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Judge's Ruling Questions U.S. Soccer's Power

By **MATTHEW FUTTERMAN**

The United States Soccer Federation has long held nearly monolithic power over both professional and amateur soccer in the United States.

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Ronaldinho of AC Milan collides with Ricardo Rojas of Club America during a July 2009 game in Atlanta promoted by CAA Sports, which paid a fee to the U.S. Soccer Federation for sanctioning the game.

But a recent ruling from a federal judge in Illinois has called that authority into question, putting a sizeable source of revenue for the Chicago-based federation in jeopardy.

At issue is the USSF's basis for collecting a fee to sanction professional matches between international soccer teams that take place on U.S. soil. In a ruling this summer from an ongoing lawsuit between the USSF and a former promoter, U.S. District Court Judge Harry Leinenweber decided the federation's claim that federal legislation allows it to collect such fees has little merit.

A USSF spokesman said the federation has collected the fees since the 1980s. Last year the federation collected \$2.9 million in sanctioning fees, up from \$1.7 million in 2008.

From 2001 to 2005 one of the major promoters subject to those fees was ChampionsWorld, LLC, a New Jersey-based company that promoted games in the U.S. involving some of the most famous teams in the world, including Manchester United, Chelsea and AC Milan.

Promoters are obligated to pay between 5.25-15% of gross gate receipts, depending on the teams involved and the amount of revenues collected.

But in July Judge Leinenweber ruled the federation doesn't have the right to collect sanctioning fees from promoters and oversee professional soccer in this country unless it relates to qualifying players for the Olympics or other related events.

Lawyers for U.S. Soccer argued the Ted Stevens Olympic and Amateur Sports Act gives it this authority, along with FIFA.

However, Judge Leinenweber said those claims make little sense, since the Amateur Sports Act doesn't give this country's national sports governing bodies power over professional leagues and games. If it did, the judge reasoned, then USA Basketball, for instance, would have control over the NBA.

"It is extremely difficult to conclude from a reading of the plain text of the ASA or its legislative history that Congress intended such a result," he wrote.

In addition, FIFA, soccer's Switzerland-based worldwide governing body, can't give USSF the power to violate U.S. antitrust laws, the judge stated. The ruling allows the lawsuit from ChampionsWorld against the USSF to move forward and could create some uncomfortable moments for U.S. soccer officials.

ChampionsWorld filed for bankruptcy in 2005. Its creditors partially blame its demise on some \$3 million in fees it had to pay the USSF to sanction its matches. In a subsequent lawsuit, the creditor's lawyers argue that such fees and partnerships between the USSF and Major League Soccer, the top professional soccer league in the U.S., created an unfair burden and violated antitrust laws. MLS, through its subsidiary Soccer United Marketing, is also a promoter of international soccer.

The creditors also allege that USSF officials threatened to report ChampionsWorld and its principal, Charlie Stillitano, to FIFA as an untrustworthy promoter if the ChampionsWorld did not pay its fees.

A spokesman for the USSF declined to comment, citing the organization's policy of not discussing ongoing litigation.

Mr. Stillitano is now an executive with CAA Sports, the sports and entertainment company, where he works to bring international soccer matches to the U.S. He did not return phone calls seeking comment.

In an interview last week, Mark Abbott, the president of MLS said, "ChampionsWorld went out of business because it didn't have a viable business model and not as a result of any improper action by U.S. Soccer or MLS."

Jamie Brickell, a lawyer for the ChampionsWorld's creditors, said he expects to depose USSF president Sunil Gulati in the coming weeks. Mr. Gulati also works for the New England Revolution of the MLS and has been instrumental in the league's growth.

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