

No. 25-416

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In the Supreme Court of the United States

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CANGREJEROS DE SANTURCE  
BASEBALL CLUB, LLC, ET AL., PETITIONERS,

v.

LIGA DE BÉISBOL PROFESSIONAL  
DE PUERTO RICO, INC., ET AL.

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*ON PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT*

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**BRIEF IN OPPOSITION**

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# I

## QUESTIONS PRESENTED

For more than a century, this Court has held that the federal antitrust statutes do not apply to the “business of baseball.” The Court has twice reaffirmed that principle, both times emphasizing that any change in this longstanding rule must come from Congress. Congress, however, has rejected every proposal to alter this rule. And the Court has repeatedly declined invitations to apply the federal antitrust laws to the business of baseball absent such congressional action.

Petitioners once again ask the Court to overrule this century-old statutory precedent. Specifically, petitioners accuse Puerto Rico’s winter league baseball organization of violating federal antitrust law by excluding petitioners from the league when they disobeyed league rules. Both courts below rejected petitioners’ claim, in keeping with this Court’s consistent rejection of similar claims.

The questions presented are:

1. Whether, despite Congress’s refusal to extend the federal antitrust laws to the “business of baseball” and baseball’s development in reliance on that exemption, this Court should overrule *Federal Baseball Club of Baltimore, Inc. v. National League of Professional Baseball Clubs*, 259 U.S. 200 (1922), *Toolson v. New York Yankees, Inc.*, 346 U.S. 356 (1953), and *Flood v. Kuhn*, 407 U.S. 258 (1972).
2. Whether the Court should cabin the antitrust exemption established in *Federal Baseball*, and reaffirmed in *Toolson* and *Flood*, to baseball’s now-defunct reserve system.

## II

### **CORPORATE DISCLOSURE STATEMENT**

Liga de Béisbol Profesional de Puerto Rico, Inc.<sup>1</sup> is a Puerto Rico non-profit corporation. It has no corporate parent, and no publicly held company owns 10% or more of its stock.

Leones de Ponce CF Inc., RA12, Inc., Criollos Management, Inc., Indios de Mayagüez Baseball Club Inc., Gigantes de Carolina Baseball Club Inc., and Impulse Sports Entertainment Corporation are Puerto Rico corporations. They have no corporate parents, and no publicly held corporation owns 10% or more of their stock.

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<sup>1</sup> The petition misspells respondent's name as "Liga de Béisbol Professional de Puerto Rico, Inc.," and this Court's official caption reflects petitioners' error. To conform to this Court's official caption, respondent has retained the misspelling on the cover of this brief but otherwise uses the correct spelling throughout.

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## INTRODUCTION

Over a century ago, in *Federal Baseball Club of Baltimore v. National League of Professional Baseball Clubs*, 259 U.S. 200 (1922), this Court held that federal antitrust laws do not apply to the business of baseball. In the 50 years following that decision, this Court twice upheld that interpretation of the antitrust laws, in *Toolson v. New York Yankees, Inc.*, 346 U.S. 356 (1953), and *Flood v. Kuhn*, 407 U.S. 258 (1972). Three more times, the Court expressly reaffirmed that the baseball exemption would continue to be the law of the land unless and until Congress said otherwise. *See Radovich v. National Football League*, 352 U.S. 445, 451 (1957); *United States v. International Boxing Club*, 348 U.S. 236, 244 (1955); *United States v. Shubert*, 348 U.S. 222, 230 (1955).

Fast forward another 26 years, to when Congress made its position explicit. In the Curt Flood Act of 1998, Pub. L. 105-297, 112 Stat. 2824, Congress curtailed baseball's antitrust exemption with respect to the employment of major-league players. Critically, however, Congress expressly preserved the exemption for the rest of the "business of baseball," including any aspect of minor-league play. For decades since, litigants have repeatedly called on this Court to do what Congress refused to do, by overruling a statutory precedent going on a hundred years old. This Court has declined each time.

This petition is the latest such request. Petitioners are the former investor-operator of a minor-league franchise in Puerto Rico and his business affiliates. They were suspended from the Liga de Béisbol Profesional de Puerto Rico, Puerto Rico's professional baseball winter league, over a public dispute concerning stadium exclusivity and petitioners' attempt to relocate

their franchise. Petitioners sued the Liga in Puerto Rico court under Puerto Rico law and lost, violating the terms of their contract with the Liga and losing their franchise permanently in the process. Seeking a second bite at the apple, petitioners sued the Liga in federal court, alleging an antitrust conspiracy in violation of the Sherman Act. As the lower courts correctly held, however, petitioners' claims concern activities, like the geographic distribution of teams and the internal organization of a league, that are central to the "business of baseball" and thus immune from antitrust scrutiny. To resuscitate their claims, petitioners ask this Court either to overrule more than a century of precedent or to otherwise narrow the baseball exemption to cover only the now-defunct player "reserve" system, rendering the exemption a dead letter in any event.

The Court should again decline the invitation. The Court's precedents make clear that calls to overrule or narrow an enduring statutory precedent are properly directed to Congress, not the Court. That is especially true here, where Congress has specifically addressed this area and chosen to leave the relevant aspect of the exemption undisturbed. Perhaps for those reasons, the Court has repeatedly denied petitions seeking to overturn the exemption since Congress passed the Curt Flood Act. There is no reason for a different result here. There is no meaningful division among the lower courts, and the First Circuit correctly applied the exemption in this case. And in any event, this case presents a poor vehicle for reconsidering this Court's precedents because petitioners' claims would fail on the merits even if the exemption did not apply.

The petition should be denied.

## STATEMENT OF THE CASE

### A. Legal Background

In 1922, this Court held in *Federal Baseball Club of Baltimore, Inc. v. National League of Professional Baseball Clubs* that federal antitrust laws do not apply to “[t]he business [of] giving exhibitions of base ball.” 259 U.S. 200, 208-209 (1922). In a unanimous opinion authored by Justice Holmes, the Court held that professional baseball was not interstate commerce and thus fell beyond the reach of federal antitrust law. *Federal Baseball* presented a close question under then-prevailing Commerce Clause jurisprudence, *see* Stuart Banner, *The Baseball Trust* 81 (2013), and the Court offered two independent bases for its conclusion. First, the Court held that, notwithstanding the movement of players across state lines, “exhibitions of base ball . . . are purely state affairs”—in other words, they are not interstate activity. *Federal Baseball*, 259 U.S. at 208. Second, the Court concluded that baseball games were not “trade or commerce in the commonly accepted use of those words” because “personal effort, not related to production,” does not qualify as trade or commerce. *Id.* at 209.

Over the next several decades, the Court faced repeated calls to overrule *Federal Baseball* “on the ground that it was out of step with subsequent decisions reflecting present[-]day concepts of interstate commerce.” *United States v. Shubert*, 348 U.S. 222, 229-230 (1955). But when the Court returned to the issue in 1953, it squarely reaffirmed *Federal Baseball*’s holding that “the business of providing public baseball games for profit between clubs of professional baseball players was not within the scope of the federal antitrust laws.” *Toolson v. New York Yankees, Inc.*, 346 U.S. 356, 357 (1953).

In so holding, the *Toolson* Court emphasized that Congress had not acted to eliminate or cabin the baseball exemption in the intervening decades—despite the shifting Commerce Clause landscape. “Congress,” the Court explained, “had the [*Federal Baseball*] ruling under consideration but has not seen fit to bring such business under these laws by legislation . . . . The business has thus been left for thirty years to develop, on the understanding that it was not subject to existing antitrust legislation.” 346 U.S. at 357. The Court concluded, in no uncertain terms, that “Congress had no intention of including the business of baseball within the scope of the federal antitrust laws.” *Ibid.* And critically, the Court made clear that it would continue to recognize the antitrust exemption unless and until Congress decided that baseball “warrant[ed] application” of “the antitrust laws” and acted to change the status quo “by legislation.” *Ibid.*

In the years that followed, the Court rejected similar antitrust exemptions for other professional sports. *See, e.g., Radovich v. National Football League*, 352 U.S. 445, 447-448 (1957); *United States v. International Boxing Club*, 348 U.S. 236, 243-244 (1955). Nevertheless, consistent with *Toolson*, the Court underscored that the exemption for baseball remained good law, and that any change to that exemption must come from Congress, not the courts. *See Radovich*, 352 U.S. at 451; *International Boxing*, 348 U.S. at 244; *Shubert*, 348 U.S. at 230.

In 1972, in *Flood v. Kuhn*, 407 U.S. 258, the Court once again confronted the question of whether to overrule *Federal Baseball* and *Toolson*—and once again, the Court reaffirmed that baseball’s antitrust exemption remains good law. The Court emphasized that, in the 20 years since *Toolson*, “more than 50 bills ha[d]

been introduced in Congress relative to the applicability or nonapplicability of the antitrust laws to baseball.” *Flood*, 407 U.S. at 281-282. No bill restricting the antitrust exemption, however, had passed, leaving in place the holdings of *Federal Baseball* and *Toolson*. *Ibid.* Emphasizing Congress’s decision not to disturb the baseball exemption and the reliance interests that had built up over 50 years of the exemption, the Court explained that it was “loath . . . to overturn [*Federal Baseball* and *Toolson*] judicially when Congress, by its positive inaction, has allowed those decisions to stand for so long and . . . has clearly evinced a desire not to disapprove them legislatively.” *Id.* at 283-284. But the Court reiterated that Congress retained the authority to subject baseball, in whole or in part, to federal antitrust law: “what the Court said in *Federal Baseball* in 1922 and what it said in *Toolson* in 1953, we say again here in 1972[;] the remedy, if any is indicated, is for congressional, and not judicial, action.” *Id.* at 285.

In 1998, Congress did act—by carving out from the longstanding antitrust exemption a narrow category of suits challenging conditions of employment for major-league players. 15 U.S.C. § 26b(a) (allowing such law-suits “to the same extent such conduct . . . would be subject to the antitrust laws if engaged in by persons in any other professional sports business”). At the same time, however, Congress clarified that it was *not* altering any other aspect of the baseball exemption: “This section does not . . . apply the antitrust laws to[] any conduct, acts, practices, or agreements that do not directly relate to or affect employment of major league baseball players to play baseball at the major league level, including . . . any . . . matter relating to organized professional baseball’s minor leagues.” 15 U.S.C. § 26b(b)(2).

## B. Factual Background

Liga de Béisbol Profesional de Puerto Rico is the professional baseball winter league in Puerto Rico. Pet. App. 5a-6a. The Liga comprises six independently owned and operated clubs. *Id.* at 6a. The Liga is independent of MLB, Resp. App. 13a, but like other Caribbean leagues, the Liga operates under an agreement with MLB that allows MLB-affiliated players to play in the Liga during MLB's offseason, *see* Pet. 8.

In 2019, petitioner Thomas Axon purchased operating control of the Cangrejeros de Santurce baseball club based in San Juan, through a sole-member LLC. Pet. App. 5a-7a. Axon assumed the previous franchisee's obligations under an investor-operator agreement with the Liga. Resp. App. 15a. As required by the agreement, Cangrejeros plays its home games in the Hiram Bithorn Stadium owned and administered by the Municipality of San Juan. Pet. App. 7a; Resp. App. 59a. Between 2020 and 2024, the Cangrejeros club shared the stadium with another club in the Liga, called RA12. Resp. App. 67a.

In February 2022, Axon proposed to the Municipality of San Juan that the Cangrejeros club would invest \$2 million to improve Bithorn Stadium; in exchange, Axon requested that the Cangrejeros club receive an exclusive 15-year lease on the stadium, which would effectively evict RA12. Pet. App. 7a-8a. The Municipality declined the offer. *Id.* at 8a.

Axon then informed the Liga—and announced publicly—that he would no longer accept a municipal sponsorship from San Juan for the Bithorn stadium. Pet. App. 8a. In a press conference, Axon “referenced the Bithorn’s defects, the negative impact of these defects on player performance and fan engagement, and San

Juan’s failure to correct these defects or provide adequate funds to do so.” *Ibid.* Axon also threatened to move the Cangrejeros franchise across the island to the Municipality of Humacao without permission from the league, in violation of his investor-operator agreement with the Liga. *Ibid.*; Resp. App. 59a.

Following the press conference, the Liga’s president sent Axon a letter indicating that Axon had engaged in conduct “detrimental to baseball” and to the league in violation of the Liga’s constitution. Pet. App. 8a-9a. The president petitioned the Cangrejeros club to remove Axon from his position representing the club on the Liga board and as a shareholder of the franchise. *Id.* at 9a. The Liga also informed the Municipality of Humacao that it did not endorse moving the Cangrejeros club to Humacao. *Ibid.* After a meeting of its board, the Liga formally suspended Axon from “all functions and participation in” the Cangrejeros club for two years and fined him \$5,000. *Ibid.*

Axon then doubled down. Ignoring that his investor-operator agreement with the Liga required internal remedies to be exhausted before suit and generally forbids lawsuits against the Liga itself, *see* Pet. App. 11a; Resp. App. 60a-62a, Axon and his LLC sued the Liga in Puerto Rican court for an order reinstating Axon to his position with the Cangrejeros club and within the Liga. Pet. App. 9a-10a. The court denied Axon’s motion for a preliminary injunction, “rul[ing] that the [Liga board] had the power to suspend Axon . . . under the [Liga]’s constitution.” *Id.* at 10a.

Because Axon had clearly refused to exhaust the required internal remedies before suing, the Liga then sought, under its rules, to permanently terminate Axon’s interests in the Cangrejeros franchise. Pet. App. 11a-12a. The Liga informed Axon that his “filing

of a legal action—in which Axon allegedly made false representations regarding his membership in the League—violated the investor-operating agreement.” *Id.* at 11a. On May 31, 2022, after Cangrejeros’ representative was heard, the Liga’s board voted to terminate Axon’s investor-operator agreement and expel Axon from the Liga. *Ibid.*

### C. Proceedings Below

Petitioners Axon, Cangrejeros de Santurce Baseball Club, LLC (Axon’s sole-member LLC), and Santurce Merchandising LLC (an affiliate through which Axon sold Cangrejeros club merchandise) then sued the Liga, its president, and other franchisees in the U.S. District Court for the District of Puerto Rico. Petitioners asserted antitrust claims under Sections 1 and 2 of the Sherman Act, antitrust and unfair competition claims under Puerto Rico law, and a due process claim under 42 U.S.C. § 1983. Pet. App. 47a-48a. The crux of petitioners’ antitrust theory, under both federal and Puerto Rico law, is that respondents conspired to suppress competition between Puerto Rico’s baseball clubs and maintain their monopoly over baseball in the territory by excluding petitioners from the Liga in favor of a more cooperative franchise operator. *Id.* at 17a-18a.

