, getting taken to school by his training partners. It’s a sneakily warm spring Sunday outside Ladd Family Martial Arts in North Raleigh, but he has a title fight in six days, and there’s no time to be nice.

At 6 feet 4 inches tall and 260 pounds, Walter cuts an imposing figure, but he’s not quite as intimidating lying down. As this training round begins, his jiu-jitsu coach starts on top in a position called side control, his chest across Walter’s torso as the pair grapple. Walter’s designated task is to fight his way to his feet or to reverse control. His opponent weighs only 200 pounds, but he’s a black belt who gives Walter no respite, pressing down, flattening Walter’s hips—quick lateral hip movement is the key to defensive jiu-jitsu—and stymying every attempt to escape.

Walter’s gas tank is already depleted from a cardio training session, and the longer he battles, the more energy he expends. He keeps trying moves, but his experienced adversary anticipates them all.

His head trainer, Jason Ladd, plays good cop, coaxingly calling, “Breathe, breathe.” Seven other voices shout rougher counsel from around the room: “Build your frame,

Walter, you're going to take a couple punches while you're building it." "Get your overhook, bridge and roll!" "Gotta work, buddy!"

□ Finally, thoroughly frustrated, Walter bursts out from under by sheer manpower. This moment of success is quickly drained of any satisfaction by general tsk-tsking from the room. Finesse, not force, is what Walter needs to rely on Saturday, when he fights for that heavyweight championship in Wilmington.

"Try not to Hulk everything," someone says. "You got the technique. Believe in it."

Walter gets to use this advice right away. His reward for escaping is going right back to the mat, to the same position, to do it again—but better.

Finally, after a few more minutes of struggle, a simulated ringside bell rings, putting a merciful end to the grappling session.

"Terrible," he tells his coach, but Ladd gives Walter, who looks gassed and a little down about his performance, some bucking up: "You understand, this is worst-case scenario. We don't want you on your back at all."

"Yes sir," says Walter quietly, hands on knees, still recovering. A few minutes later, his breath steady, he starts giving advice of his own to somebody else undergoing education on the mat.

"Take that arm, and put it over your head," Walter calls out. "It's easier said than done," he says more softly, half to himself.

In mixed martial arts, which combines stand-up striking, wrestling and ground fighting, a fighter needs expert advice in each area. Today's jiu-jitsu trainers came in from other gyms to help Walter out. Later, Ladd, a black belt in karate and Walter's

primary stand-up coach, takes Walter through some light sparring, urging his tall, long-armed student to use his reach to his advantage on Saturday. Ladd also instructs Walter, a southpaw, to cut inside his righty opponent's jab and throw his straight left hard.

Walter has lost only once, and to a submission rather than a knockout, but coach and student are taking nothing for granted. Walter's opponent, Allen Crowder, will be his most dangerous yet. Crowder, from Greenville, has had just one fight, but it got Ladd's attention.

"We know he is an outstanding athlete, we know he is physically very, very strong, and we know he has a big right hand," says Ladd. "The guy has a 33-second KO on his record. He basically hit the guy once."

But Ladd says he feels good about Walter's progress, as they've been through a full eight-week training camp, and Walter himself, chatting while taking a break, is sanguine about today's struggles.

"This is where I want to get beat," he says, watching the mat. "These people here are my friends, they're not trying to hurt me"—unlike the guy who will be across the cage in Wilmington on Saturday night, the 265-pounder with the big right hand, he of the 33-second knockout.

* * * * *

Mixed martial arts, or MMA, is a relatively new sport in North Carolina, only becoming legal again in 2008 after having been banned in the state in 1995. With the growth in visibility and popularity of the Ultimate Fighting Championship (UFC), by far

the most prominent professional MMA organization, fighters across the state are chasing the distant goal of becoming a UFC champion.

The hotbeds of mixed martial arts tend to lie out west—in California, where the UFC originated, or in Las Vegas, where it currently makes its headquarters—with prominent training camps and promotions scattered through the Midwest and Northeast. North Carolina's not the big time yet, but Rich Dambakly, the promoter of Battle in the South III, where Walter will be looking to take the next step toward a pro career, intends to put it on the map.

"I'm here to stay, there's no doubt about that," says Dambakly in a phone interview, adding, "I have the biggest connections in North Carolina."

Dambakly created Battle in the South after founding the Richard Dambakly Martial Arts Academy in Hampstead, a coastal town south of Wilmington. The 50-year-old native New Yorker moved to North Carolina in 2009 and began promoting mixed martial arts on the coast the following year.

Dambakly is a fourth-degree black belt who has studied martial arts for more than 30 years with Louis Neglia, a former world champion kickboxer from New York. He also learned his trade as a promoter under Neglia, who operates Ring of Combat, which staged the first MMA fight in New Jersey after the sport was legalized there in 2002. Dambakly still coordinates up to 10 shows a year for Ring of Combat, traveling frequently to Atlantic City.

He says he believes his experience as a fighter makes him a better promoter, helping him choose exciting match-ups and understand what fighters go through in their careers.

“I’m all about taking these young fighters, whether I’ve trained them myself or not, and bring them to a level where they’d like to get to, to get to the top to become champions,” Dambakly says, noting that 65 fighters have graduated from Ring of Combat to the UFC. “Or whether they’re just fighting to try something in their life, to experiment and say, ‘Hey, I did it once.’”

He also doesn’t see the promotion business as a competition, saying he tries to help aspiring promoters find their way.

“Being a promoter is a tough industry, a lot tougher than people may think it is,” Dambakly says. “You don’t just get through it and you’re done, there are all types of issues, from fighters to the events center to medicals. The list goes on and on.”

He promises a professional show in Wilmington on March 10, a smaller version of an Atlantic City or Las Vegas event. Fighters will come in from across the state—he reels off a list of fighters and their towns, from Burlington to Rocky Mount to Wilmington to Raleigh—home to Walter Smith, fighting for the heavyweight championship of Battle in the South.

* * * * *

Since MMA came online in North Carolina, events such as this one have sprung up around the state. Terrance Merriweather, assistant special agent in charge of the North Carolina Boxing Authority, which also oversees MMA events, has seen the sport grow steadily. The number of events in North Carolina has risen to 94 in 2011 from 67 in 2008. Last year, “70 to 75 percent of those fights were MMA,” Merriweather said from

his Raleigh office.

The authority's primary mandate is safety—not only of fighters, but fans and fight doctors as well. Merriweather says the authority is pursuing felony charges against two MMA fighters who submitted “unverifiable bloodwork.” The authority makes certain that a physician and ambulance are on site at each fight; in May 2010, an event in Fayetteville was cancelled when promoters did not provide a ringside doctor.

On the relative safety of boxing and MMA, Merriweather says the authority doesn't have an opinion but “several studies out there show that mixed martial arts is safer than boxing.” Kicks and elbows are permitted in professional MMA events in North Carolina, but not in amateur ones such as the fights in Wilmington.

North Carolina has played host to two UFC events, the first in 2008 in Fayetteville called “Fight for the Troops” that helped fund a traumatic brain injury unit for soldiers at Fort Bragg and a 2010 event at Bojangles' Coliseum in Charlotte. Although the UFC hasn't been back since, its popularity on TV, including a seven-year, \$700 million contract with Fox signed last summer, means that the UFC and MMA often blur together in the public mind.

Yet the majority of the MMA events in North Carolina are smaller shows, often purely amateur events like Battle in the South. Merriweather said he personally attends three shows in a typical month but won't be in Wilmington on Saturday because he will be attending a show across the state in Boone.

As head of World Combat Federation, a promotion that has staged seven installments of an event called the “Bull City Brawl” at the Durham Armory, Jason Culbreth knows how tough the fight business can be. As owner and operator of Forged

Fitness in Raleigh, a martial arts and fitness gym, Culbreth also knows the challenges fighters face in building a career.

“The problem with MMA is it’s a tough sport, and there’s not a lot of money in it for the fighters,” Culbreth says. “There’s some glory in it, a lot of local glory, but there’s not a lot of national glory.”

He says a few national promotions, including the UFC, can pay \$2,500 and up per fight, but even that’s not much when a fighter might have three fights a year if he stays healthy. And it’s tough to make the jump from local to national fights, especially for fighters from a small market such as North Carolina without much name recognition. The best way he knows to gain enough notoriety to attract the UFC is one he discourages his fighters from pursuing.

“The world watches fights for two reasons: because they love you or they hate you,” says Culbreth. “How hard is it to convince people who don’t know you to like you, how can I get you attached to me? I got to do a lot of work to do that. It ain’t hard to get you to dislike me.”

The UFC put MMA on the map in the early 1990s by aggressively marketing the sport’s violence. By 2001, that strategy had backfired, and the sport was banned in many states, including a 1995 ban in North Carolina. Back then, Culbreth says, most of the fighting just crossed the border to Virginia.

“We’d promote fights in Danville. So fighters from North Carolina were traveling everywhere else to fight, and all the revenues were going out of state. Kids couldn’t even have a home court they could fight in.”

Promoters weren’t as interested in having North Carolina fighters, because local

fighters who could bring supporters usually sold more tickets. And fighters made less money, because many made a commission from tickets they sold. Culbreth's World Combat Federation typically gives a \$5 commission to its fighters for each ticket.

"It was way harder [back then]," Culbreth says. "You couldn't develop a following, couldn't get people that would travel. You couldn't get exposure for your sponsors. If I can't fight in North Carolina and you're the local tire store trying to help me out, are you going to hand out tickets to all your customers and make them drive to Virginia? It was a lot harder for guys to make a living."

Gradually, as the UFC toned down the sport's violence and lobbied politicians around the country, the tide turned, and MMA returned to North Carolina. In 2008, Culbreth co-created Carolina Fight Promotions, which staged the first legal MMA event in North Carolina since the ban was lifted, although he parted ways with the company after that event.

Like Dambakly, Culbreth says promoting MMA events is a tough business. For the most recent Bull City Brawl in January, he says dozens of people were turned away at the door, but he's reluctant to expand, citing the pitfalls of growth: keeping a show under budget, attracting enough sponsorship money to cover the cost of renting a bigger venue, sustaining a series of successful shows to make it possible to weather a bad one, and so on.

All in all, he says, it's passion rather than profit that keeps him in the business.

"You have to be into it because you love the sport and are trying to put on a good show for the fans and the fighters."

* * * * *

Walter Smith's journey to the cage began with a weight problem. He says he loves to eat and is a fan of the Food Network, and his weight shot up to 310 pounds. He went to a martial arts studio near his job for a workout and never looked back.

These days, his normal weight is 250, and he works out two to three times a day whenever he can—before work, during lunch breaks, at night. His weight-loss program has worked so well that he actually has made an effort to bulk himself up to be closer to the 265-pound heavyweight limit, so as not to give away too much size to his opponent.

Although he's been practicing martial arts for only three years, he's taken it seriously from the beginning, and he looks on his upcoming fight as the next step in his rapid progress. Still, his main ambition for Saturday night is a simple and sensible one for someone with a stable life to return to outside the cage: □“Win, lose or draw, as long as I can come back looking pretty much the same way I went in there, that's a win.”

Smith was born and mostly grew up in Fayetteville, where his father was an Army warrant officer, with a three-year stint in Germany on an Army base. After graduating in 2001 from Western Carolina University with a major in industrial distribution and a minor in marketing, Smith went to work for Ferguson Enterprises, a plumbing supply company in Raleigh, where he's been ever since. He lives in Garner with his wife of seven years, Kimberly, and his 2-year-old daughter, Leah Simone.

“Family keeps you humble,” Smith says. “When I step in that door, I still have to take the trash out.”

Asked if his wife supports his fighting, he laughs and says, “Yes and no.”

“She supports me because it’s a vehicle to get stresses out. I come home stress-free, where a lot of people take their work problems home. By the time I get home, I’ve got all that frustration out, and I can cater to those things she wants to talk about. Does she like me in the ring? No, because she understands there’s a possibility I could get hurt.”

Friendly, thoughtful and soft-spoken, Smith sports a slightly scraggly, jutting beard that alone lends menace to his demeanor. His laid-back, almost pacific attitude stems from his parents, both of whom were in the Christian ministry.

When it comes to fighting, though, Jason Ladd considers Smith a natural.

“You don’t go to a school to learn to fight; that’s between your ears. You’re born with that,” Ladd says. “You’re either a fighter or you’re not, and he’s a fighter.”

Smith is modest about his fighting prowess, saying, “I thank God for my physical attributes, I had nothing to do with it.” His greatest advantage is the “gift of length”—his listed 6’4” height (“six three and seven-eighths,” he corrects) and his reach of almost 7 feet.

But don’t let the gentle giant demeanor fool you, Ladd says.

“Walter changes when he picks up his hands.”

Smith agrees, saying his aggression is “like a light switch.”

“I don’t have to be a jerk to be a fighter. I can be just a nice guy and mild-mannered and respectful, but when it’s time for you to go and do your business, it’s time to turn it on,” Smith says.

As fight day approaches, Smith and Ladd plan to curtail his sparring and grappling training, just running through light workouts in the last few days to keep his cardio up.

Smith warns he probably won't want to be interviewed right before the fight—not wanting to seem arrogant to the other fighters by talking to a reporter, like he doesn't need to worry—so I get one more question in now: does he see himself making a pro career in MMA?