The district court granted respondents’ motion to dismiss petitioners’ Sherman Act claims, holding that those claims are squarely foreclosed by the baseball exemption to the federal antitrust laws: petitioners “are a professional baseball team, and the[ir] antitrust claims arise in the context of the business of baseball.” Pet. App. 59a. The district court also dismissed the Puerto Rico antitrust claims as preempted by federal law and the Section 1983 claim as precluded by the prior Puerto Rico judgment. *Id.* at 59a, 66a.

The First Circuit affirmed in part and reversed in part. The court of appeals agreed with the district court that petitioners' Sherman Act claims fail in light of the baseball exemption to the antitrust laws. Pet. App. 24a-28a. The First Circuit explained that, even if the exemption were limited to activities "central to" the business of baseball, the conduct at issue here—an unauthorized attempt to relocate a professional baseball franchise and an ensuing dispute between a franchisee and the league leading to the franchisee's expulsion—necessarily fell within the exemption because rules about league structure and team ownership are "central" to the business of a professional baseball league." *Ibid.* But the court reversed the dismissal of petitioners' other claims—under Puerto Rico antitrust law and Section 1983—and remanded for further proceedings on those claims. *See id.* at 30a-44a.

#### **REASONS FOR DENYING THE PETITION**

##### **I. UNDER THIS COURT'S PRECEDENTS, THE BASEBALL ANTITRUST EXEMPTION SQUARELY FORECLOSES PETITIONERS' CLAIMS.**

Petitioners ask this Court to limit the scope of baseball's antitrust exemption to the conduct specifically at issue in *Federal Baseball Club of Baltimore v. National League of Professional Baseball Clubs*, 259 U.S. 200 (1922), *Toolson v. New York Yankees, Inc.*, 346 U.S. 356 (1953), and *Flood v. Kuhn*, 407 U.S. 258 (1972), which they equate with the now-defunct "reserve system" once employed by MLB and its predecessors to "retain [] players at the team's sole option." Pet. i, 2, 4, 6, 22. But *Federal Baseball* and *Toolson* involved activities well beyond MLB's reserve system, and this

Court’s decisions make clear that the antitrust exemption applies to the entire “business of baseball.” As the First Circuit correctly held, petitioners’ claims concern activities at the very heart of that business.

1. To start, both *Federal Baseball* and *Toolson* involved conduct beyond the reserve system. Although the reserve system was one target of the antitrust challenge in *Federal Baseball*, the plaintiff there also complained about other practices of the National League, including territorial restrictions (like those at issue here). Indeed, *Federal Baseball* never uses the phrase “reserve system.” The Court instead emphasized the plaintiff’s allegation that “defendants destroyed the Federal League by buying up some of the constituent clubs and in one way or another inducing all those clubs except the plaintiff to leave their League.” 259 U.S. at 207. More fundamentally, the Court found it “unnecessary” to list every aspect of the baseball business that plaintiff challenged because, under the rule established in *Federal Baseball*, the *entire* baseball business fell outside the scope of the federal antitrust laws. *Ibid.* (“It is alleged that these defendants conspired to monopolize the base ball business, the means adopted being set forth with a detail which, in the view that we take, it is unnecessary to repeat.”).

The plaintiffs in *Toolson* and its two companion cases likewise challenged more than just the reserve system, including (among other things) club territorial restrictions and rules governing broadcasting rights. *See Pet. Br. at 5-9, Toolson v. New York Yankees, Inc.*, 346 U.S. 356 (1953) (No. 53-18). *Toolson* therefore held that “Congress had no intention of including *the business of baseball*”—not only its reserve system—“within the scope of the federal antitrust laws.” *Tool-*

*son*, 346 U.S at 357 (emphasis added). As one court observed when rejecting the same argument petitioners advance here, “[i]t is impossible to glean from *Toolson* any inkling that the applicability of the antitrust laws to baseball turned on whether the issue was the reserve clause.” *Major League Baseball v. Butterworth*, 181 F. Supp. 2d 1316, 1325 (N.D. Fla. 2001) (*Butterworth II*).

Finally, although the *Flood* plaintiff’s antitrust challenge did focus on the reserve system, *Flood*’s bottom line was again broader: “Congress had no intention of including the business of baseball within the scope of the federal antitrust laws.” 407 U.S. at 285 (quoting *Toolson*, 346 U.S. at 357). This Court made clear in *Flood* that it was “adher[ing] once again to *Federal Baseball* and *Toolson*,” which “held the business of baseball”—not just the reserve system—falls “outside the scope of [federal antitrust law].” *Id.* at 279, 284 (quotation marks omitted); *accord Radovich v. National Football League*, 352 U.S. 445, 451 (1957) (limiting “the rule . . . established [in *Toolson* and *Federal Baseball*] to the facts there involved, *i.e.*, the business of organized professional baseball”). Nothing in *Flood* purported to narrow the terms of the antitrust exemption that the Court had long ago established, and that Congress had chosen not to disturb. It is therefore “clear from the entire opinions of the three baseball cases, as well as from *Radovich*, that the Supreme Court intended to exempt the business of baseball, not any particular facet of that business, from the federal antitrust laws.” *Charles O. Finley & Co. v. Kuhn*, 569 F.2d 527, 541 (7th Cir.), *cert. denied*, 439 U.S. 876 (1978).

Petitioners are not the first to ask this Court to cabin baseball’s antitrust exemption to the reserve system. Other litigants have sought to limit the scope of

the exemption making substantially the same argument, and this Court has declined each time. *See Pet. i, 1-2, 5-6, 14-15, Wyckoff v. Office of Comm'r of Baseball*, 584 U.S. 1041 (2018) (No. 17-1079); Pet. 22-23, 31-32, *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 584 U.S. 1032 (2018) (No. 17-1074); Pet. 25-28, *City of San Jose v. Office of Comm'r of Baseball*, 577 U.S. 816 (2015) (No. 14-1252); Cert. Reply 2-7, *Charles O. Finley & Co. v. Kuhn*, 439 U.S. 876 (1978) (No. 78-10). There is no reason for the Court to change course now.

2. The First Circuit correctly held that petitioners' antitrust claims concern activities at the heart of the business of baseball. *See Pet. App. 30a*. The complaint alleges, as the core anticompetitive conduct, that petitioners were unlawfully expelled from the Liga and compelled to forfeit the Cangrejeros franchise, *see Resp. App. 2a, 32a*—in other words, that petitioners were excluded from the “business of providing public baseball games for profit between clubs of professional baseball players” in Puerto Rico, *Toolson*, 546 U.S. at 357. That claim—that a plaintiff has been prevented by a defendant’s conduct from engaging in the “business of baseball” entirely—is a paradigmatic example of an antitrust claim about the “business of baseball.”

Defining the relevant anticompetitive conduct more narrowly as concerning the ownership of a baseball franchise, *see Pet. App. 27a*, does not change the outcome. As the First Circuit correctly held, the “business of baseball” exemption “shields from federal antitrust scrutiny the [Liga]’s decisions to enforce its established rules for determining who will run, own, and control [its] teams.” Pet. App. 25a. The “decision by [a baseball] league as to the . . . identity of its members . . . is a necessary incident of existence as a

league.” *State v. Milwaukee Braves, Inc.*, 144 N.W.2d 1, 12 (Wis.), *cert. denied*, 385 U.S. 990 (1966), *reh’g denied*, 385 U.S. 1044 (1967). Leagues select owners who, in the opinion of the league and other franchisees, will best promote the game and its values, and leagues establish and enforce rules to ensure owners conduct themselves accordingly. A league’s decisions about whom to admit as a franchisee and its enforcement of its rules governing how those franchisees must conduct themselves while associated with the league plainly relate to the business of baseball.

The “business of baseball” exemption likewise bars petitioners’ expulsion claim insofar as it relates to their attempt to relocate the Cangrejeros club from San Juan to Humacao against the Liga’s wishes. *See Pet.* 9. Petitioners rightly do not dispute that “franchise relocation rules are covered by the exemption.” Pet. App. 29a (quotation marks omitted). Indeed, rules restricting the relocation of baseball clubs have long formed “an integral part of the business of baseball,” *Professional Baseball Schs. & Clubs, Inc. v. Kuhn*, 693 F.2d 1085, 1086 (11th Cir. 1982) (per curiam), and were among the practices at issue when this Court upheld baseball’s exemption from federal antitrust law in *Toolson*, *see Pet. Br.* at 5-9, *Toolson*, 346 U.S. 356. Congress, too, has spoken on the issue, keeping in place the baseball antitrust exemption for “franchise . . . location or relocation” even as it opened the employment of major-league players to antitrust scrutiny in 1998. 15 U.S.C. § 26b(b)(3). Accordingly, this Court has repeatedly denied petitions seeking to revisit the applicability of the antitrust laws to disputes over the relocation of baseball franchises. *See City of San Jose v. Office of Comm’r of Baseball*, 776 F.3d 686, 690-691 (9th Cir.), *cert. denied*, 577 U.S. 816 (2015);

*Minnesota Twins P'ship v. State*, 592 N.W.2d 847, 856 (Minn.), cert. denied, 528 U.S. 1013 (1999); *Milwaukee Braves*, 144 N.W.2d at 10, cert. denied, 385 U.S. 990 (1966), reh'g denied, 385 U.S. 1044 (1967). Because petitioners' expulsion from the Liga was inextricably bound up with their threats to move the Cangrejeros club to Humacao, *see* Pet. 9-10, petitioners' challenge to that expulsion cannot proceed under federal antitrust law.

## **II. THE COURT SHOULD NOT REVISIT FEDERAL BASEBALL, TOOLSON, AND FLOOD.**

Because petitioners' crabbed understanding of the baseball exemption cannot be squared with this Court's precedents, petitioners urge this Court (Pet. 16-21) to discard more than a century of statutory precedent by eliminating the baseball antitrust exemption. But the Court has twice granted certiorari specifically to consider the question of whether to overrule the baseball antitrust exemption—and twice reaffirmed the exemption's continuing vitality. *Flood*, 407 U.S. at 281-282, 283-284; *Toolson*, 346 U.S. at 357.

Critically, moreover, the Court has repeatedly made clear that litigants seeking a different outcome must turn to Congress, not the courts. *See Flood*, 407 U.S. at 285 (“[T]he remedy, if any is indicated, is for congressional, and not judicial, action.”); *Toolson*, 346 U.S. at 357 (“We think that if there are evils in this field which now warrant application to it of the antitrust laws it should be by legislation.”); *see also Radovich*, 352 U.S. at 451 (“As long as the Congress continues to acquiesce we should adhere to . . . the interpretation of the Act made in those cases.”); *United States v. International Boxing Club*, 348 U.S. 236, 244 (1955) (“Their remedy, if they are entitled to one, lies in further resort to Congress, as we have already stated.”); *United*

*States v. Shubert*, 348 U.S. 222, 230 (1955) (“If the *Toolson* holding is to be expanded—or contracted—the appropriate remedy lies with Congress.”). And Congress, in turn, has chosen to leave the core of the exemption intact, even as it eliminated the exemption with respect to the employment of major-league players in the Curt Flood Act of 1998, Pub. L. 105-297, 112 Stat. 2824. *See* pp. 5-6, *supra*. Statutory *stare decisis* considerations are thus at their absolute zenith here—not only is congressional action a theoretical possibility, but Congress *did* act and affirmatively preserved the exemption.

Lower courts have faithfully followed this Court’s—and Congress’s—lead, rejecting antitrust challenges to various aspects of the “business of baseball” over the years. No meaningful division about the exemption’s scope or application has developed in the more than 50 years since *Flood*. *See infra*, pp. 21-27.

Accordingly, this Court has repeatedly denied similar petitions seeking to overrule the exemption in the absence of congressional action, most recently a few months ago. *See, e.g., Concepcion v. Office of Comm’r of Baseball*, cert. denied, No. 25-199 (Oct. 6, 2025), reh’g denied (Dec. 8, 2025); *Wyckoff v. Office of Comm’r of Baseball*, 584 U.S. 1041 (2018); *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 584 U.S. 1032 (2018); *Miranda v. Selig*, 583 U.S. 1013 (2017), reh’g denied, 583 U.S. 1151 (2018); *City of San Jose v. Office of Comm’r of Baseball*, 577 U.S. 816 (2015); *Hatch v. Minnesota Twins P’ship*, 528 U.S. 1013 (1999); *Charles O. Finley & Co. v. Kuhn*, 439 U.S. 876 (1978). Petitioners’ arguments for overruling baseball’s antitrust exemption rehash the same arguments, and they continue to lack merit.

**A. It Is Up To Congress, Not This Court, To Alter Baseball’s Antitrust Exemption.**

Petitioners principally take issue with *Federal Baseball* as an original matter and with the reasoning underpinning baseball’s antitrust exemption more generally. *See Pet.* 16-18. But, as petitioners concede (*Pet.* 17), this Court was well aware of those criticisms of *Federal Baseball* when it reaffirmed the exemption a second time in *Flood*—and the Court expressly *rejected* those grounds for overruling the exemption. However *Federal Baseball* might have come out in 1972, or might come out today, the Court in *Flood* recognized that, by “allow[ing] [*Federal Baseball* and *Toolson*] to stand for so long . . . [Congress] clearly evinced a desire not to disapprove of them legislatively,” and so it is now up to Congress to alter the status quo. 407 U.S. at 283-285; *accord Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 447 (2015) (“Where, as here, [a] precedent interprets a statute, *stare decisis* carries enhanced force, since critics are free to take their objections to Congress.”). In the 53 years since *Flood*, Congress has had abundant opportunities to change course if it thought baseball’s antitrust exemption was wrong—and it has declined each and every one.

Petitioners nevertheless argue that this Court can and should overrule baseball’s antitrust exemption, arguing that the Court is less constrained by *stare decisis* principles in the “development of antitrust doctrine.” *Pet.* 16, 18-19. But the Court confronted and rejected the same argument in *Flood*, reaffirming that the baseball exemption established in *Federal Baseball* is “fully entitled to the benefit of *stare decisis*.” *Flood*, 407 U.S. at 282; *cf. id.* at 293 (Marshall, J., arguing in dissent that the Court has a particular obligation to “correct” erroneous antitrust precedents).

What is more, this Court has emphasized that *stare decisis* considerations are entitled to extra weight where, as here, Congress “has spurned multiple opportunities to reverse” the precedent in question. *Kimble*, 576 U.S. at 447. In *Flood*, for example, this Court ascribed particular significance to the fact that, in the 19 years after *Toolson*, “more than 50 bills [were] introduced in Congress” addressing baseball’s antitrust exemption—and none restricting the exemption was adopted. 407 U.S. at 281.

Since *Flood*, moreover, Congress’s support for baseball’s antitrust exemption has become only *more* explicit—further supercharging the *stare decisis* analysis. In 1998, in the Curt Flood Act, Congress subjected major-league player employment to the federal antitrust laws for the first time, while expressly *preserving* the rest of the baseball antitrust exemption in the very same Act. Specifically, Section 26b(b) of the Act states that nothing therein shall be construed to otherwise disturb the existing exemption: “No court shall rely on the enactment of [this Act] as a basis for changing the application of the antitrust laws to any conduct . . . other than [major-league player employment].” 15 U.S.C. § 26b(b). And the Act expressly does not “permit” or “imply” any cause of action challenging “any conduct . . . that do[es] not directly relate to or affect employment of major league baseball players,” including (but not limited to) any cause of action relating to “any . . . matter relating to organized professional baseball’s minor leagues.” 15 U.S.C. § 26b(b)(2). Congress’ explicit exclusion of minor-league baseball from the Act’s limited modification of the antitrust exemption demonstrates that Congress understood “the baseball exemption could apply to [the minor leagues]” but “declined to alter the status quo.” *San Jose*, 776

F.3d at 691. “[T]he fact that Congress specifically addressed this area and left [the bulk of the exemption] undisturbed lends powerful support to [the exemption’s] continued viability.” *Square D Co. v. Niagara Frontier Tariff Bureau, Inc.*, 476 U.S. 409, 419 (1986).

Petitioners next argue (Pet. 19) that this Court should overrule the baseball exemption because of “[t]he widely acknowledged inconsistency between the treatment of professional baseball and of other professional sports.” Yet again, petitioners revive arguments that the Court considered and rejected more than 50 years ago. This Court repeatedly reaffirmed that baseball’s antitrust exemption remained good law even as it simultaneously denied similar exemptions to other sports and activities. *See Radovich*, 352 U.S. at 451 (football); *International Boxing Club*, 348 U.S. at 244 (boxing); *Shubert*, 348 U.S. at 230 (theatrical performance). And *Flood* acknowledged the apparent “inconsistency” between the treatment of baseball and other sports but ultimately concluded that “congressional intent” to preserve the then-50-year-old exemption for baseball trumped any desire for uniformity. 407 U.S. at 282-284. As explained above, the same considerations hold true today—only more strongly still.

This Court’s decision in *National Collegiate Athletic Association v. Alston*, 594 U.S. 69 (2021), *see* Pet. 20, does not change the analysis. To start, the NCAA in *Alston* never disputed that the Sherman Act applied to college athletics generally, or to its rules governing the compensation of student athletes in particular. *See* 594 U.S. at 94. Starting from that premise, the Court considered a fundamentally different set of questions than in the baseball-exemption cases: namely, what standard of antitrust review governed the NCAA’s conduct and how did that standard apply to the conduct at

issue. *See id.* at 91-94, 96-107. And insofar as *Alston* declined to extend a categorical exemption from federal antitrust law to any aspect of college athletics, it broke no new ground. This Court similarly refused to extend baseball’s unique antitrust exemption to other sports in the years between *Toolson* and *Flood*, even as it continued to reaffirm the exemption for the “business of baseball.” *See* pp. 4, 18, *supra*. Nothing in *Alston* alters the landscape against which this Court decided *Flood*.

Petitioners suggest (Pet. 20) that there is “serious tension” between *Alston* and this Court’s baseball-exemption precedents, speculating that the NCAA could argue “that it is entitled to the baseball antitrust exemption with respect to the business of *college* baseball.” But petitioners’ hand-wringing about whether a court might apply the antitrust exemption for “professional baseball,” *Flood*, 407 U.S. at 284, to college players does not supply a reason for the Court to take *this case*. No court has ever extended the baseball antitrust exemption to non-professional college athletes. If that were to happen, this Court could then decide whether review was warranted. There is no reason, however, for the Court to revisit a century-old statutory precedent because of something that may never happen and that is not at issue here.

What is more, even assuming that collegiate games count as professional baseball for the purpose of the exemption, petitioners identify no “tension” in the wake of *Alston* that was not also present when this Court decided *Shubert*, *International Boxing*, *Radovich*, and *Flood*, or when Congress opted to repeal the exemption only as to the employment of major-league players decades later in the Curt Flood Act. As *Alston* recognized, however, the appropriate way to

change the scope and application of the antitrust laws is “by legislation and not by court decision.” 594 U.S. at 96 (quoting *Flood*, 407 U.S. at 279).

Petitioners also shrug off organized baseball’s reliance interests in the antitrust exemption, asserting (Pet. 21) that “the Court’s denial of exemptions to other sports has proven that baseball does not need the exemption to continue to function effectively.” This, too, is a retread of an argument the Court has heard and rejected. The petitioner in *Flood* similarly argued that professional baseball “could be just as successful” without the antitrust exemption, as “[t]he other professional sports were all subject to the antitrust laws, and they were doing just fine.” Stuart Banner, *The Baseball Trust* 198 (2013). The Court rejected that argument, emphasizing that, unlike other sports, “baseball . . . has been allowed to develop and to expand unhindered by federal legislative action,” *Flood*, 407 U.S. at 283—now for over a hundred years. Petitioners acknowledge (Pet. 13) that professional baseball in the United States is a multi-billion-dollar business today. That enormous industry expanded and matured in reliance on a long-settled exemption from federal antitrust law.

That the business of baseball could have been organized differently if starting from scratch is immaterial. As this Court underscored in *Flood*, it is not writing on a “clean slate.” 407 U.S. at 279. For example, as particularly relevant here, professional baseball has long been governed by strict rules governing the location and relocation of teams. *See San Jose*, 776 F.3d at 690 (“The designation of franchises to particular geographic territories is the league’s basic organizing principle.”). As the Ninth Circuit observed in *San Jose*, these limitations “ensure access to baseball

games for a broad range of markets and to safeguard the profitability—and thus viability—of each ball club.” *Ibid.* Withdrawing baseball’s antitrust exemption now would pull the rug out from under baseball leagues organized around rules against the relocation of other franchises into the exclusive territory of other clubs, who made informed business decisions based on the ability to enforce a particular geographic distribution of teams.

**B. There Is No Meaningful Division In The Lower Courts About The Scope Or Application Of Baseball’s Antitrust Exemption.**

Petitioners assert that divisions about the scope and application of baseball’s antitrust exemption have left the lower courts in “disarray,” Pet. 21, with different courts reaching “different outcomes in cases presenting similar facts,” Pet. 24. That is wrong. To the contrary, nearly every court to consider the issue has held—consistent with *Federal Baseball*, *Toolson*, and *Flood*—that the entire “business of baseball” is exempt from federal antitrust scrutiny. And like the decision below, nearly every decision petitioners cite (Pet. 22-24) held that the at-issue conduct involved the “business of baseball” and thus fell squarely within the exemption. In other words, the lower courts are remarkably uniform. Five circuits and at least one state supreme court have applied the same analysis to come to the same conclusion: this Court’s precedents exempt the “business of baseball” from antitrust scrutiny, regardless of the specific aspect of that business at issue in any given case.

The sole deviation is a 30-year-old state supreme court decision purporting to limit the scope of baseball’s antitrust exemption to Major League Baseball’s “reserve system.” Pet. 22-23. But in the three decades

since that decision, no other court of appeals or state supreme court has adopted that view of federal antitrust law, and this Court repeatedly has denied petitions for certiorari citing precisely this supposed split. *See Pet. 9-12, Wyckoff v. Office of Comm'r of Baseball*, 584 U.S. 1041 (2018) (No. 17-1079); Pet. 33-35, *City of San Jose v. Office of Comm'r of Baseball*, 577 U.S. 816 (2015) (No. 14-1252); Pet. 15-16, *Minnesota v. Minnesota Twins P'ship*, 528 U.S. 1013 (1999) (No. 99-414). That decades-old outlier decision does not warrant this Court's review.

1. Petitioners first attempt (Pet. 23-24) to manufacture a split among the federal courts of appeals, asserting that the Ninth and Eleventh Circuits have narrowed the exemption by “using a ‘central to the business of baseball’ test,” while the Seventh and First Circuits have construed the exemption more broadly. But any such variation would not make a difference to the outcome here, because—as the First Circuit found—the at-issue conduct is “central” to the business of baseball. Pet. App. 28a; *see* pp. 12-14, *supra*. In any event, petitioners’ gloss on these decisions does not withstand even cursory review. In *all* of these decisions, the court of appeals *rejected* the respective plaintiff’s challenge as foreclosed by the baseball exemption; none of these decisions reflects any attempt by a court to define the outer limits of the exemption, let alone a holding along those lines.

For example, in *San Jose*, the Ninth Circuit rejected a challenge to MLB’s restrictions on franchise relocation. 776 F.3d at 691. According to petitioners (Pet. 24), the court of appeals held that the exemption extended only to “conduct that is ‘central to’ the business of baseball” and applied that test to reject plain-

tiffs' antitrust challenge. But in reality, the court *rejected* plaintiffs' efforts to limit baseball's antitrust exemption exclusively to conduct "related to 'baseball's unique characteristics and needs,'" *San Jose*, 776 F.3d at 689, and instead confirmed that the exemption covers "the entire 'business of providing public baseball games for profit between clubs of professional baseball players,'" *id.* at 690 (quoting *Toolson*, 346 U.S. at 357). True, the Ninth Circuit suggested that baseball's antitrust exemption might not reach "activities . . . wholly collateral to the public display of baseball games." *Ibid.* But the court never had occasion to define the outer limits of the exemption because there was no question that "MLB's franchise relocation policies are in the [exemption's] heartland." *Id.* at 690-691. The Ninth Circuit's observation that the relocation rules were "central to" MLB's functioning as a baseball league, *id.* at 690, reflected the court's view that *San Jose* was an easy case under this Court's precedents—not an attempt to articulate a novel test, as petitioners claim.

Petitioners similarly distort *Major League Baseball v. Crist*, 331 F.3d 1177 (11th Cir. 2003), which applied the baseball exemption to MLB's later-abandoned decision to eliminate two teams from the league. As in *San Jose*, the Eleventh Circuit recognized that "[t]he 'business of baseball' is exempt from the federal antitrust laws," full stop. *Id.* at 1183. And, similarly, the court of appeals had no occasion to opine on a rule for deciding whether particular conduct is part of the "business of baseball" in light of its view that the number of teams in the league "is *obviously* part of the 'business of baseball.'" *Ibid.* (emphasis added). Again, the court's observation that the number of clubs al-

lowed to compete is “central to” league play merely expressed that *Crist* was an easy case; it did not purport to establish a rule limiting the baseball exemption to conduct “central to” the game.

On the opposite side of the supposed split, petitioners point (Pet. 24) to the Seventh Circuit’s decision in *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 870 F.3d 682 (2017), *cert. denied*, 584 U.S. 1032 (2018), which they argue took an exceptionally broad view of baseball’s antitrust exemption. But *Right Field Rooftops* did no such thing, and that decision has more in common with *San Jose* and *Crist* than petitioners admit. At issue was the Chicago Cubs’ effort to stop third parties from selling tickets to watch live Cubs games from grandstands on the rooftops of surrounding buildings overlooking Wrigley Field. Like the Ninth and Eleventh Circuits, the Seventh Circuit recognized that the baseball exemption may not “apply wholesale to all cases [having] some attenuated relation to the business of baseball.” *Right Field Rooftops*, 870 F.3d at 689 (quotation marks omitted). But the court never opined on where to draw the line because it concluded that the sale of tickets to watch live baseball “is part and parcel of”—*i.e.*, *central to*—“the ‘business of providing public baseball games for profit’” and therefore “exempted from antitrust law.” *Ibid.* (quoting *Toolson*, 346 U.S. at 357). The Seventh Circuit’s decision was thus neither broad nor narrow; the court simply applied this Court’s precedents to conduct falling within the heartland of the “business of baseball.”

The decision below similarly recognized that the antitrust exemption applies to the “business of baseball.” Pet. App. 24a. Like the Seventh, Ninth, and Eleventh Circuits, however, the First Circuit never opined on the exemption’s outer limits because it found that the

conduct alleged here, relating to an attempt to relocate a professional baseball franchise and the ensuing dispute between owner and league, was “central” to the business of a professional baseball league” under any reasonable definition. *Id.* at 24a-29a. The First Circuit thus rejected petitioners’ attempt to narrow the baseball exemption without “sow[ing]” any “confusion” about what this Court’s precedents require. *Cf.* Pet. 24.

Petitioners do not mention the Second Circuit, but that court’s approach to the baseball exemption is the same as that of the other circuits. In *Wyckoff v. Office of the Commissioner of Baseball*, 705 Fed. Appx. 26 (2017), *cert. denied*, 584 U.S. 1041 (2018), the Second Circuit rejected an antitrust challenge to rules governing the employment of baseball scouts, holding that scouts are “involved in the business of baseball.” *Id.* at 29. Like its sister circuits, the Second Circuit defined the antitrust exemption as covering the entire “business of baseball,” making no effort to define the outer limits of that exemption, as the conduct at issue clearly fell within its bounds.

2. In the absence of a split among the federal courts of appeals, petitioners invoke (Pet. 23-25) state supreme court decisions to justify this Court’s review. But, here too, petitioners miss the mark.

Like each of the court of appeals decisions discussed above, *Minnesota Twins*, held that “the business of professional baseball is exempt from federal antitrust laws.” 592 N.W.2d at 856, *cert. denied*, 528 U.S. 1013 (1999). And, like those other courts, the Minnesota Supreme Court held that “the sale and relocation of a baseball franchise . . . is an integral part of the business of professional baseball and falls within the exemption.” *Ibid.* Because the conduct at issue stood at the

heart of the “business of baseball,” the court never needed to grapple with the exemption’s outer bounds.

Petitioners’ case for revisiting *Federal Baseball*, *Toolson*, and *Flood* thus boils down to a single 31-year-old Florida Supreme Court decision that purported to limit baseball’s antitrust exemption to MLB’s now-defunct “reserve system.” Pet. 22 (discussing *Butterworth v. National League of Prof'l Baseball Clubs*, 644 So. 2d 1021 (Fla. 1994) (*Butterworth I*)). But no other court—federal or state—has adopted the Florida Supreme Court’s interpretation of federal antitrust law in the three decades since, and this Court has denied certiorari three times since 1999 in response to petitions urging review based on the same supposed split petitioners invoke here. *See* p. 12, *supra*.

That is not surprising. For starters, *Butterworth I*’s conclusion is dubious at best. The Florida Supreme Court reasoned that baseball’s antitrust exemption was confined to the reserve system because it believed that *Flood* limited the exemption to the conduct at issue in *Federal Baseball* and *Toolson*. *Butterworth I*, 644 So. 2d at 1024. But, as explained above, *see* pp. 10-12, *supra*, both *Federal Baseball* and *Toolson* dealt with more than the reserve system, and *Flood* never suggested any such limitation. Thus, as other courts have since observed, *Butterworth I*’s key premise is “simply not true.” *Butterworth II*, 181 F. Supp. 2d at 1324. In any event, the Florida Supreme Court’s *Butterworth* decision was never destined to exert much influence on federal antitrust law, given that the Sherman and Clayton Acts grant exclusive jurisdiction to federal courts, where *Butterworth* has no precedential value. *See General Inv. Co. v. Lake Shore & M.S. Ry. Co.*, 260 U.S. 261, 287 (1922). Thus, there is no mean-

ingful division in the lower courts about whether baseball’s antitrust exemption is limited to MLB’s reserve system that would warrant this Court’s review.