He mulls it over and says: “For me, it’s a hobby. Do I see it paying me a large contract? I don’t know. I live for today, I know what it does for me today...I have a family, I have a wife and a kid. This is fun, but those are the things I look forward to every day.”

Much as he loves fighting, he says he could live without it, and he knows making a career of it is a long shot.

“To me [fighting] is an outlet. I’m 33. Career-wise, if you look at the UFC, where does it put you? If you look at what it shows, I’m at the height of my career. But only God knows what the future holds.”

For now, he is content to take his MMA career slowly and rely on Ladd to help him make the right decisions.

“I would trust Jason with my daughter, because I know he would not put me in jeopardy,” Smith says. “He’s concerned with me as if I was a child or a son, because he trained me in this art in a lot of aspects. My joke with him is, we’re playing a video game. He’s the joystick controller, and I’m the man.”

* * * * *

Jake Whitfield has learned a few things the hard way about the path Walter Smith is

contemplating. Whitfield has been pursuing mixed martial arts as a career since well before it became legal in North Carolina. He lives in Goldsboro, but prior to 2008, he would travel wherever he had to to get a fight. Beginning in 2005, he fought twice in Virginia and several times further west, from Kentucky to Ohio. He was only 19 then, with the “completely unjustified bravado” of a teenager, assured that he was going to be a UFC champion.

Back then, he says, fighting was all about glory, not money, “because everybody knew there was no money.”

Once he could compete in North Carolina, Whitfield quickly became the 170-pound welterweight champion of Carolina Fight Promotions, fighting in the RBC Center in 2009 and earning \$2,000 for successfully defending his title last July.

Today, at 26, seven years younger than Smith, he’s effectively retired from MMA.

“It’s difficult to get fights that pay enough money here,” Whitfield says. “If you make over \$500 on a fight in North Carolina, you’re doing well, and that’s barely enough to pay your medicals for a fight.”

Whitfield first got involved in martial arts learning jiu-jitsu from Jason Culbreth and now holds a black belt from Royce Gracie, the first champion of the UFC and a Brazilian jiu-jitsu legend. Whitfield founded his own gym, Triangle Jiu-Jitsu, in Goldsboro, but couldn’t sustain the business and moved out of the space in May 2011. He still trains about 15 serious jiu-jitsu and MMA students in a shed in his backyard, where his trophies and belts from his MMA career take up a corner.

Soon after his gym closed, his fighting career began to falter. Despite winning his last fight as Carolina Fight Promotions champion, he didn’t know when he would be able

to compete again.

“CFP put on the biggest and best shows in North Carolina, but I’m not even sure they’re going to put on shows anymore,” Whitfield says. He campaigned to get on the fight card for a show in October 2011 that ended up being canceled. CFP’s most recent event, scheduled for Jan. 12th in Myrtle Beach, has been postponed indefinitely, according to the promotion’s website.

As far as the UFC goes, Whitfield faced too many sacrifices and far too much uncertainty even to have a shot at moving up to that level. *Maybe* if he fought every month, *maybe* if he could avoid injury, *maybe* he could get picked up by the UFC...

“That’s a whole lot of maybes when you’ve got a 3-year-old and a 1-year-old,” Whitfield says. Like Smith, he is a family man. He and his wife, Ashley, have two young daughters, Ellie and Reagan.

Not knowing when his next fight might be, Whitfield essentially abandoned the competitive fight game, deciding to pursue a career in law enforcement instead. Although money problems contributed to his career change, Whitfield says he was paid fairly during his career and echoes his mentor Culbreth’s view on making a living in MMA: “Anybody who gets into MMA for the purpose of getting rich messed up.”

Another major factor in Whitfield’s retirement was his health. Eight years of full-time training have put more mileage on his body than his age would indicate, he says. Although he has insurance through his wife’s employer, Jake says it’s tricky for fighters to get insured independently. “You don’t turn in a form to Blue Cross that says ‘cage fighter.’”

Before his final fight for CFP in July 2011, on his last day of sparring just a week

before the fight, he badly injured his knee shooting for a takedown on the sweat-slick mat in his shed.

“I’d be willing to bet that if I went to the doctor right then and got an MRI, I’d have been on the operating table,” Whitfield says. But he needed the money and didn’t want to be perceived as ducking the fight, so he went ahead. Although Jake says he’s content to leave competitive MMA on that final fight—a submission victory—there’s a sense of regret that he never found the right way to reach the upper echelon of the sport.

“If I could change one thing about the way MMA is now, I would like to have a defined structure on how you’re going to get where you want to go. In baseball, you know: okay, I’ll play high school ball, let the scouts see me, maybe go to college, after college you got double A ball, triple A ball, you move up to the major leagues...I want the UFC, instead of saying ‘Hey, this year we’re going to do 45 pay per views!’, take some of that time, take some of that energy and put it into a grassroots system that’s going to give you the next [UFC light heavyweight champion] Jon Jones.”

* * * * *

Whitfield says he considers himself the third best fighter in North Carolina. The man he considers No. 1, Brandon Garner, has come even closer to realizing the UFC dream.

Garner made it all the way to the final try-out bout in 2008 for Season Eight of *The Ultimate Fighter*, the UFC’s reality show, but knocked his opponent out with what was declared an illegal knee, costing him his spot on the program and a shot at a UFC

contract.

Garner, a Hillsborough native who moved to Raleigh after graduating from Appalachian State University in 2003, went back to his job teaching hand-to-hand combat to Special Forces troops at Fort Bragg and continued to compete as the Carolina Fight Promotions 145-pound champion. But he quit CFP in 2010 in a salary dispute and hasn't competed at all since suffering a bad concussion in late 2010.

In November 2011, as his health improved, Garner and a partner, Jason Palacios, travelled to Albuquerque, N.M. to study with trainer Greg Jackson at one of the top MMA camps in the country. The UFC routinely selects fighters from certain well-regarded camps such as Jackson's, says Garner, because they know talented fighters will migrate there.

"We definitely held our own," Garner says of the week-long experience. "We didn't feel like 'the guys from North Carolina.' I think a lot of people were impressed."

The camp offered a level of competition and skill that's hard to find in North Carolina. "You have guys from all over the country, so everybody's picking each other's brains. Maybe I bring to the table great submissions, but this guy's an All-American wrestler, this guy's a Golden Gloves boxer, and everybody's helping each other."

Garner tried to use the trip as a gateway to the UFC. "[Jackson] put a word in for me, but [the UFC] said they currently have a hiring freeze on my weight class, so to give it some more time. I'm hoping to get another fight or two in, then maybe fight in the UFC."

Until he can make it on the national stage, however, Garner finds his career at an impasse in his home state.

“In North Carolina, you have tons of amateur shows, but there’s almost none with pro fights, so it’s really hard for me to find fights. And then if you do get a fight here and there in North Carolina, they offer you a brand new pro, not somebody that they’re going to have to pay for a title fight or something like that...It’s got to make sense for me financially to take six to eight weeks for a training camp and profit from it at the end of the fight. After you pay your trainers and your managers and all your training expenses and take days off of work, you usually just break even. And that’s if you don’t come out of the fight needing to pay some hospital bills.”

Yet Garner doesn’t blame promoters for focusing on amateurs, because he recognizes that it doesn’t make sense for events to feature pro fights when amateur cards are nearly as popular and a lot less expensive.

“With the boxing commission, the rule is that if you throw any pro fights you have to throw at least three,” Garner explains. “You’re talking about \$1,500 for one fight, and you’ve got to throw three pro fights. That’s \$4,500 extra, and are you really putting that many more butts in the seats?”

Garner hasn’t given up on his ambitions yet, but the time’s coming when he’ll either have to make his big break or let it go.

“If I got a UFC contract tomorrow, I’d take a lot of time off other things I did to chase that dream,” Garner says. “But I’ve been fighting for a long time. At some point you have to say, I’m not going to take those fights for peanuts anymore.”

* * * * *

The cage for Battle in the South III stands at the center of a converted freight warehouse that's part of the Carolina Convention Center in downtown Wilmington. With exposed brick walls and modern-looking gray ventilation pipes across the high ceiling, the space has a loft-like, almost gentrified feel, at odds with the uncensored hip-hop booming from the speaker system.

None of the competitors here tonight will be paid; each fighter receives a small trophy in the cage after the fight, win or lose, Little League-style. But the all-amateur card plays to a packed house from the first of its 20-plus fights, with some 400 fans crowded into the space, paying \$55 per seat and \$30 for standing room. The standing audience intensifies the atmosphere, and the local martial arts schools draw the biggest cheers.

The fighters and their cornermen are out of sight in a partitioned-off area of the warehouse. A quick check with Jason Ladd confirms that he and Walter Smith are focused on their preparation and don't want to talk until everything's over. The (unspoken) risk is that Smith might be in no condition to talk after the fight—there's a reason an Ogden-New Hanover Volunteer EMS ambulance is standing by, 50 feet away from the cage.

The towering guard standing watch by the backstage door, wearing the ubiquitous black t-shirt reading "STAFF" on the back and "Lou Neglia's ROC" on one sleeve, offers his take on Smith's chances.

"Walter has a lot of heart. You really have to put him away if you fight him," says Chris Sutton, a fellow heavyweight from Cage Academy in Wilmington who has seen some of Smith's earlier bouts. "Honestly, I just don't know if the guy he's fighting has

the gas tank to do it.”

Smith’s fight is part of the championship slate, the final five bouts of the night. Halfway through the card, the fans get the chance to cheer for Sutton’s stablemate, Alex Williams, a 155-pounder from Cage Academy. The first two rounds are dominated by Williams’ opponent, David Moore of Maple Hill, meaning the local boy needs to finish the fight to get a win. Williams comes out firing in the third, provoking Moore to take him down. In MMA, however, the fighter on top isn’t always winning the fight. As the fighters land, Williams catches Moore in a triangle, a jiu-jitsu choke hold that involves wrapping both legs around an opponent’s head and arm, with the legs in a triangle-like configuration. The submission attempt is loose at first, but Williams expertly tightens his legs, tucking one foot snugly under the other knee, squeezing his thighs together, and rolling his opponent’s shoulder towards the mat.

From cageside, through the chain link, Moore’s hand can be seen to slowly scratch the air, perhaps trying to indicate he’s giving up. The referee, though, is watching Moore’s eyes, and when the light goes out there, he stops the fight, pulling Williams’ legs loose and handing him the victory.

After a moment or two on the canvas, Moore rises, staggering a bit. The doctor at the foot of the cage stairs checks each fighter’s pupils with a penlight and exchanges a few words, but with no major issues, both walk off.

After the fight, Rich Dambakly takes the microphone in the cage, urging the roused audience to be respectful of the fighters.

“These young fighters, this is the place they come to fulfill their dreams to some day go on to become champions,” Dambakly says.

Maybe it's pushing it to compare his promotion to an Atlantic City or Las Vegas show just yet, but it's smoothly run, with two fresh fighters coming out as the last pair leaves, in joy or despair as the case may be. Nobody's had to be carried out to this point. And as the championship fights begin, the production values go up a notch, including a light pole like a drag racing tree flashing red, blue, yellow and green. When Walter Smith emerges from the fighters' area, Jason Ladd carries a bucket in his wake, and the stereo cranks his entrance music, "Jesus Walks" by Kanye West.

Already in the cage, Smith's opponent, Allen Crowder from Greenville, certainly looks like a guy who could knock someone out with one punch. Stacked with muscle and tattooed—the word "RESPECT" in aggressive Gothic script stands out along his right forearm—he flexes both biceps when the ring announcer says his name. Though his physique is substantially more defined than Smith's, he stands a couple inches shorter and weighed in only a couple of pounders heavier.

At the bell, Smith's game plan becomes clear: Stay away from that big right hand by taking the fight to the ground. As Walter pressures his opponent with the kind of relentlessness visited on him in practice, the fight starts his way. The 33-second mark passes by. Crowder stands with Smith on his back, a dangerous position for Crowder, but manages to turn and square up. Smith shoots again at Crowder's legs, taking him to the ground and landing a couple punches, but his powerful opponent manages a Hulk escape of his own to make it to his feet.

Nearly halfway into the three-minute first round, Smith makes his first mistake. Charging once more for a takedown, he sticks his head under his opponent's arm. Crowder seizes his chance, wrapping both massive arms around Smith's head and arm

and pulling him to the ground with a choke hold known as the guillotine for the pressure it exerts on the neck. In a few seconds, Smith is forced to “tap out”—literally tapping his opponent’s leg with his hand to indicate he’s giving up, the MMA equivalent of saying “uncle.” On his stool, Ladd winces; the first mistake proved to be the last.

As the Crowder contingent cheers, Smith gets his wits about him and extends his hand to his opponent, who takes it before they embrace—the customary end to an MMA fight, however violent the action. As the two receive their small trophies, and Crowder puts on his championship belt, Smith’s face bears a wry smile, more bemused than beaten.

In the end, Smith never really spent his energy or got to show his heart, because he just got caught. The heavy hands of his opponent didn’t catch him, but his jiu-jitsu problems did. He wasn’t hit too hard, so he’ll be able to go back to his wife and child without a marked-up face, but he didn’t get his win. One well-applied hold was all it took.

As he and Ladd walk back to the fighter’s area, Smith blames himself, but Ladd says: “This is not your fault; this is my fault.”

Backstage, while cutting the tape off Smith’s hands, Ladd confirms that taking Crowder down was the plan.