### **III. THIS CASE IS A POOR VEHICLE FOR MAKING SWEEPING CHANGES TO FEDERAL ANTITRUST LAW.**

Petitioners seek a sea change in existing law, asking this court to overrule more than a century of precedent to open up a multi-billion-dollar industry to sweeping antitrust liability for the first time. This case presents an especially poor vehicle for taking that dramatic step: even if the “business of baseball” exemption did not apply, petitioners’ claims would still fail.

A plaintiff suing under the federal antitrust laws must establish that the defendant’s anticompetitive conduct caused his alleged injury. *See* 15 U.S.C. §§ 15, 26; *Atlantic Richfield Co. v. USA Petroleum Co.*, 495 U.S. 328, 339 (1990) (“Antitrust injury does not arise . . . until a private party is adversely affected by an *anticompetitive* aspect of the defendant’s conduct.”). Petitioners claim (Pet. 9-10) that respondents conspired to eject them from the Liga because petitioners exerted competitive pressures in the market for Puerto Rican baseball that respondents preferred to avoid. But the injury that petitioners allege—their ejection from the Liga and loss of the Cangrejeros franchise, Resp. App. 2a, 32a—was a foregone conclusion for reasons that had nothing to do with the alleged antitrust conspiracy, but, rather, were the result of Axon’s violation of his investor-operator agreement with the Liga.

Specifically, when Axon acquired the Cangrejeros club in 2019, the sole-member LLC through which he completed the acquisition assumed the prior owner’s

rights and obligations under an existing investor-operator agreement with the Liga. *See* Resp. App. 15a. Under that contract, the parties agreed not to sue one another in court “without first having exhausted all of the internal venues and mechanisms provided for” in the Liga’s constitution and regulations, and the parties further agreed that breaching this covenant would terminate the contract and, with it, the operator’s rights to the club franchise. *Id.* at 61a, 64a; *see id.* at 60a. When Axon and the LLC sued the Liga in Puerto Rico court to reverse his suspension without having exhausted internal remedies, *see id.* at 23a, that contractual breach terminated petitioners’ rights. Petitioners do not allege that the terms of the investor-operator agreement themselves are unlawful under the antitrust laws. *See id.* at 2a-52a. Because the operation of that agreement and petitioners’ own unforced errors in prosecuting their dispute with the Liga sufficed to cause them to lose their rights to the Cangrejeros franchise, petitioners cannot show that the alleged antitrust violations actually caused them any harm.

## **CONCLUSION**

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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JANUARY 26, 2026

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**APPENDIX A**

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

[Filed 07/18/22]

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Case No. 3:22-cv-01341-WGY

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CANGREJEROS DE SANTURCE BASEBALL CLUB, LLC,  
SANTURCE MERCHANDISING LLC, and THOMAS J. AXON,

*Plaintiffs,*

v.

LIGA DE BÉISBOL PROFESIONAL DE PUERTO RICO, INC.,  
CRIOLLOS MANAGEMENT, INC., RA12, INC.,  
INDIOS DE MAYAGÜEZ BASEBALL CLUB INC.,  
GIGANTES DE CAROLINA BASEBALL CLUB INC.,  
LEONES DE PONCE CF INC., IMPULSE SPORTS  
ENTERTAINMENT CORPORATION, JUAN A. FLORES  
GALARZA, in His Capacity as President of THE LIGA DE  
BÉISBOL PROFESIONAL DE PUERTO RICO, INC., in His  
Personal Capacity, and as a Member of the Conjugal  
Partnership Constituted Between Him and His Spouse,  
and the Conjugal Partnership So Constituted,

*Defendants.*

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**COMPLAINT**

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**JURY TRIAL DEMANDED**

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Plaintiffs Cangrejeros de Santurce Baseball Club, LLC (“Cangrejeros LLC”), Santurce Merchandising LLC (“Santurce Merchandising”), and Thomas J. Axon (“Axon”), by their undersigned attorneys, for their Complaint (the “Complaint”) allege, with knowledge as to their own actions and on information and belief as to all other allegations, as follows:

## **INTRODUCTION**

1. Defendant Liga de Béisbol Profesional de Puerto Rico, Inc., (the “League”) is the only top-tier professional baseball league in Puerto Rico, currently consisting of six different franchise teams operated by separately owned investors who do not share profits and losses with each other. The teams compete in the winter season with the winner going on to represent Puerto Rico in the Caribbean Series, an international baseball tournament sponsored by the Caribbean Professional Baseball Confederation. The teams not only compete on the field for sport, but off the field in economic competition for fans, in-person attendance, player talent, sponsorships, merchandise sales, radio, and streaming broadcast rights agreements.

2. The Complaint challenges, under both federal and Puerto Rico antitrust laws, concerted behavior in unreasonable restraint of trade through which Defendants entered into an unlawful conspiracy to boycott and exclude Plaintiffs from competing as participants in the relevant markets for investing in and operating top-tier professional baseball teams in Puerto Rico.

3. In October 2019, Axon, through Cangrejeros LLC, purchased operating control of the Cangrejeros de Santurce professional baseball team (the “Cangrejeros Franchise”—one of the most historic and storied franchises in the history of baseball in

Puerto Rico—and on February 4, 2022, became its sole owner and member. Axon assumed control of the Cangrejeros Franchise with a vision of restoring its economic success and glory in the League—Puerto Rico’s top-tier professional baseball league—which had fallen on hard times with fewer teams participating in the league’s season, fewer fans attending games, stadiums in disrepair, and facilities that lacked in quality compared with other Latin American winter baseball league teams. Axon intended to improve the competitive success of the Cangrejeros Franchise through increased levels of investment and dynamic new ways to operate and promote the team in economic competition with the other teams that comprise the League, which enhanced competition was without precedent in the League. Such increased competition directly benefited fans and sponsors, who would have the opportunity to consume a higher-quality professional baseball product in Puerto Rico.

4. Axon made good on his plans to effect positive, procompetitive changes to his team, the Cangrejeros Franchise. In Axon’s three seasons with control over the Cangrejeros Franchise, he measurably increased player quality, improved fan experience, broadened the fan base, promoted and established new broadcasts, enhanced sponsorships, and expanded merchandising opportunities. For example, when Axon sought to have his team’s games broadcast in the continental United States on the Fox Sports Network, his competing team operators resisted committing the investment necessary to fund the production costs share for their own teams. In response, Axon accepted responsibility for financing the full production costs of the broadcasts. Axon also commissioned a documentary film that aired on the Fox Sports Network titled “Béisbol: The

Legends of Puerto Rico,” to bring more attention not only to the Cangrejeros Franchise, but also to the League, and most importantly, to the proud baseball culture and rich history of the sport in Puerto Rico. However, the League did not support the documentary in any way. Similarly, Axon invested resources to entice higher-quality baseball players to play for the Cangrejeros Franchise by offering better salaries and superior benefits, including top-quality accommodations and transportation.

5. Axon’s procompetitive efforts to improve the quality of the Cangrejeros Franchise were met with stiff resistance by the other teams in the League, who did not want to have to face such enhanced economic competition. This ultimately led to the League and its teams agreeing to a group boycott of and refusal to deal with Plaintiffs, culminating in the unlawful seizure of Plaintiffs’ investor-operator interest in the Cangrejeros Franchise, which was then resold to a different investor-operator, Defendant Impulse Sports Entertainment Corporation (“Impulse Sports”). On information and belief, Impulse Sports is a participant in the conspiracy against Plaintiffs and was given the opportunity to become the investor-operator of the Cangrejeros Franchise because, among other things, it would refrain from providing the type of aggressive competition provided by Plaintiffs against the “old boys” network that controlled the franchises in the League.

6. Defendants have entered into unlawful contracts, combinations, and/or conspiracies that have had the purpose and effect of unreasonably restraining competition and creating and maintaining a monopoly for Defendants in the relevant markets for investing in and operating top-tier professional baseball teams in

Puerto Rico. This unlawful conduct has caused significant antitrust injuries to Plaintiffs in their business and property.

7. Among other things, Axon and Cangrejeros LLC have suffered the loss of their investment and control over the franchise for which they paid to obtain operating rights, have seen the value of their investments decimated by Defendants' anticompetitive actions, and have lost access to the intellectual property in which they invested with a reasonable expectation of recoupment. At the same time, Defendants' anticompetitive activities have caused competitive injury to fans, business partners, players, and communities by reducing competition in the relevant markets and lowering the quality of top-tier professional baseball in Puerto Rico.

8. In addition to violating both federal and Puerto Rico antitrust laws, Defendants have violated the civil rights laws by acting in coordination with, and under the compulsion and color of law of, the Municipality of San Juan when they conspired with Miguel Romero Lugo, the mayor of San Juan, to deprive Plaintiffs of their property interests in the Cangrejeros Franchise without compensation or due process of law.

9. Plaintiffs seek two forms of relief. First, Plaintiffs seek a declaratory judgment and permanent injunction which would, among other things, return the investor-operator interest in the Cangrejeros Franchise to Axon and Cangrejeros LLC, restore competition in the relevant markets, and declare Defendants' actions to be a violation of Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1 and 2; the Civil Rights Act, 42 U.S.C. § 1983; the Puerto Rico antitrust law, P.R. Laws Ann. tit. 10, § 257, et seq.; and the tort of Contracts in

Prejudice of a Third Person. Second, Plaintiffs seek treble damages under the Clayton Act, 15 U.S.C. § 15, and the Puerto Rico antitrust law, P.R. Laws Ann. tit. 10, § 268, compensatory damages and punitive damages under 42 U.S.C. §§ 1983 and 1988, and damages for violations of the Puerto Rico Fair Competition Law, P.R. Laws Ann. tit. 10, § 259, and the tort of Contracts in Prejudice of a Third Party under the Puerto Rico General Tort Statute, P.R. Laws Ann. tit. 31, §§ 10801 and 10803, for the injuries they have suffered in their business and property as a result of Defendants' unlawful actions.

10. No sports organizations are above the law, and this includes Defendants' monopolization of top-tier professional baseball in Puerto Rico.

## PARTIES

### *Plaintiffs*

11. Plaintiff Axon is a resident of San Juan, Puerto Rico. At all times relevant to the events at issue in this Complaint, Axon has been the sole member and chairman of Cangrejeros LLC. In this capacity, Axon maintained all ownership rights and responsibilities for the operation of Cangrejeros LLC and, by extension, for the investment and operation rights of the Cangrejeros Franchise, until Defendants conspired to unlawfully remove Axon and Cangrejeros LLC from their investments in and control over the Cangrejeros Franchise.

12. Plaintiff Cangrejeros LLC is a limited liability company organized under the laws of the Commonwealth of Puerto Rico with registration number 433575 and its principal place of business at 70 Ave. Ponce de León, Suite 160, San Juan, Puerto Rico 00918. Cangrejeros LLC controlled the operations of the

Cangrejeros Franchise as an investor-operator by virtue of a contractual agreement with the League that gave it all of the rights of an investor-operator.

13. Plaintiff Santurce Merchandising is a limited liability company organized under the laws of the Commonwealth of Puerto Rico with registration number 448681 and its principal place of business at 33 Bolivia St., Suite 7A, San Juan, PR 00917. At all times relevant to the events at issue in this Complaint, Santurce Merchandising has been owned and operated by Plaintiff Axon. Santurce Merchandising was formed on August 7, 2020, for the purpose of managing the sponsorship, merchandising, and certain other rights of the Cangrejeros Franchise, which it derived from its representation of the other Plaintiffs and its common ownership by Axon.

*Defendants*

14. Defendant League is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 4437. Its primary place of business is Edificio Cobián's Plaza Suite GM-7, Ave. Ponce de León, San Juan, Puerto Rico 00919. Its resident agent is José A. Nazario Álvarez.

15. The League is the only top-tier professional baseball league in Puerto Rico. The League is colloquially called a “winter league”—along with a group of other Latin American professional baseball leagues—and consists of six franchises, controlled by separate investor-operators, participating in a championship season that usually takes place from November to January. The team that wins the League championship each year earns the right to participate in the Caribbean Series—the most prestigious professional base-

ball tournament in Latin America. For the 2022-23 season, the League is expected to field six teams, including the Cangrejeros Franchise.

16. Defendant Criollos Management, Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 191820. Its primary place of business is Parque Sola Morales, Caguas, Puerto Rico 00725. Its president is Raúl Rodriguez. The corporation competes in the League by virtue of its rights as an investor-operator for the Criollos de Caguas Franchise (the “Criollos”).

17. Defendant RA12, Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 447974. Its primary place of business is Urb. Floral Park, 525 Calle Francia, Apt. 607, San Juan, Puerto Rico 00919. Its resident agent is Marisol Irizarry Pastrana, and its president is Roberto Alomar Velázquez. The corporation competes in the League by virtue of its rights as an investor-operator for the RA12 Franchise (the “RA12”).

18. Defendant Indios de Mayagüez Baseball Club Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 411636. Its primary place of business is Estadio Isidoro García, Avenida Duscombe, Mayagüez, Puerto Rico 00681. Its president and resident agent is José J. Feliciano Prieto. The corporation competes in the League by virtue of its rights as an investor-operator for the Indios de Mayagüez Franchise (the “Indios”).

19. Defendant Gigantes de Carolina Baseball Club Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 462381. Its primary place of business is Plaza 2 Río Cristal RB-19, Trujillo Alto, Puerto Rico 00976. Its

president and resident agent is Orlando Yamir Meléndez. The corporation competes in the League by virtue of its rights as an investor-operator for the Gigantes de Carolina Franchise (the “Gigantes”).

20. Defendant Leones de Ponce CF Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 415170. Its primary place of business is Estadio Paquito Montaner, Ponce, Puerto Rico 00730. Its president and resident agent is Verónica Chardón. The corporation competes in the League by virtue of its rights as an investor-operator for the Leones de Ponce Franchise (the “Leones”).

21. Defendant Juan A. Flores Galarza (“Flores”) is of legal age, president of the League, and a resident of Puerto Rico. His address is P.O. Box 191852, San Juan, Puerto Rico 00919. Flores serves as the League’s chief executive officer and is responsible for running its day-to-day operations. Flores and his Spouse, whose name is unknown to Plaintiffs at this time, have a conjugal partnership constituted between them by virtue of their marriage. Defendant Conjugal Partnership Constituted Between Flores and his Spouse (“Flores Conjugal Partnership”) is made a party to these proceedings too, as Flores is also sued in his personal capacity.