“We know that Mr. Crowder has a pretty big right hand, and we wanted to take that away as quickly as we could. We had a good feeling he was going to come across the cage like he was shot out of a cannon, and that’s what he did. I told Walter, change levels and put him on his back.”

Told he looked to be doing well in the fight, Smith shakes his head. The things that

stick in his mind are the mistakes. He doesn't mind losing, he just doesn't want to lose the same way twice, and he's already looking ahead.

"I learned from it," he says. "I need to spend some more time, maybe six to seven months working on my jiu-jitsu...When I look at the film, I'm going to see a lot I should've done better. The way this game works, the way MMA is, it was [Crowder's] night to win."

Ladd is a bit harder on himself: "The loss was on me, not on him. I tell all my students, they get the credit for the wins, I get the credit for the losses."

With a shrug, he says, "Back to the drawing board."

Smith agrees. "Just need to go back to work. When I lost my first [fight], I was really discouraged, but I'm older now. It's like a kid, you're going to evaluate problems differently."

So how old is he in MMA terms now?

"I'm a baby," Smith says. "I got a lot to learn."

Ladd joshingly credits him with 7 or 8 years old, but Walter shakes his head.

"I'm giving myself a 2 or 3. I'm still doing no-nos."

As a two-year-old's daddy, he knows what he's talking about. After his coach cuts the athletic tape off his hands, freeing his thumbs, Walter Smith steps aside to text his wife, letting her know how things went, that he lost but it's OK. When he gets back, he'll still look like the same man who left home.

CHAPTER SIX

THE UFC VS. THE NFL: THE LITTLE BROTHER BUCKS THE ODDS

"In eight years, the UFC will be bigger than the NFL, bigger than World Cup soccer. It will be the biggest sport in the world."

—UFC President Dana White, August 2008

On Feb. 5, 2012, the heaviest sports betting day of the year, nearly halfway into Dana White's timetable for manifest destiny, the eyes of Las Vegas were upon Indianapolis, where the New York Giants took on the New England Patriots in Super Bowl XLVI. This rematch of Super Bowl XLII, which had been won on a comeback drive led by Giants quarterback Eli Manning, had a chance to attract the largest handle—the total amount wagered at Nevada sports books on an event—of any Super Bowl, surpassing the \$94.5 million bet on the Pittsburgh-Seattle game in 2006.

Many bettors favored the Giants, especially for their superior defense. But in the quarterback matchup, the Giants' signal-caller, Manning, was the consensus underdog to three-time Super Bowl winner Tom Brady. On game day, most books favored the Patriots by 2.5 points, expecting the team to avenge its 2008 loss.

Much of the doubt about the Giants centered on Manning. While he had won as many Super Bowls as his big brother, former Indianapolis Colts quarterback Peyton, and had a chance to win another, many questioned whether he deserved to emerge from his brother's shadow.

Although the Super Bowl was played in Indianapolis, some 286,000 visitors were expected in Las Vegas for the weekend, according to the Las Vegas Convention and Visitors' Authority, many coming primarily to bet on the game.

On the night before the Super Bowl, UFC 143, a mixed martial arts event featuring an interim welterweight championship bout between Carlos Condit and Nate Diaz, was held in the Mandalay Bay Events Center on the southern end of the Las Vegas Strip. The UFC, a 19-year-old promotion that has become nearly synonymous with the sport of mixed martial arts (MMA), had its chance to come of age during the Super Bowl weekend and prove its president right.

Since its purchase by Zuffa LLC in 2001 for \$2 million, the UFC has taken off and is worth an estimated \$1 billion. But as a sports franchise, the UFC exists in the shadow of the NFL, each of whose 32 teams is worth an average of \$1.02 billion. A television deal between the UFC and Fox signed last August, the first network deal for the MMA company, is worth approximately \$700 million for seven years. The NFL's recently extended television contracts mean the league will make roughly \$7 billion in annual media rights beginning in 2014.

In the days leading up to this year's Super Bowl weekend, the Las Vegas sports books—the services within casinos or at independent locations that can legally take bets on sporting events—prominently featured a staggering variety of Super Bowl wagers. Many of them were proposition bets, or “prop bets”—esoteric, often long-shot wagers outside the point spread and over/under wagering sports books normally take for football games. The Las Vegas Hotel & Casino (LVH) featured a 25-page booklet of Super Bowl props, including some allowing wagers involving other sporting events taking place on

Super Bowl Sunday; a Duke basketball fan could crossover-wager on Austin Rivers' points versus Miami against the Giants' total points, or a golf fan could take a flyer on Phil Mickelson's birdies in the fourth round of the Phoenix Open against the Giants' total punts.

The UFC 143 wagering options at the LVH were more modest. Backed into the lower right corner of the giant betting boards above the sports book windows by the dozens of bets available on the Super Bowl, the UFC board offered basic money lines on five of the 12 fights on the card that night. In the main event, Carlos Condit, the underdog listed on the board at +175, would return \$175 on a \$100 bet if he won; Diaz, the heavy favorite at -200, would return \$50 on a \$100 bet if he took the belt.

Down at the Mandalay Bay sports book, a long hall away from where the fights would take place, the UFC claimed no more real estate. Six of the book's 16 screens listing available lines were devoted to horse racing, one to pro basketball, four to college basketball, three to the Super Bowl—again, mostly prop bets—and finally, cornered again, “MMA/Boxing” at the bottom right. A boxing match in San Antonio the same night led the section, adding insult to insignificance, with lines for the same five UFC fights listed at the LVH relegated to the bottom of the screen.

On the night of the fights, the UFC got no love from Mandalay Bay. During the preliminary fights, shown on the Fox-owned cable channel FX, the larger television screens were devoted to horse racing or college basketball; only one small screen next to the UFC betting board shows the FX television feed. When the UFC broadcast switched to pay-per-view for the final five fights, the ones on which the Mandalay Bay book offered betting lines, they couldn't be watched at all—in fact, none of the MGM/Mirage

sports books was willing to pony up the pay-per-view fee for the event.

Around Las Vegas, only the Station Casinos properties, operated by UFC owners Frank and Lorenzo Fertitta, regularly show UFC events at their sports books. Those books, however, don't accept wagers on the fights to avoid the appearance of a conflict of interest. A *Las Vegas Weekly* listing of where to watch the event mostly listed bars scattered around town, including five Buffalo Wild Wings—a viewing experience available Not Only in Vegas.

At the conclusion of UFC 143, as the crowd began to pour out of the Mandalay Bay Events Center, those who bet on the fights turned into the sports book to collect their winnings—including at least one loser.

“I can't believe they didn't give that to Diaz,” a young man in a Giants jersey wearing a stunned expression said to his friend as he came away empty-handed, except for his worthless betting ticket, from the betting window. “I didn't even watch the decision. If I had a million dollars, I would've bet a billion he won that fight. You hear what I said? If I had a *million* dollars, I would've bet a *billion* he won that fight. Condit had no rounds!”

Indeed, most of the talk online during and after the fight focused on the controversial decision victory for Condit, who was less aggressive but more accurate with his strikes. But in MMA, the judges' decision is final; the judging in the NFL and other sports might be as questionable, but never determines the outcome directly.

The next day, as the Super Bowl drew near, hundreds of fans and bettors jammed the Mandalay Bay sports book, lining up for 30 minutes to 45 minutes for the chance to make last-minute bets. At halftime, the Patriots led 10-9, and bettors took advantage of

the extended break to put in wagers on fresh lines for the second half. With five minutes left in the fourth quarter, much like four years earlier, the Giants trailed the Patriots, and the stage was set for Manning to answer his critics, once and for all.

* * * * *

On the Monday following the Super Bowl, Las Vegas sports books operators finally got to recover from the weekend and count their winnings. Jon Avello, race and sports book director at the Wynn Las Vegas & Encore Resort, didn't know his final handle yet, but the result of the contest between the UFC and the NFL was clear.

"It's not even close," said Avello. "The Super Bowl in the State of Nevada does about \$90 million. Those UFC fights altogether might do half a million or a million for one event."

Avello called the crowded scene at the Wynn on Super Bowl Sunday "sick" and said the handle stood a good chance of breaking the record. "What we wrote here at Wynn, I would say it has a chance to actually topple the \$95 million. I believe it's going to be all of 90."

Jay Rood, sports books director at MGM Resorts, which owns Mandalay Bay, MGM Grand and Bellagio, among other casinos, said: "You're talking apples and oranges when you're comparing the [UFC] event Saturday night and the Super Bowl."

To compare the UFC to the NFL, Rood said, you'd have to aim much lower.

"I would say this weekend with the MMA would compare to an average Sunday night," Rood said. "The handle would be close to that. The whole card on UFC 143

would compare to what we would book on a normal Sunday evening NFL game.” While Rood declined to give a specific number, he said the amount would be “well north of six figures.”

When the dust had settled, this year’s total Super Bowl handle for all Nevada sports books was \$93.9 million, second-highest total in the event’s history, according to a report by the Nevada Gaming Control Board. Even some of the weirder props came through: one bettor won \$50,000 for a \$1,000 bet at the MGM Grand that the first score of the game would be a Giants safety. More to the point as far as Las Vegas is concerned, the sports books made a profit of a little more than \$5 million, far from the \$15.4 million record set in 2005 but an improvement compared to last year’s paltry \$724,000 win.

“The [total] handle was about \$6.4 million more this year than last, a 7.3 percent increase,” said Jay Kornegay, race and sports book director at the LVH. Although there was concern that a Giants win would hurt the books, Kornegay said that he considered the problem “overblown,” though a better scenario for the books had been for the Patriots to win.

In comparison, the action on the headline fight at UFC 143 by itself “would rival an average to just below average college football game,” Kornegay said. An SEC game would attract more; a better comparison is “the low-end BCS schools. Okay, say Wake Forest is playing Duke? That could probably be comparable.”

“It’s hard for me to fathom that the UFC could rival the NFL,” Kornegay said.
(For more on the UFC and betting, see sidebar: The Sports Books’ Take On MMA)

While the UFC and the NFL may share the same DNA—a slick package of violence and elegance, a core fan base of young men—the UFC remains the NFL’s little

brother. So is Dana White just blowing smoke or kidding himself when he says the UFC can overtake the NFL?

A few factors could give the upstart hope. For starters, while the UFC is far smaller than the NFL, there are some advantages in being small. The UFC's stars are still accessible for the most part. At the UFC Fan Expo in Houston in October 2011, a convention for fans held in conjunction with UFC 136, dozens of fighters signed autographs for free, answered questions on stage and walked through the convention floor. A whole industry has grown up around the UFC, selling such items as T-shirts, pharmaceuticals and exercise equipment.

In fact, for all its globe-hopping, the UFC is a one-town business at heart, operated out of a Las Vegas office down the street from the original Station Casino. Many of the stars of the sport train nearby; Vegas gyms include TapouT, Wand Fight Team and Xtreme Couture, owned by former UFC champion and actor Randy Couture. Fans visiting Xtreme Couture, a mile or so nearly due west towards the mountains from Mandalay Bay, can watch stars of the sport train for free, from former UFC heavyweight champion Forrest Griffin to welterweight contender Martin Kampmann.

Keith Kizer, executive director of the Nevada State Athletic Commission, acknowledged the UFC's pre-eminence in Las Vegas at the commission's Feb. 1 hearing. In response to commissioner Pat Lundvall's comment that allowing the UFC to hold shows on 13 consecutive Friday nights was "unprecedented" and could interfere with other promotions because only two shows are permitted in the city on a given day, Kizer pointed out that in Las Vegas, "there is a pecking order, based on revenue generation," with the UFC at the top. The request was approved.

The UFC has been around for less than two decades and spent most of the first running itself into the ground; by 2001, when Zuffa purchased the UFC, it was barred in numerous states and wasn't shown anywhere on television, even on pay-per-view. The Zuffa team of Dana White and Frank and Lorenzo Fertitta poured money into the turnaround of the company, but it didn't gain traction until *The Ultimate Fighter* became a hit in 2005. The NFL, founded in 1920, has had more than 90 years to establish itself; extrapolating based on how far the UFC has come, the company's trajectory might indeed lead an optimistic eye to a horizon where the company has eclipsed the NFL.

And with the UFC's new television deal with Fox, the company is ready at least to compete with the NFL on an equal basis. The Fox deal includes four fights on the Fox network as well as many more events on Fox cable channels—six “Fight Night” events on FX and 26 *Ultimate Fighter* episodes on Fuel. Fox's overall package provides the UFC with access to many more households than the company's former deals with Spike and Versus did, as well as promotion during popular shows on those channels, including Fox's NFL broadcasts. In addition to more than 100 regular-season games, Fox broadcast all 2012 NFC playoff games, including the Giants' victory against the San Francisco 49ers in the NFC championship. In 2014, Fox will have its turn, following NBC in 2012 and CBS in 2013, to broadcast the Super Bowl—and advertise the UFC to the world.

The UFC's already making its play for international exposure. The company returned to Brazil for two events in August 2011 and January 2012 after a 13-year absence and started a version of *The Ultimate Fighter* for Brazilian television in March 2012. On Feb. 26, the company also revisited Japan for the first time since 2000. Other

2012 venues include first-time visits to Stockholm and Calgary and return trips to Sydney, Montreal and Toronto.