22. Defendant Impulse Sports Entertainment Corporation (“Impulse Sports”) is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 487471. Its primary place of business is Centro Internacional de Mercadeo Torre I, 100 Carr. 165 Ste. 509, Guaynabo, Puerto Rico 00968. Its resident agent is Lourdes Peña Sánchez, and its president is Carlos R. Iguina Oharriz. Impulse Sports has recently acquired the investor-operator rights for

the Cangrejeros Franchise that were unlawfully taken from Plaintiffs.

*Non-Defendant Co-Conspirators*

23. Miguel Romero Lugo (“Romero Lugo”) is the mayor of San Juan, Puerto Rico. Mayor Romero Lugo was elected in the general election held on November 3, 2020, and was sworn into and assumed office on January 11, 2021. In his role as chief executive for the Municipality of San Juan, Mayor Romero Lugo is responsible for overseeing the properties of San Juan, including the stadium in which the Cangrejeros Franchise plays its home games. When Axon and Cangrejeros LLC proposed essential renovations to improve the conditions of the stadium for fans, Mayor Romero Lugo was the public representative responsible for San Juan’s resistance to these efforts. On information and belief, Mayor Romero Lugo acted on behalf of San Juan in conspiring with the Defendants to deprive Plaintiffs of their investor-operator interests in the Cangrejeros Franchise, without any compensation or due process of law, to suppress Plaintiffs’ efforts to obtain all the proposed stadium improvements or move the team to another municipality.

24. Additional individuals, partnerships, corporations, associations, persons, and/or firms not named as Defendants in this Complaint may have also participated as co-conspirators in the violations alleged herein and performed acts and made statements in furtherance of these conspiracies.

**JURISDICTION AND VENUE**

25. Plaintiffs bring this action against Defendants under Sections 4 and 16 of the Clayton Act, 15 U.S.C.

§§ 15 and 26, and P.R. Laws Ann. tit. 10, § 268, to recover treble damages and to seek injunctive relief to remedy continuing Sherman Act and Puerto Rico antitrust law violations that have damaged the business and property of Cangrejeros LLC, Santurce Merchandising, and Axon, and to recover the costs of this action, including reasonable attorneys' fees. Plaintiffs also seek actual and punitive damages, and injunctive relief, under 42 U.S.C. §§ 1983 and 1988, and P.R. Laws Ann. tit. 31, § 10803, and damages for violations of the Puerto Rico Fair Competition Law, P.R. Laws Ann. tit. 10, § 259, and the tort of Contracts in Prejudice to a Third Party, under the Puerto Rico General Tort Statute, P.R. Laws Ann. tit. 31, §§ 10801 and 10803.

26. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 because the claims arise under the laws of the United States: Sections 4 and 16 of the Clayton Act (15 U.S.C. §§ 15 & 26), Sections 1 and 2 of the Sherman Act (15 U.S.C. §§ 1 & 2), and 42 U.S.C. §§ 1983 & 1988. This court has supplemental jurisdiction pursuant to 28 U.S.C. § 1337 over the claims arising under the Puerto Rico antitrust law, P.R. Laws Ann. tit. 10, § 257, et seq., for violations of the Puerto Rico Fair Competition Law, P.R. Laws Ann. tit. 10, § 259, and the tort of Contracts in Prejudice of a Third Party under the Puerto Rico General Tort Statute, P.R. Laws Ann. tit. 31, § 10801, because these claims arise out of the same course of conduct as the federal claims.

27. This Court has *in personam* jurisdiction over the League because the League: (a) has its principal place of business in this District; (b) has transacted substantial business in this District; (c) grants investor-operator rights to play top-tier professional base-

ball games in this District; (d) has engaged in an anti-trust conspiracy that is intended to have, and has had, an anticompetitive effect on commerce in this District; and (e) has had substantial aggregate contacts with the United States as a whole, including in this District.

28. This Court has *in personam* jurisdiction over Defendants the Criollos, the RA12, the Indios, the Gigantes, and the Leones (collectively, the “Investor-Operator Defendants”) because they: (a) have their principal places of business in this District; (b) have transacted substantial business in this District; (c) operate franchises that play professional baseball games in this District; (d) have engaged in an antitrust conspiracy that is intended to have, and has had, an anticompetitive effect on commerce in this District; and (e) have had substantial aggregate contacts with the United States as a whole, including in this District.

29. This court has *in personam* jurisdiction over Defendant Impulse Sports because it: (a) has its principal place of business in this District; (b) has transacted substantial business in this District; (c) operates a franchise that plays professional baseball games in this District; (d) has engaged in an antitrust conspiracy that is intended to have, and has had, an anticompetitive effect on commerce in this District; and (e) has had substantial aggregate contacts with the United States as a whole, including in this District.

30. This Court has *in personam* jurisdiction over Defendants Flores and Conjugal Partnership Constituted Between Flores and his Spouse because Flores and his Spouse reside in this District and transact substantial business in this District.

31. Venue is proper in this District pursuant to Section 12 of the Clayton Act (15 U.S.C. § 22) and 28 U.S.C.

§ 1391(b), (c), and (d) because (i) Defendants are subject to this Court’s personal jurisdiction with respect to this action; (ii) a substantial part of the events giving rise to Plaintiffs’ claims occurred in this District; (iii) a substantial portion of the affected interstate trade and commerce has been carried out in this District; (iv) Defendants do business in, have agents in, are found in, or transact business in this District; and (v) Plaintiffs have and will continue to suffer harm in this District as a direct result of the conduct averred herein.

## **FACTS RELEVANT TO PLAINTIFFS’ CLAIMS**

### **A. The League**

32. The League is an independent professional baseball league, the only top-tier professional baseball league in Puerto Rico, and is colloquially referred to as the Puerto Rican Winter League. It is a member of the Caribbean Professional Baseball Confederation (the “Confederation”), which is comprised of the top-tier professional baseball leagues in the Dominican Republic, Mexico, Puerto Rico, and Venezuela, with the League serving as Puerto Rico’s official representative. Champions of each of the member league’s tournaments compete in the prestigious Caribbean Series for recognition as the region’s best team.

33. The member leagues of the Confederation have entered into the Winter League Agreement with Major League Baseball (“MLB”), which sets certain standards for the play of any league recognized as a member of the Confederation. However, the Winter League Agreement expressly states that the Confederation and its member leagues and teams are not minor league affiliates of MLB.

34. The League currently consists of six teams that have separate investor-operators and compete with

each other on and off the field. The League franchises are primarily fielded by minor league professional baseball players and unsigned prospects, with average player salaries of under \$10,000.00 per winter season.

35. The League, as the only top-tier professional baseball league in Puerto Rico, attracts a higher level of player talent than the Puerto Rico Independent Baseball League or the Liga de Béisbol Superior Doble A de Puerto Rico, the only other baseball leagues in Puerto Rico that pay anything to their players. These leagues adhere to a semi-professional model and play a regular season schedule that overlaps with the major and minor league baseball seasons in the continental United States. They are not considered top-tier professional baseball leagues and their players are funded with small stipends. They do not compete in the same relevant markets as the League.

36. The League has adopted a governing document called the Constitution of the Liga de Béisbol Profesional de Puerto Rico, Inc. (the “Constitution”). Under section 2.01(A) of the Constitution, the League contractually confers the rights to operate its franchises to private investor-operators who gain a financial interest in the revenue streams and rights of the franchises that they invest in and operate. Defendant Flores serves as the League’s president and oversees its operations as the League’s chief executive officer—a role he has held at all times relevant to the events averred in this Complaint.

37. Each of the franchises in the League has a different investor-operator that manages and exploits its revenue streams in economic competition with the other franchises in the League. The different investor-

operators do not share profits and losses of their franchises with each other, and actively compete with each other for ticket revenues from fans, revenues from sponsors, revenues from merchandising sales, and revenues from radio and streaming rights broadcasting agreements, while also competing with each other for players in the labor market.

**B. Cangrejeros LLC Joins the League and Assumes Control of the Cangrejeros Franchise, and Its Rights, as Its Investor-Operator**

38. On August 10, 2017, the League entered into an agreement transferring investor-operator rights for the Cangrejeros Franchise to the Sociedad Deportiva Cangrejeros de Santurce, Inc. (“Sociedad Deportiva”).

39. Cangrejeros LLC was formed on September 16, 2019, and subsequently assumed the rights and obligations of the investor-operator agreement between the League and Sociedad Deportiva in October 2019. Cangrejeros LLC was established for the purposes of (a) owning and operating the Cangrejeros de Santurce Baseball Team and (b) transacting any and all lawful business for which a limited liability company may be organized under the Corporations Law that is incident, necessary or appropriate to accomplish the foregoing, including, without limitation, contracting for necessary or desirable services of professionals and others. From February 4, 2022, Plaintiff Axon was the sole member and chairman of Cangrejeros LLC, which operated the Cangrejeros Franchise as its investor-operator, and which had an economic interest in all of the rights of the team.

40. On January 21, 2021, Plaintiff Cangrejeros LLC informed the League that Lino Rivera (“Rivera”) was to be the Chief Operating Officer of the Cangrejeros

Franchise and that, in his new capacity, Rivera would serve as an Alternate Member of the League Board. Axon, as sole member of Cangrejeros LLC, was also a member of the Board.

41. On February 14, 2022, Axon’s personal counsel informed Flores that Rivera and Cangrejeros employee Saúl Suárez (“Suárez”) would be the franchise’s representatives to the League Board. On February 22, 2022, the Board confirmed Rivera and Suárez as members representing the Cangrejeros Franchise on the Board. This vote inadvertently revoked Axon’s position on the League Board, as Axon’s counsel believed that Axon held permanent Board membership in his role as sole member of Cangrejeros LLC when he informed the Board of the franchise’s appointment of Rivera and Suárez as representative members.

42. The Cangrejeros Franchise plays its home games at the Hiram Bithorn Stadium (the “Bithorn”) in San Juan, Puerto Rico, by virtue of an Agreement for the Administration and Operation of the Franchise, dated August 10, 2017. The Bithorn is owned and administered by the Municipality of San Juan, of which co-conspirator Romero Lugo is the mayor. The 60-year-old stadium, although emblematic of the island’s rich baseball history, has suffered from poor maintenance and the impact of tropical weather in recent seasons, leaving it with a scoreboard that does not work, inadequate running water, toilets that do not work, and a roof that is falling off, among other issues.

### **C. Axon’s Investment in the Cangrejeros Franchise**

43. As the sole member of Cangrejeros LLC, Axon has invested heavily in initiatives to expand the competitive abilities and social responsibility of the Cangrejeros Franchise. Axon’s investments were

driven by both his desire to increase the ability of the team to compete economically with other teams in the League as well as by his desire to restore the prominence of baseball in Puerto Rico and to expand the fan base of the Cangrejeros Franchise.

44. Off the field, Axon's substantial personal investments in corporate social responsibility initiatives supported the Cangrejeros fan base and the community. For example, in March 2022, he pledged a contribution of \$200,000.00 to form a foundation dedicated to the furtherance of amateur baseball and youth development in Puerto Rico.

45. On the field, Axon funded production costs to broadcast all League games on the Fox Sports Network in the continental United States to reach fans of the Cangrejeros Franchise and the League in the United States market, and organized a private merchandising agreement with Lids Sports, to enable the Cangrejeros Franchise to not just sell its merchandise in Puerto Rico, but throughout the continental United States as well. This merchandising agreement resulted in revenues of approximately \$350,000.00 from team apparel sales for the Cangrejeros Franchise.

46. In addition, Axon has been able to entice a higher caliber of player prospects to the Cangrejeros Franchise by offering greater salaries and superior team accommodations and benefits in comparison to those offered by the other League teams competing for players.

47. Axon also proposed having his team fund a pre-season exhibition tournament in October to showcase player talent across the Caribbean. Axon met on multiple occasions with executives of teams playing in the Dominican Republic, including Águilas Cibaeñas and

Tigres del Licey, and Dominican Republic league executives to discuss the structure of the preseason tournament. These conversations between Axon and the Dominican Republic teams continued during the 2022 Caribbean Series held in Santo Domingo and were expanded to include a team from Colombia. Although a preliminary agreement for the tournament was drafted, Flores ordered Cangrejeros LLC to “cease and desist” from promoting the Puerto Rico-Colombia Classic on March 29, 2022, as part of the conspiracy to suppress competition from the Cangrejeros Franchise.

48. On information and belief, Defendants entered into their conspiracy to suppress economic competition from the Cangrejeros Franchise because they did not want to face enhanced economic competition in the relevant markets for investing in and operating a top-tier professional baseball team in Puerto Rico. Other investor-operators of the League franchises lacked or did not desire to make the type of investments that Axon was willing to make to compete with the Cangrejeros Franchise. Their objective, instead, was to remove Axon from his control over the franchise and replace him and Cangrejeros LLC with a more pliable investor-operator who would not seek to aggressively compete with the other franchises in the relevant markets.

**D. Defendants Conspire to Remove Axon from the Cangrejeros Franchise and Boycott Him and Cangrejeros LLC in the Relevant Markets**

49. One of the ways in which Plaintiffs sought to increase the competitiveness of the Cangrejeros Franchise was to develop a plan to invest approximately \$2 million in the dilapidated Bithorn stadium, which is owned by the Municipality of San Juan. The Bithorn

has fallen into complete disrepair and lacked both a working scoreboard and adequate running water.

50. While Defendants should have applauded such efforts, which would improve the experience of fans, sponsors, and players, they instead seized upon this proposed investment as a trigger for implementing their conspiracy to remove Plaintiffs from operation of the Cangrejeros Franchise.

51. The extremely poor conditions at the Bithorn were a source of frustration for players, fans, and sponsors. Indeed, the conditions were so bad that they did not comport with the Winter League Facility Standards and Compliance Inspection Procedures set forth in the Winter League Agreement.

52. On February 18, 2022, Axon's counsel sent a letter to Mayor Romero Lugo on behalf of Cangrejeros LLC to address a leaked communication detailing the depleted state of the Bithorn and to explain that Axon's proposals to upgrade the stadium stemmed from a desire to "make [the Bithorn] a living and visible monument to a cornerstone of Puerto Rico's proud history and sports culture." In the letter, Axon proposed that Cangrejeros LLC perform repairs of the stadium, through an estimated \$2 million investment, in exchange for an exclusive fifteen-year lease of the venue to the Cangrejeros Franchise. Under the proposal, revenues from events at the stadium would be split equally between the Municipality of San Juan and Cangrejeros LLC, with Cangrejeros LLC continuing to pay market rent to San Juan.

53. Co-conspirator Romero Lugo, on behalf of San Juan, rejected this proposal in a press release without any prior notice to Axon or Cangrejeros LLC.

54. Frustrated by San Juan's rejection, on March 8, 2022, Cangrejeros LLC informed Defendant Flores that the rapidly deteriorating conditions at the Bithorn necessitated consideration of a relocation for the franchise to another stadium in Puerto Rico and that an option had arisen for the Cangrejeros Franchise to play its games at a stadium in better shape in the Municipality of Humacao.

55. In a press conference held on March 10, 2022, Axon announced that he would no longer accept a municipal sponsorship from San Juan for the Bithorn, which was inadequate to provide necessary improvements. Axon had previously communicated this message at a League Board meeting on February 22, 2022, as he thought it was important for the teams and the League to seek private investments in their stadiums, which would lead to increased ticket revenues and a better experience for players, sponsors, and fans.

56. In his public statement, Axon referenced the Bithorn's numerous defects, the negative impact of these defects on player performance and fan engagement, and San Juan's failure to correct these defects or to provide adequate funds to do so. He further stated that San Juan's repeated failure to invest in the Bithorn and San Juan's unwillingness to collaborate with the Cangrejeros Franchise on proposed solutions had necessitated the contemplated movement of the team to a different stadium in another municipality.

57. Axon's comments at the press conference reflected his disappointment in the quality of product he could offer in the Bithorn stadium in light of San Juan's failed promises to maintain the Bithorn to the standards of professional baseball and its refusal to consider his \$2 million private investment proposal. Axon acted

within his rights and pursuant to his responsibilities under the investor-operator agreement with the League to obtain quality stadium conditions that were required for the play of professional baseball games and necessary to provide a positive experience for players and fans. Axon and Cangrejeros LLC hoped the press conference would encourage the League to serve as a partner in their efforts to have San Juan fulfill its obligations to improve the stadium or, if San Juan continued to resist, to move the team to another municipality.

58. Instead of receiving support from the League for their efforts to improve stadium conditions, Plaintiffs found themselves the target of a conspiracy to eliminate them as a competitor. Defendant Flores, acting, on information and belief, in concert with the mayor of San Juan, and with the agreement of the Investor-Operator Defendants who sought to restrict competition from the Cangrejeros Franchise, immediately took steps to force Axon to relinquish his control over the Cangrejeros Franchise.

59. Specifically, Flores sent Axon a letter dated March 14, 2022, pronouncing that Axon had engaged in conduct “detrimental to baseball” and to the League in violation of Section 8.02 of the League Constitution. Based on such purportedly “detrimental acts,” Flores ordered the Cangrejeros Franchise to remove Axon (its sole owner, chairman, and Delegate in Property) both from the League Board and as a shareholder of the Cangrejeros Franchise, on pain of termination of the investor-operator agreement between Cangrejeros LLC and the League.

60. Simultaneously, Flores wrote to the Municipality of Humacao to interfere with any attempt by

Cangrejeros LLC to relocate the Cangrejeros Franchise to that city, stating that the League did not endorse the transfer of the Cangrejeros Franchise to Hu-macao.

61. Cangrejeros LLC responded to Flores through a letter, dated March 17, 2022, challenging the assertion that Axon had engaged in any acts detrimental to the League, and invited Flores to join the Cangrejeros Franchise in its efforts to obtain better stadium facilities for players, League franchises, and fans.

62. Flores, however, was determined to carry out his conspiracy with the mayor of San Juan and the other Defendants to force Axon out of his control position for the Cangrejeros Franchise so that the team would: (a) cease its aggressive competition with the other teams in the relevant markets; (b) stay in San Juan without pressuring the municipality to make significant stadium improvements that Plaintiffs were willing to help finance, but that the mayor opposed; and (c) rely on the municipality to do the bare minimum in stadium improvements without private investment.

63. The following day, Flores called a special meeting of the Board of the League, in the absence of Axon despite his request to attend, to discuss the Cangrejeros Franchise and sanctions against Axon.

64. On March 29, 2022, Flores informed Axon that by agreement of the Board members—the competing investor-operators who controlled the other franchises—he had been suspended from all functions and participation in the Cangrejeros Franchise and the League for two years, fined \$5,000.00, and placed on probation for one year after expiration of the suspension.

**E. Axon’s Action Seeking a Preliminary Injunction in Puerto Rico Superior Court to Prevent His Suspension from Operating the Cangrejeros Franchise**

65. Axon sought a preliminary injunction of the sanctions levied against him by the competing Board members of the League pursuant to Rule 57 of the Puerto Rico Rules of Civil Procedure in the Superior Court of San Juan on April 11, 2022. He argued, in support of the motion, that permitting his suspension to go forward would freeze the Cangrejeros Franchise’s access to capital and result in the cessation of club operations.

66. A hearing was held on the preliminary injunction motion on April 22, 2022. The Superior Court interpreted section 3.01 of the Constitution, which states that “shareholders and official representatives must be accepted by the Boar[d]” to constitute “members” of the League, to conclude that Axon was not the Delegate or the Alternate Delegate representing the Cangrejeros Franchise on the Board at the time of his suspension and therefore was not a member of the League. As such, the court determined that Cangrejeros LLC, rather than Axon, was the Board member afforded the protections of sections 3.05 and 3.06 of the Constitution, which specify the grounds for termination of membership and procedures for member separation. The Superior Court then found that the Board of the League had the power to suspend Axon, as a nonmember of the League, and denied Axon’s motion for a preliminary injunction.

**F. Defendants Carry Out Their Conspiracy to Permanently Expel Axon from Competing and to Seize the Investor-Operator Interests of Cangrejeros LLC in the Cangrejeros Franchise**

67. On May 17, 2022, Flores informed Plaintiffs that the League was seizing the investor-operator interests of Cangrejeros LLC in the Cangrejeros Franchise, pursuant to section 3.06 of the Constitution, based on Axon's filing of his claims in Puerto Rico Superior Court in response to the sanctions the League imposed against him. According to Flores, Axon's filing of a legal action against the League, in which Axon allegedly made false representations regarding his membership in the League, was a violation of the investor-operating agreement and, as such, section 13.02 of the Constitution permitted the League Board to permanently terminate the interests of Cangrejeros LLC in the Cangrejeros Franchise.

68. This concerted action by the League, its competing investor-operators, and Mayor Romero Lugo stripped Axon and Cangrejeros LLC of their rights to invest in and operate the Cangrejeros Franchise and transferred their rights to operate and profit from the franchise back to the League without any compensation or due process of law. On information and belief, Defendants already knew that they had a more compliant investor-operator lined up to take control of the Cangrejeros Franchise in Defendant Impulse Sports, which would not provide aggressive competition to the other teams or pressure San Juan to permit or provide investment, or to make all the necessary improvements, to its stadium or face losing the team to another municipality. Although, upon information and belief, its organizers had been in communication with Flores and the League about taking control of the

Cangrejeros Franchise for several months, Impulse Sports formally organized as a corporation on May 20, 2022.

69. A virtual meeting of the League Board, with the competing investor-operators in attendance, was held on May 31, 2022. Axon sought permission to testify at the virtual meeting to oppose his being stripped of the investor-operator interests owned by Cangrejeros LLC. This request was denied.

70. Raul Rodríguez of the Criollos, José Feliciano and Juan Carlos Ramírez of the Indios, Rivera and Suárez of the Cangrejeros, Javier Hernández of the Gigantes, Roberto Alomar and Marisol Irizarry of RA12, and Oscar Misla of the Leones were present at the meeting.

71. Rivera argued on behalf of Cangrejeros LLC, explaining Axon's and Cangrejeros LLC's substantial investments in the development of the Cangrejeros team and even offering that Cangrejeros LLC would accept the sanctions imposed on Axon personally in the form of a two-year suspension in exchange for the League not seeking to terminate the investor-operator rights of Cangrejeros LLC.

72. But the Defendants had no intention of permitting Cangrejeros LLC to continue to operate the Cangrejeros Franchise in strong economic competition with the other investor-operators and in opposition to the position of the Municipality of San Juan to resist making all of the needed improvements in the Bithorn stadium.

73. Instead, the competing investor-operator Defendants on the Board agreed to unanimously ratify

the proposal of Defendant Flores to terminate the investor-operating agreement of Cangrejeros LLC and to seize all of Plaintiffs' economic and operation rights in the franchise without any compensation or due process of law. The City of San Juan, through its mayor, participated in, and encouraged, this unlawful conspiracy.

#### **G. The Investor-Operator Rights in the Cangrejeros Franchise Are Granted to Defendant Impulse Sports**

74. On June 5, 2022, Defendant Flores reported that the League was accepting proposals for a new investor-operator for the Cangrejeros Franchise. Flores acknowledged that two entities had already expressed interest in becoming the investor-operator for the franchise in February 2022, several months before Flores and the investor-operator Defendants seized upon Axon's statements about possibly moving the Cangrejeros Franchise from the deteriorating Bithorn stadium in San Juan as the stated basis for suspending him.

75. On or about June 13, 2022, just weeks after the seizure of Plaintiffs' interests in the franchise, the League announced that it had selected Impulse Sports to become the new investor-operator of the Cangrejeros Franchise.

76. Impulse Sports had filed for incorporation in Puerto Rico on May 20, 2022—eleven days before the League and its co-conspirators terminated Cangrejeros LLC's interests in the Cangrejeros Franchise as an investor-operator. On information and belief, Impulse Sports had already entered into discussions with one or more of the other Defendants and/or

co-conspirators about becoming the new investor-operator of the Cangrejeros Franchise to take over the interests that were going to be seized from Plaintiffs without compensation by the League.

77. Once Impulse Sports gained control of the Cangrejeros Franchise, it was quick to publicize its intentions to strengthen the Franchise's ties to the mayor of San Juan, co-conspirator Romero Lugo. On July 7, 2022, when Impulse Sports was introduced as the new owner of the Cangrejeros Franchise, Mayor Romero Lugo participated in the announcement and sat alongside Impulse Sports in a show of government support. At the press conference, Impulse Sports stated that it would be "strengthening ties with the mayor," which was one of the objectives of the unlawful conspiracy. In response, co-conspirator Romero Lugo stated that the Bithorn stadium would be made ready for the upcoming season.

78. On information and belief, Impulse Sports agreed with the other Defendants to participate in the conspiracy to remove Axon and Cangrejeros LLC from having any investment or rights in the Cangrejeros Franchise, and to substitute Impulse Sports as the new investor-operator, which would be committed to keeping the team in San Juan, despite the deteriorating stadium, and which would not engage in the same type of aggressive economic competition with other investor-operators as had been conducted by Plaintiffs.

#### **INTERSTATE TRADE, COMMERCE, AND CONDUCT**

79. Defendants' contracts, combinations, and conspiracies that are the subject of this Complaint are within the flow of, and substantially affect, interstate and international commerce.

80. Defendants engage in the business of controlling and operating top-tier professional baseball teams, including the recruitment of players and coaches, and the sale of tickets, sponsorships, radio, and streaming broadcast rights for the exhibition of the individual and collective professional talents of the baseball players on each such team.

81. Defendants' operation of the League and its franchises involves a significant volume of interstate and international commerce, including radio, streaming, and broadcast of games (to both domestic fans and fans in the continental United States), advertisements, travel (e.g., to the Caribbean Series), communications, ticket sales, merchandise and apparel sales (including apparel sales in the continental United States), employment of players and coaches who travel to Puerto Rico from the continental United States and elsewhere, promotional activities, the purchase and transportation of equipment, and negotiations that result in the aforementioned activities.

82. Defendants' above-described interstate and international business activities involve significant aggregate annual expenditures and revenues in the millions of dollars.

83. Defendants' above-described activities benefit from the use of instrumentalities of interstate and international commerce, payments for those activities are made by instrumentalities of interstate and international commerce, and the activities have direct, substantial, and reasonably foreseeable effects on commerce in the United States and international import commerce with the United States.

## **RELEVANT MARKETS AND MARKET POWER**

84. The relevant product and geographic markets in which Defendants' conduct has unreasonably restrained trade and reduced competition are: (a) the investment and operations market for top-tier professional baseball teams located in Puerto Rico; and (b) the related markets for players, game-day tickets, concessions sales, merchandise sales, radio and streaming broadcast rights, sponsorship rights, and for investing in a top-tier Puerto Rican professional baseball team.

85. As described above, the League and Investor-Operator Defendants monopolize and control entry into these relevant markets. The Investor-Operator Defendants also compete with each other in these markets and previously competed with Plaintiffs, before Plaintiffs were excluded from these relevant markets.

86. The participants in the relevant markets are the separately owned investor-operators of the six teams in the League, as well as individuals who desire to enter or re-enter the relevant markets, such as Plaintiffs. Plaintiffs previously participated in these relevant markets through their investor-operator control of the Cangrejeros Franchise but have been excluded from these markets by virtue of the anticompetitive conspiracy of the Defendants.

87. The relevant product of top-tier professional baseball in Puerto Rico is not interchangeable with other sports or entertainment products in Puerto Rico, as fans, sponsors, radio and streaming rights broadcasters, investors, and players of top-tier professional baseball in Puerto Rico do not view other sports or entertainment as close substitutes.

88. The Puerto Rico Independent Baseball League and the Liga de Béisbol Superior Doble A de Puerto Rico—the semi-professional baseball leagues in Puerto Rico—are not substitutes in the relevant markets because they are not top-tier, do not employ the same quality of players, play a short season in the late summer to fall at a different time from the League, and have no opportunity to play in the prestigious Caribbean Series.

89. There is no cross-elasticity of demand between top-tier professional baseball in Puerto Rico and any other sports or entertainment product in Puerto Rico. Fans, sponsors, players, radio and streaming rights broadcasters, and investors do not view any other sports or entertainment product in Puerto Rico as being interchangeable with the product of top-tier professional baseball in Puerto Rico.

90. The relevant geographic market is limited to Puerto Rico as tickets for live attendance in Puerto Rico, and in stadium sponsorship, are not interchangeable with tickets or in-stadium sponsorships to top-tier professional baseball games outside of Puerto Rico. No other geographic location is able to reach fans of professional baseball who live in Puerto Rico with live attendance and sponsorship opportunities. Moreover, individuals who wish to invest in and operate a top-tier professional baseball team in Puerto Rico do not view such an investment as being interchangeable with investing in other professional baseball businesses outside of Puerto Rico because such businesses do not have the same connection to Puerto Rico baseball and its fans that such investors wish to obtain.

91. Professional baseball teams in other Caribbean countries or in the Americas are not substitutes in the

market for top-tier professional baseball in Puerto Rico. Those teams do not play their games in Puerto Rico and do not generally have local contacts with fans or sponsors in Puerto Rico. Non-Puerto Rican professional baseball teams and the leagues to which they belong do not compete in the Puerto Rico market for game-day tickets, concessions sales, merchandise sales, and sponsorship rights. There is no cross-elasticity of demand between such professional baseball leagues and teams outside of Puerto Rico and the League and its teams in Puerto Rico.

92. The League and its investor-operators have collective monopoly power in the relevant markets. In fact, they are the only current competitors in these markets and have the ability to control and exclude entry into these markets. The League and its investor-operators exercise control over who, when, and where any individuals and entities may enter the relevant markets as investor-operators of franchises and also control and limit the total number of League franchises that will be available to compete in the relevant markets. Accordingly, the League and the Investor-Operator Defendants collectively possess and maintain a 100 percent market share in the relevant markets and conspire with each other and the other Defendants to maintain this power through exclusionary and anticompetitive agreements.