Mixed martial arts is a natural for international support, with its key constituent martial arts popular in regions around the world: Muay Thai in Thailand, jiu-jitsu in Brazil, judo in Japan, kickboxing in Northern Europe, boxing in the United Kingdom, and wrestling and boxing in the United States. Yet MMA is also simple enough to translate to audiences unfamiliar with its nuances. American football, for all its popularity, doesn't translate as easily. While the Super Bowl is an international phenomenon, the NFL isn't; just as the league flourished in the United States, its effort to establish itself abroad, NFL Europe, folded in 2007. The NFL's sole regular international venture is a yearly "International Series" game played at Wembley Stadium in London.

Though on a smaller scale, the UFC has dominated MMA as the NFL has dominated football. The UFC saw competitors Affliction and the International Fight League go out of business and purchased rivals Pride, World Extreme Cagefighting and Strikeforce, absorbing many of those organizations' fighters.

That approach to commandeering personnel applies elsewhere, too. The UFC signed the former anchor of ESPN's *MMA Live*, Jon Anik, to host *The Ultimate Fighter* and call fights on Fox and brought on Ariel Helwani, a well-known MMA journalist, to conduct post-fight interviews on Fuel. The UFC's executive director of regulatory affairs, Mark Ratner, is the former executive director of the Nevada State Athletic Commission. The current executive director of the Nevada State Athletic Commission is Keith Kizer, who recognized the UFC's place in the Las Vegas pecking order at the commission's Feb. 1 hearing.

Finally, the UFC has a grip on labor that the NFL lacks. NFL owners and players split revenue nearly 50-50, and the NFL almost lost its 2011 season after a walkout by the players' union in a dispute about a few percentage points of that revenue. The UFC's fighters are not unionized, and ESPN's *Outside the Lines* ran a report in January citing a claim that the average annual salary for a UFC fighter is somewhere from \$17,000 to \$23,000. As a private company, the UFC doesn't have to open its books, making comparing salaries to revenues difficult, but Lorenzo Fertitta said in the ESPN story that fighters' compensation was "in the neighborhood" of the roughly 50 percent of revenues the NFL, NBA, MLB and NHL pay their players.

Whatever the truth might be, Dana White has made it clear that UFC fighters should be happy with the pay they get. According to *Blood in the Cage*, a 2009 book on MMA by *Sports Illustrated* writer Jon Wertheim, White had a set speech he would deliver to fighters asking about pay: "If you do your job and take care of business, money is going to fall on your fucking head."

But for all the signs of growth, there are signs of potential weakness, too—often on the flip side of the UFC's advantages.

With the UFC putting on more events, there might be an MMA glut. The most popular fighters can only fight so often—every three months or so at best compared with football players competing every week during an NFL season—so even many main events feature less well-known fighters. More young fighters sign with the UFC all the time, but they may not be enough to fill the company's needs. The elimination of the UFC's competitors means fewer places for fighters to develop their skills while making a living; in essence, the UFC has weakened its own pipeline. The cancellation of a

scheduled pay-per-view event in Montreal on March 24 because the UFC was unable to deliver a “championship card” meant that the UFC would air no pay-per-view in March, the first such calendar month since January 2006.

In addition, the TV ratings for *The Ultimate Fighter* fell to their lowest in 13 seasons in 2011 when Brock Lesnar, typically one of the company’s biggest draws for pay-per-view events, coached a team on the show. This season’s revamped version of the show on FX looked to spark excitement with live weekly fights, but has had even lower ratings.

As the UFC tries to move into the mainstream, Dana White’s profane and abrasive personality runs up against the more self-contained, corporate style of Roger Goodell of the NFL or David Stern of the NBA. And White’s image problem reflects a persistent issue for the company as a whole: how to shake the UFC’s, and MMA’s, nasty reputation? Although the UFC’s lobbying efforts have helped get MMA legalized in all but a handful of states, New York maintains its 1997 ban on professional MMA, chiefly due to continued concerns regarding the safety of the sport and the violence (and vulgarity) of its message.

The international success of the UFC may also have a downside for the company’s domestic business. Where the majority of NFL players are U.S.-born, many of the UFC’s stars are foreign, including four of its seven champions. The NFL supplanted baseball as the national pastime during a period when more and more foreign-born players entered the major leagues. Americans like to root for Americans, and while Americans hold their own in MMA, they don’t dominate it as they do football.

The UFC’s competition, while reduced at the moment, isn’t totally dead, with

Bellator strengthened through its October 2011 purchase by Viacom. Also, while the UFC's value has ballooned, if it's still comparable to that of an NFL team, what's to stop a motivated billionaire from founding his own MMA organization? If starting salaries are much lower than in other sports, how can the UFC shut out its competitors? Dana White and Lorenzo Fertitta often mention that Zuffa lost about \$44 million rebuilding the UFC before finally turning its fortunes around in 2005. That's a few years of rookie Indianapolis Colts quarterback Andrew Luck's first contract—what's to stop another company, seeing the success the UFC's having, from investing its own \$43 million to exploit the model the UFC's laid out?

For the time being, the UFC seems to have more going for it than against: few competitors, an influx of TV cash, cheap labor, and the biggest brand in its sport. If the UFC puts a few superfights together and develops its Ali and Frazier, its Manning and Brady—daring to cultivate personalities bigger than the company itself—eight years might be just the start.

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With 3:46 remaining in Super Bowl XLVI, Eli Manning drove the Giants downfield for a touchdown, securing the Giants' win and his second Super Bowl MVP. The Giants set a new record for the lowest regular season record, 9–7, for a Super Bowl champion, and Eli Manning was finally being plausibly spoken of as being good as, or even better than, Peyton. The little brother had pulled ahead of the big brother, and the franchise that wasn't even supposed to be in the game beat the dynasty again.

Nevertheless, the next day, the Wynn had posted these first odds on teams to win

Super Bowl XLVII:

Packers 4/1
Patriots 6/1
Saints 7/1
Ravens 8/1
Steelers 9/1
Texans 10/1
Niners 12/1
Chargers 12/1
Giants 12/1

Eli Manning's newly crowned Giants were installed in a three-way tie as seventh-favorite team to win next year's championship. Apparently, at the Las Vegas sports books, you *can* argue with success—but that doesn't mean you can stop it.

CHAPTER SEVEN

COMBAT PAYOUT:

THE SPORTS BOOKS LOOK AT THE FUTURE OF BOXING AND MMA

At a Nevada State Athletic Commission hearing in Las Vegas on Feb. 1, Floyd Mayweather appeared with his lawyer and manager to seek a postponement of his jail sentence for battery domestic violence. A judge had already approved the postponement, but Mayweather needed the commission to sanction his next fight for the deal to hold. Mayweather had kept the identity of his opponent secret until the hearing, but the announcement he would be fighting Miguel Cotto on May 5 dashed any hopes that he'd finally take on Manny Pacquiao in a long-delayed superfight.