93. Barriers to entry in the form of a limited number of suitable stadiums and availability of players of a sufficient quality prevent entry of another league (and group of teams) into the top-tier professional baseball market in Puerto Rico.

**ANTITRUST INJURIES SUFFERED BY PLAINTIFFS AND BY FANS, BUSINESS PARTNERS, PLAYERS, AND COMMUNITIES**

**A. Antitrust Injuries to Plaintiffs**

94. The concerted actions of the Defendants have caused severe antitrust injury and competitive harm to Axon, Cangrejeros LLC, and Santurce Merchandising. Plaintiffs have been excluded from competing in the relevant markets and thus deprived of the total value of their investments and ability to profit from the various rights of the Cangrejeros Franchise. These injuries include the loss of Plaintiffs' ability to derive competitive value from the ticket sales, sponsorship, concessions, merchandise, and radio and streaming broadcast rights of the Cangrejeros Franchise, and the loss of the ability to compete in the relevant markets through the operation of a professional baseball team in Puerto Rico. Because Defendants control entry into these markets, it is not possible for Plaintiffs to compete in the face of the conspiracy by Defendants to exclude them from these markets.

95. Plaintiffs Axon and Cangrejeros LLC have also been injured through the loss of their vested property and investment interests in the rights to operate the Cangrejeros Franchise. These rights include the ability to invest in and expand the value of the Cangrejeros Franchise's intellectual property and trademarks, as well as the ability to transfer and sell their interests in the Franchise to another investor that wishes to enter the relevant markets. Plaintiff Santurce Merchandising has suffered lost profits as a result of being deprived of the ability to exploit various rights of the Cangrejeros Franchise in the relevant markets.

**B. Competitive Harm to Fans, Business Partners, Players, and Communities**

96. Defendants' anticompetitive conduct has also caused significant competitive harm to the fans of the teams in the League. The quality of play in the league will be lower absent the competition provided by Plaintiffs, the quality of the Bithorn for the Cangrejeros Franchise will be lower absent the efforts of Plaintiffs to invest in and improve that stadium, and the output of streaming and radio broadcasts and merchandise will be reduced for fans without the enhanced competition provided by Plaintiffs.

97. Business partners who are sponsors, merchandise sellers, and purchasers of radio and streaming broadcast rights will also suffer competitive injury by the lower quality of league games absent the enhanced competition provided by Plaintiffs. And players will receive lower salaries and benefits in the labor market absent the enhanced competition provided by Plaintiffs in that labor market.

98. The Puerto Rico communities served by the League will suffer anticompetitive harm from Defendants' unlawful concerted action. For example, other Puerto Rican cities that do not currently have a League team will be injured by being deprived of the competitive opportunity to attract such a team, which they had when Plaintiffs were competing to improve the quality of the stadium in which the Cangrejeros Franchise played. Such stadium improvements would also lead, through competition, to stadium improvements in other communities in which the League teams play, improving the fan and sponsor experience in such stadiums.

**MAJOR LEAGUE BASEBALL’S JUDICIALLY  
CREATED ANTITRUST EXEMPTION IS NOT  
APPLICABLE TO THIS CASE**

99. MLB’s judicially created exemption immunizing MLB’s “business of baseball” from federal antitrust laws does not apply to the conduct by Defendants at issue in this case. First, the exemption has no application to the business of the League and its investor-operators, which are neither MLB nor an affiliate minor league or teams of MLB. Rather, the League is wholly independent and merely agrees to abide by certain MLB standards for having MLB players eligible to participate in Winter League games. The courts have made it clear that the anomalous exemption for the baseball business of MLB will not be applied to any other sports league business or its teams.

100. Second, even if the exemptions could theoretically apply to certain business of baseball conduct of the League and its investor-operators, it cannot apply to the conspiracy at issue here, which is not conduct necessary for or even related to the joint production of baseball games.

101. The recent decision of the United States Supreme Court in *Alston*, and the recent Statement of Interest of the United States Department of Justice, make it clear that the so-called “baseball exemption” for MLB may not be extended to the type of conduct challenged in this case—where a conspiracy is being engaged in by investor-operators in the League for the anticompetitive purpose of suppressing competition, rather than engaging in necessary cooperation to jointly conduct baseball games. *See Nat'l Coll. Athletic Ass'n v. Alston*, 141 S. Ct. 2141, 2159 (2021), and DOJ Statement of Interest, STATEMENT OF INTEREST

OF THE UNITED STATES at 1, 4-7, *Nostalgic Partners, LLC v. The Office of Baseball*, No. 1:21-cv-10876-ALC, (S.D.N.Y. June 15, 2022), ECF No. 35.

102. Third, there is no baseball exemption to the Civil Rights Act, the Puerto Rico antitrust or fair competition laws, or the tort of Contracts in Prejudice of a Third Party. Nor is there any need for nationwide uniformity in applying the Puerto Rico antitrust or fair competition laws to the conduct of Defendants, as the League only conducts its games in Puerto Rico and the location of the Caribbean Series, not in any other State. The Commerce Clause thus does not require that any baseball exemption be applied to the Puerto Rico antitrust or fair competition laws, even if it were to be applied to the federal antitrust claims against Defendants (which should not be the case).

## **CLAIMS FOR RELIEF**

### **COUNT ONE**

#### **Violations of Section 1 of the Sherman Act:** **Agreement Among Defendants in Unreasonable** **Restraint of Competition**

103. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

104. The League and its investor-operators are each separate economic actors that do not share profits and losses with each other or otherwise compete as a single economic entity in the relevant markets. Each investor-operator of a franchise of the League has separate economic interests and competes with each other economically for fans, sponsors, investors, radio and streaming broadcasters, and player talent. Indeed, a key motivation of the other investor-operators in the

anticompetitive conspiracy to exclude Plaintiffs from the relevant markets is to eliminate the aggressive competition Plaintiffs have provided to the Investor-Operator Defendants in these markets. The concerted actions of the League and its investor-operators, organized by the conspiratorial acts of its president, constitute a contract, combination, or conspiracy subject to Section 1 of the Sherman Act.

105. Defendants have entered into a continuing conspiracy in unreasonable restraint of trade to boycott and exclude Plaintiffs from the relevant markets and to replace them with a more malleable competitor in Impulse Sports. The purpose and effect of this conspiracy is to reduce horizontal competition among the investor-operators and the franchises they control in the relevant markets set forth in paragraphs 84 to 93 above. The League and its president are the organizers of this conspiracy in restraint of trade.

106. The conspiracy by Defendants will reduce product quality and output in the relevant markets. It also has no procompetitive justification. Accordingly, the concerted conduct constitutes a violation of Section 1 of the Sherman Act whether viewed under the *per se* rule applicable to group boycotts or a rule of reason analysis.

107. The agreement between the League, its president, and the League's investor-operators has had significant anticompetitive effects in the relevant markets set forth in the Complaint, resulting in antitrust injury to Plaintiffs, as well as competitive harm to fans, sponsors, players, merchandisers, radio and streaming rights broadcasters, and communities. This competi-

tive harm has included reduced output and lower product quality for top-tier professional baseball games in Puerto Rico.

108. Even if there were any procompetitive purpose for the anticompetitive concerted action of Defendants (there is none), reasonable, less restrictive alternatives would exist to achieve such a purpose rather than the total exclusion of Plaintiffs from the relevant markets. As a result, the participation of Defendants in the challenged agreement would, in all events, constitute a violation of Section 1 of the Sherman Act under a rule-of-reason analysis.

109. The anticompetitive concerted actions of Defendants have directly and proximately caused antitrust injury and damages to the business and property of Plaintiffs. Plaintiffs were participants in the relevant markets and were, in fact, the specifically intended targets of Defendants' anticompetitive agreement.

110. Plaintiffs have already suffered significant antitrust injury and damages to their business and property as a result of being prevented, by the anticompetitive agreement of the Defendants, from being able to continue to participate in the relevant markets. Plaintiffs are entitled to an award of treble damages, in an amount to be proven at trial, for the injuries they have suffered as a result of Defendants' agreement in violation of Section 1 of the Sherman Act. Plaintiffs are also entitled to injunctive relief to end Defendants' unlawful conspiracy and restore competition to the relevant markets.

**COUNT TWO**

**Violations of Section 2 of the Sherman Act:  
Conspiracy or Combination to Monopolize, Monop-  
olization, and Attempted Monopolization**

111. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

112. Defendants are each separate economic actors, as further alleged above.

113. All Defendants have entered into a continuing combination or conspiracy with the specific intent of acquiring and maintaining monopoly power in the relevant markets for top-tier professional baseball teams set forth in paragraphs 84 to 93 above, in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

114. Defendant League and its investor-operators have a 100 percent share of the relevant markets and exercise their monopoly power by controlling entry into those markets. Barriers to entry prevent any other top-tier professional baseball league and teams from forming and entering the relevant markets.

115. Defendants' anticompetitive conspiracy has maintained Defendants' monopoly power by excluding Plaintiffs from the relevant markets and from providing increased competition to Defendants in the relevant markets.

116. All Defendants have thus engaged in an unlawful combination or conspiracy to monopolize in violation of Section 2 of the Sherman Act.

117. In addition, even if Defendants were found to be operating as a single economic entity with the League for purposes of the Sherman Act, the League

and its investor-operators would then still be in violation of Section 2 of the Sherman Act for actual or attempted monopolization (which does not require concerted action among separate economic entities).

118. The League has engaged in exclusionary and anticompetitive actions against Plaintiffs, as set forth above, with the specific intent of obtaining and maintaining monopoly power in the relevant markets without any procompetitive justification. Such conduct constitutes actual monopolization and/or attempted monopolization, each in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

119. The conduct by Defendants in violation of Section 2 of the Sherman Act has reduced product quality and output in the relevant markets.

120. The conduct by Defendants in violation of Section 2 of the Sherman Act has had significant anticompetitive effects in the relevant markets set forth in the Complaint, resulting in antitrust injury to Plaintiffs, as well as competitive harm to fans, sponsors, radio and streaming rights broadcasters, merchandisers, players, and communities.

121. Defendants' exclusionary and anticompetitive conduct in violation of Section 2 of the Sherman Act has directly and proximately caused antitrust injury and damages to the business and property of Plaintiffs. Plaintiffs were participants in the relevant markets and were, in fact, the specifically intended targets of Defendants' anticompetitive monopolization conduct.

122. Plaintiffs have already suffered significant antitrust injury and damages to their business and property as a result of Defendants' unlawful conduct in vio-

lation of Section 2 of the Sherman Act, including by being prevented from continuing to compete in the relevant markets. Plaintiffs are entitled to an award of treble damages, in an amount to be proven at trial, for the injuries they have suffered as a result of Defendants' violation of Section 2 of the Sherman Act. Plaintiffs are also entitled to injunctive relief to end Defendants' unlawful monopolization conduct and to restore competition to the relevant markets.

### **COUNT THREE**

#### **Violations of the Antitrust Law of Puerto Rico (P.R. Laws Ann. tit. 10, § 258): Agreement Among Defendants in Unreasonable Restraint of Competition**

123. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

124. Defendants are each separate economic actors, as further alleged above.

125. The concerted actions of the League and its investor-operators, organized by the conspiratorial acts of its president, constitute an unreasonable restraint of trade in violation of the antitrust law of Puerto Rico, P.R. Laws Ann. tit. 10, § 258.

126. As further alleged above, Defendants have entered into a continuing conspiracy in unreasonable restraint of trade to boycott and exclude Plaintiffs from the relevant markets and to replace them with a more malleable competitor in Impulse Sports. The purpose and effect of this conspiracy is to reduce horizontal competition among the investor-operators and the franchises they control in the relevant markets set forth in paragraphs 84 to 93 above. The League and its

president are the organizers of this conspiracy in restraint of trade.

127. As further alleged above, the conspiracy by Defendants will reduce product quality and output in the relevant markets and has no procompetitive justification. Moreover, if there were any procompetitive purpose for the alleged conspiracy, it could reasonably be achieved through much less restrictive alternatives than Plaintiffs' exclusion from the relevant markets.

128. As further alleged above, the anticompetitive concerted actions of Defendants have directly and proximately caused antitrust injury and damages to the business and property of Plaintiffs.

129. Defendants' illegal conduct substantially affected and/or restrained commerce, trade, and consumers in Puerto Rico.

130. By reason of the foregoing, Defendants have entered into agreements in restraint of trade in violation of P.R. Laws Ann. tit. 10, § 258.

131. By reason of Defendants' violation of the antitrust law of Puerto Rico, Plaintiffs have suffered monetary damages and loss of going-concern value. Plaintiffs have been deprived of the revenue and profits they would have otherwise made but for Defendants' illegal conduct. Plaintiffs are therefore entitled to recover treble damages for the harm suffered, plus costs and attorneys' fees. P.R. Laws Ann. tit. 10, § 268(a).

132. Plaintiffs are also entitled to injunctive relief to end Defendants' violations of the Puerto Rico antitrust law and to restore competition to the relevant markets.

**COUNT FOUR****Violations of the Antitrust Law of Puerto Rico**  
**(P.R. Laws Ann. tit. 10, § 260): Conspiracy or**  
**Combination to Monopolize, Monopolization,**  
**and Attempted Monopolization**

133. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

134. Defendants are each separate economic actors, as further alleged above.

135. As further alleged above, all Defendants have entered into a continuing combination or conspiracy with the specific intent of acquiring and maintaining monopoly power in the relevant markets set forth in paragraphs 84 to 93 above, in violation of Section 4 of the antitrust law of Puerto Rico, P.R. Laws Ann. tit. 10, § 260.

136. As further alleged above, Defendant League and its investor-operators have a 100 percent share of the relevant markets and exercise their monopoly power by controlling entry into those markets.

137. As further alleged above, Defendants' anti-competitive conspiracy has maintained Defendants' monopoly power by excluding Plaintiffs from the relevant markets and by preventing them from providing increased competition to Defendants in the relevant markets.

138. Defendants have thus engaged in an unlawful combination or conspiracy to monopolize in violation of section 260 of the antitrust law of Puerto Rico.

139. As further alleged above, the League and its investors-operators have engaged in exclusionary and

anticompetitive actions against Plaintiffs with the specific intent of obtaining and maintaining monopoly power in the relevant markets without any procompetitive justification. Such conduct constitutes actual monopolization and/or attempted monopolization in violation of section 260 of the antitrust law of Puerto Rico, even if these Defendants were to be viewed as a single economic entity.

140. As further alleged above, the conduct by Defendants in violation of section 260 of the antitrust law of Puerto Rico has reduced product quality and output in the relevant markets.