If Mayweather was the main event of the commission hearing, there was notable action on the undercard, too. Bjorn Rebney, the chief executive officer of Bellator Fighting Championships, a five-year-old Chicago-based MMA promotion, sought permission to bring his company's first fight to Las Vegas. Kirk Hendrick, chief operating officer of the Ultimate Fighting Championship (UFC), also attended, requesting approval for an unprecedented 13 straight Friday nights of fights as part of the new live version of the UFC's reality show *The Ultimate Fighter*.

While the UFC may not be pushing the NFL for sports betting pre-eminence anytime soon, the company's more immediate (and perhaps more realistic) competition is its rivalry with boxing to be recognized as the public's favorite combat sport. Since the

Fertitta brothers and Dana White took control of the UFC in 2001, mixed martial arts has grown to eclipse boxing as a betting proposition, according to several Las Vegas sports book directors.

“The way it is with boxing not having heavyweight fighters, MMA has really taken over,” said the Wynn’s Avello. “The heavyweight game has tailed way off, hasn’t been the same for years. The heavyweights in the UFC, that’s where you’re going to see the most action, that brings the most money.”

Boxing has been on the decline for a long time, said Avello, and when the most recognizable heavyweight in America, Mike Tyson, is doing a self-parodying cameo in *The Hangover 2*, the books’ boxing handle suffers.

“The Klitschko guys have all but snuffed out interest in the heavyweight division [in the United States],” said MGM Resorts’ Rood, referring to Vladimir and Vitali Klitschko, Ukrainian brothers who between them hold five major heavyweight boxing championships. Rood noted that the Klitschkos fight mostly in their adopted home country of Germany.

“There hasn’t been a significant heavyweight fight in the United States in at least 10 years,” he added. “But I wouldn’t say there’s been a significant heavyweight fight in 10 years, period.”

Avello said that boxing’s recent failure to capture the public’s attention was good news for MMA. He cited Brock Lesnar, the former UFC heavyweight champion notorious from his days in the WWE, a professional wrestling promotion, as regularly bringing in big betting action. However, Lesnar announced his retirement from the UFC following a loss to Alastair Overeem on New Year’s Eve.

As boxing fades and MMA's star rises, Kornegay said the increasing frequency of the UFC's events helps to raise the company's profile.

"The UFC has grown more and more popular by the event," Kornegay said. "It certainly surpasses boxing or any other kind of fighting."

"[UFC] cards are so much better than the boxing cards," he added. "You look at boxing champions, their record's 44-1. You look at a champion in the UFC, they're like 27-6. You know anything can happen, that's the intriguing thing in MMA. Boxing tends to set up your fight, there's a lot of stepping stones; they avoid each other, get these gaudy records. The reason why undercards get more action is because there are better fights in the UFC."

However, boxing's best fights still have the biggest draw, Avello said. "They can be huge—a lot of six figure bets on those type of fights. You won't find that in the UFC."

Rood agreed. "There's no comparison even now. You take the biggest MMA card, and you take the biggest boxing card that we could put together—if we put together Mayweather and Pacquiao right now, and say the two heavyweights go at it, [former UFC champion] Cain [Velasquez] and [current UFC champion Junior] dos Santos, and then [UFC middleweight champion Anderson] Silva all on the same card—the boxing would still trump it."

"The UFC has overtaken and lapped boxing, yet the fight that everyone wants to see is not in the UFC but in the boxing world," Kornegay echoed.

The UFC is developing its own star power, although UFC 143 lost much of its luster after an original match-up of Diaz and Georges St. Pierre, the reigning

welterweight champion, was scratched because of a knee injury to St. Pierre; Condit was announced as St. Pierre's replacement in December 2011.

“We got good two-way action on that fight [Condit-Diaz] because people thought Diaz was the superior fighter, but we got a lot of inside late money on Condit,” said Rood. “We did well on the fight, but we would've gotten a ton of money on GSP [St. Pierre], and his number would've been skewed just because of his popularity.”

If the UFC doesn't transcend its stars—Rood said St. Pierre-Diaz would have done double the business Condit-Diaz did—it has something to sell in their absence: the UFC brand, which is often more recognizable than even headline fighters as the UFC accelerates its production schedule, with 12 events (not including *The Ultimate Fighter* episodes) scheduled for the first six months of 2012, compared with eight for the same period of 2011.

To Rood, the UFC's crowded schedule might be too much of a good thing.

“In the early years, when MMA was really starting to foster the fan base, they showed up in droves,” Rood said. “Mainly because they didn't have a fight every four weeks. It was every six to eight weeks; there was anticipation and build up. Now that it's a little more...I don't want to say watered-down...it's a little more saturated. You're having more fights at different locales. It's not quite the event it used to be.”

And the UFC isn't the only promotion going. Avello said he takes action on MMA events besides those put on by the UFC, including Strikeforce and Bellator cards. “We do all three. A lot of them are on Spike TV, national TV, which really helps the betting too. People like to bet on things they can actually see.”

But as the UFC still shows about half its fights on pay-per-view, finding a place to

watch the fights, especially in the UFC's hometown of Las Vegas, isn't always easy.

Rood said he also believes that despite the sport's higher profile, including its new network TV deal with Fox, its popularity with the general public will grow only slowly, with the violence of the sport keeping it marginalized.

"I would say that MMA is very much a niche sport right now," Rood said. "You're either a fan of it or you're not. There's not many people who are just going to casually watch it...I think that's going to be their hardest obstacle to overcome. Because the NFL, you don't necessarily have to be a fan to watch it. You can sit and watch it, and it's not necessarily compelling but it's not going to turn you off. A lot of people watch the MMA, and they get a little turned off by some of the brutality."

Kornegay agreed. "I can't imagine the families out there liking it. It's still fighting, and things get brutal...You don't see kids that have that Affliction stuff on, nowhere near the crowd with the NFL swag on." Affliction makes t-shirts worn by MMA fighters and briefly ran an MMA promotion before it folded in 2009.

"They've got a long way to go. It would be pretty good long shot to rival the NFL."

Yet while UFC may be a niche sport, it seems to be solidifying its hold on that niche. "It certainly has a lot of momentum," Kornegay said. "We used to say NASCAR is the fastest-growing sport. There's no doubt that MMA is the fastest-growing betting sport, probably over the last three years or so. In the early 2000s it looked like NASCAR was going to be," but it "flatlined a little bit" with the national economic downturn starting in December 2007.

"I certainly think [MMA] could become a major betting sport," Kornegay added.

“They could maybe be the fourth biggest. When they talk about four major sports, they talk about football, basketball, baseball and hockey—could UFC take over that fourth spot from hockey? It might already have.”

To put it in football terms, Kornegay said: “They’ve passed a mid-major conference. Now they’ve got to pass a BCS conference.”

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