141. As further alleged above, the conduct by Defendants in violation of Section 260 has had significant anticompetitive effects in the relevant markets set forth in the Complaint, resulting in antitrust injury to Plaintiffs, as well competitive harm to fans, sponsors, radio and streaming rights broadcasters, merchandisers, players, and communities.

142. By reason of Defendants' violation of the antitrust law of Puerto Rico, Plaintiffs have suffered monetary damages and loss of going concern value. Plaintiffs have been deprived of the revenue and profits they would have otherwise made but for Defendants' illegal conduct. Plaintiffs are therefore entitled to recover treble damages for the harm suffered, plus costs and attorneys' fees. P.R. Laws Ann. tit. 10, § 268(a).

143. Plaintiffs are also entitled to injunctive relief to end Defendants' violations of the Puerto Rico antitrust law and to restore competition to the relevant markets.

**COUNT FIVE****Violations of Fair Competition, P.R. Laws Ann. tit. 10, § 259, and Article 1536 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, §§ 10801 and 10803**

144. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

145. Article 1536 of the Puerto Rico Civil Code of 2020 establishes that whoever by act or omission causes harm to another, through fault or negligence, will be obligated to repair the damage caused.

146. Defendants have entered into a continuing combination or conspiracy that amounts to unfair methods of competition and/or deceptive acts and practices in trade and commerce in Puerto Rico, as defined and provided under P.R. Laws Ann. tit. 10, § 259.

147. Defendants violated the Fair Competition Law of Puerto Rico, P.R. Laws Ann. tit. 10, § 259, by engaging in unfair methods of competition and/or unfair deceptive acts and practices that have caused injuries to the business and property of Plaintiffs. Defendants' unlawful practices include:

- a. Violations of statutory laws, including 15 U.S.C. §§ 1 and 2, 42 U.S.C. § 1983, and P.R. Laws Ann. tit. 10, §§ 259 and 260, the common law, or other established concepts of unfairness; and/or
- b. Immoral, unethical, oppressive, or unscrupulous acts throughout Puerto Rico; and/or
- c. Depriving Plaintiffs of free and open competition in the relevant markets for investing in,

managing, and operating top-tier professional baseball teams in Puerto Rico; and/or

d. Entering into agreements that constitute Contracts in Prejudice of a Third Person.

148. Defendants' intentional and/or negligent violation of P.R. Laws Ann. tit. 10, §§ 259 and 260 constitutes fault or negligence as those terms are defined in Article 1163 of the Civil Code of Puerto Rico, P.R. Laws Ann. tit. 31, § 9315, and interpreted under Article 1536, P.R. Laws Ann. tit. 31, § 10801, and its predecessor, Article 1802 of the Civil Code of 1930, P.R. Laws Ann. tit. 31, § 5141 (repealed), and those acts have caused Plaintiffs to suffer injury and damages.

149. Plaintiffs are entitled to compensatory damages or restitution derived by Defendants from their willful and/or negligent acts or omissions pursuant to Article 1536 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, § 10801.

150. Plaintiffs are also entitled to punitive damages, pursuant to Article 1538 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, § 10803, because Defendants have acted with malice and intent to defraud.

## COUNT SIX

### Contracts in Prejudice of a Third Person

151. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

152. Upon information and belief, Defendants League, Flores, and one or more Investor-Operator Defendants, and one or more of the individuals who became the officers of Defendant Impulse Sports, were in

communication with each other between March of 2022 and June of 2022 with the specific intent of awarding the Cangrejeros Franchise to Impulse Sports.

153. The individuals who became the officers of Defendant Impulse Sports at the time of those communications and, since May 20, 2022, Defendant Impulse Sports itself, knew that Plaintiffs owned the Cangrejeros Franchise before and during the period when those communications were taking place.

154. Defendant League, Flores, and the Investor-Operator Defendants entered into an agreement with Defendant Impulse Sports to vest the Cangrejeros Franchise upon Impulse Sports, knowing that Cangrejeros LLC and Axon had a valid agreement as investor operators of the Cangrejeros Franchise that was unlawfully terminated. Additionally, Defendants had actual knowledge that Axon and Cangrejeros LLC had vested certain of their rights pursuant to their investor-operator interest in Santurce Merchandising.

155. The intent of Defendants was that the former agreement would supersede the latter agreement to the detriment of Cangrejeros LLC, Santurce Merchandising, and Axon.

156. Neither the League nor Impulse Sports have compensated Plaintiffs in any way, and as a result of Defendants' agreement and their execution thereof, Plaintiffs have suffered actual injury and damages, including but not limited to, their loss of their investor-operator interest in the Cangrejeros Franchise and all economic and business opportunities relating to their exploitation and use thereof.

157. The agreements between the Defendants constitute Contracts in Prejudice of a Third Person, as

acknowledged by the Puerto Rico Supreme Court in *Dennis v. City Fed. Savings & Loan Ass'n*, 121 P.R. Dec. 197 (1988), under Puerto Rico's General Tort Statute. As a result, Plaintiffs are entitled to have Defendants' agreements voided, to have the Cangrejeros Franchise returned to Plaintiffs, and to be compensated for actual damages suffered.

#### COUNT SEVEN

##### Violations of Civil Rights Act of 1871, 42 U.S.C. § 1983

158. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

159. Defendants conspired with one another and co-conspirator Romero Lugo, acting on behalf of the municipality of San Juan, to deprive Plaintiffs, without due process of law, of their property interests and rights, privileges, and immunities secured by the United States Constitution and laws of the United States under the color of government action by a municipality of Puerto Rico. Defendants' conspiracy, with the participation of the mayor of San Juan acting on behalf of the municipality, deprived Axon and Cangrejeros LLC, without any due process or compensation, of their established property interest in being the investor-operator of the Cangrejeros Franchise and having control over the commercial exploitation of the team's various rights without affording them compensation or due process of law.

160. Defendants, acting in concert with the mayor of the Municipality of San Juan, operated under the law and color of government authority in depriving Plaintiffs of their property interests in the Cangrejeros

Franchise without due process of law in order to, among other things, accomplish the objective of San Juan to suppress requests by the Franchise for various improvements in its stadium, to suppress the proposal for a private investment in the stadium, and to eliminate the possibility that the team would move to another municipality in Puerto Rico. There was no lawful justification for this conspiracy.

161. The conduct of co-conspirator Romero Lugo, on behalf of the Municipality of San Juan and in coordination with Defendants, amounted to governmental compulsion and/or joint and symbiotic action by a state actor.

162. The conspiracy by Defendants was also purposefully harmful, or at least recklessly indifferent, to Plaintiffs' federally protected property rights in continued operation of the Cangrejeros Franchise, in violation of 42 U.S.C. § 1983.

163. As a direct and proximate result of Defendants' actions in violation of 42 U.S.C. § 1983, Plaintiffs have been deprived of their property rights without due process of law and are entitled to recover actual damages, costs, and attorneys' fees. 42 U.S.C. §§ 1983 and 1988.

164. Defendants' conduct to deprive Plaintiffs of their property interest, under color of government authority, and without due process of law, has also been malicious and deceitful, entitling Plaintiffs to recover punitive damages.

165. Plaintiffs are also entitled to injunctive relief to remedy Defendants' actions in violation of 42 U.S.C. § 1983 and restore Plaintiffs' protected property rights in the Franchise.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray for judgment with respect to their Complaint as follows:

- A. That the unlawful contracts, combinations, or conspiracies alleged herein, and the acts done in furtherance thereof by Defendants, be adjudged and decreed a violation of Section 1 of the Sherman Act, 15 U.S.C. § 1;
- B. That the conspiracy or combination of Defendants to monopolize the relevant markets be adjudged to be in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2;
- C. That the exclusionary and anticompetitive conduct of Defendant League (acting with its investor-operators) to acquire and maintain, or to attempt to acquire and maintain, monopoly power in the relevant markets be adjudged to be in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2;
- D. That the exclusionary and anticompetitive conduct of Defendants be adjudged to be in violation of the Puerto Rico antitrust law, P.R. Laws Ann. tit. 10, § 257, et seq.;
- E. That the Court enjoin Defendants from continuing to engage in conduct in violation of Sections 1 and 2 of the Sherman Act, and the antitrust law of Puerto Rico, and order Defendants to return the investor-operator interest for the Cangrejeros Franchise to Cangrejeros LLC, end the suspension of Axon, and require that any future attempt by the League to remove

and/or suspend Axon and Cangrejeros LLC from the League and operations of the Cangrejeros Franchise be subject to a determination by an agreed-upon neutral arbitrator, so that the competition provided by Plaintiffs in the relevant markets can be fully restored;

- F. That judgment be entered for Plaintiffs against Defendants for three times the amount of damages sustained by Plaintiffs as allowed by Section 4 of the Clayton Act, 15 U.S.C. § 15, and the Puerto Rico antitrust law, P.R. Laws Ann. tit. 10, § 268, in an amount to be determined at trial, together with the costs of this action and reasonable attorneys' fees pursuant to the Clayton Act and the Puerto Rico antitrust law;
- G. That the unlawful and unfair methods of competition and/or deceptive acts and practices of Defendants be declared a violation of the Puerto Rico Fair Competition Law, P.R. Laws Ann. tit. 10, § 259 and Article 1536 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, § 10801;
- H. That judgment be entered for Plaintiffs against Defendants to compensate Plaintiffs for the amount of damages sustained by Plaintiffs and/or restitution from Defendants, and for punitive damages, pursuant to the Puerto Rico Fair Competition Law, P.R. Laws Ann. tit. 10, § 259 and Articles 1536 and 1538 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, §§ 10801 and 10803;

- I. That Defendants' agreements to strip Plaintiffs of the Cangrejeros Franchise and award it to Impulse Sports be declared contracts in prejudice of a third party and, thus, void under Puerto Rico law;
- J. That judgment be entered for Plaintiffs against Defendants to compensate Plaintiffs for the amount of damages sustained by Plaintiffs and/or restitution from Defendants, including return the investor-operator interest for the Cangrejeros Franchise to Cangrejeros LLC, and for punitive damages, under the tort of Contracts in Prejudice of a Third Party and pursuant to Articles 1536 and 1538 of the Puerto Rico Civil Code, P.R. Laws Ann. tit. 31, §§ 10801 and 10803;
- K. That the conspiratorial actions of Defendants be declared to be in concert with government officials and under color of law and to have deprived Plaintiffs of their property interests and rights, privileges, and immunities without due process of law, as secured by the United States Constitution and laws of the United States;
- L. That judgment be entered for Plaintiffs against Defendants for actual damages, punitive damages, costs, in an amount to be determined at trial, and attorneys' fees pursuant to 42 U.S.C. §§ 1983 and 1988;
- M. That the Court enjoin Defendants from continuing to engage in conduct in violation of Plaintiffs' civil rights under 42 U.S.C. § 1983 and order Defendants to return the investor-operator

interest for the Cangrejeros Franchise to Cangrejeros LLC and end the suspension of Axon;

- N. That Plaintiffs be awarded pre- and post-judgment interest to the maximum extent permitted by law; and
- O. That Plaintiffs be accorded such other, further, or different relief as the case may require and the Court may deem just and proper under the circumstances.

**DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a jury trial as provided by Rule 38(a) of the Federal Rules of Civil Procedure.

Dated: July 18, 2022

By: /s/ Carlos A. Rodríguez-Vidal  
Carlos A. Rodríguez-Vidal  
USDC-PR No. 201213  
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*Counsel for Plaintiffs*  
*Cangrejeros de Santurce*  
*Baseball Club, LLC,*  
*Santurce Marketing LLC, and*  
*Thomas J. Axon*

## APPENDIX B

[Filed 09/28/22]  
[Certified Translation]

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Case No. 3:22-cv-01341-WGY

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DOCUMENT NO. 36-1

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**AGREEMENT FOR THE MANAGEMENT AND  
OPERATION OF THE LOS CANGREJEROS DE  
SANTURCE FRANCHISE OF *LIGA DE BÉISBOL  
PROFESIONAL DE PUERTO RICO, INC.*,  
ROBERTO CLEMENTE WALKER, BY  
*SOCIEDAD DEPORTIVA CANGREJEROS DE  
SANTURCE, INC.*, UNDER THE NAME OF  
*CANGREJEROS DE SANTURCE***

**BY AND BETWEEN**

**THE PARTY OF THE FIRST PART: *LIGA DE  
BÉISBOL PROFESIONAL DE PUERTO RICO,  
INC.*, a nonprofit corporation duly organized in accord-  
ance with the laws of the Commonwealth of Puerto  
Rico and registered with the Department of State un-  
der number 4437, represented in this act by its Presi-  
dent, Mr. Héctor Rivera Cruz, Esq., hereinafter re-  
ferred to as the “LEAGUE;” and**

**THE PARTY OF THE SECOND PART: *SOCIE-  
DAD DEPORTIVA CANGREJEROS DE SAN-  
TURCE, INC.*, a nonprofit entity created under the  
laws of the Commonwealth of Puerto Rico, registered  
with the Department of State under number 397979,  
represented in this act by its President, Mr. Justo O.**

Moreno, of legal age, married, an executive and resident of San Juan, Puerto Rico, hereinafter referred to as the "**OPERATOR**."

**THE PARTIES** do hereby affirm that they have the legal capacity required to execute this **AGREEMENT**. They assure that they are duly authorized to do so and that they shall provide proof of such authorization wherever and whenever required. To that effect, they do hereby:

**- WITNESSETH -**

**FIRST:** That the LEAGUE is the owner of the franchise of the professional baseball team named *Cangrejeros de Santurce* and of the reserves of players forming a part thereof.

**SECOND:** That the LEAGUE wishes and intends for the *Cangrejeros de Santurce* franchise to continue to be a franchise of the capital city of San Juan during the 2017-2018 winter tournament sponsored by the LEAGUE and that the same continue to operate in the Hiram Bithorn Stadium in San Juan. For this, the OPERATOR shall need the authorization of the Autonomous Municipality of San Juan, without whose authorization the OPERATOR cannot manage the franchise, which subjects this Agreement to the obtention of said authorization. To that effect, the OPERATOR shall have thirty (30) days from the signature of this Agreement to deliver the agreement to the LEAGUE. Furthermore, this Agreement is subject to the OPERATOR receiving from the Autonomous Municipality of San Juan the financial contribution of \$250,000.00. Should the OPERATOR not receive such financial contribution, this Agreement shall be null and void and the OPERATOR shall not be able to manage the franchise.

**THIRD:** That the OPERATOR has expressed to the LEAGUE that it wishes to be allowed to assume the operation and management of the franchise referred to in the FIRST paragraph, and said request was presented before the Board of Directors and approved with the conditions established below.

**FOURTH:** That the LEAGUE has examined the OPERATOR'S request and has met with the OPERATOR through the President of the League and its Board of Directors, and given that the LEAGUE finds that the request is in keeping with the best interests of professional baseball in Puerto Rico and the objectives and purposes of the LEAGUE, it does hereby authorize the execution of this AGREEMENT, by which the LEAGUE grants to the OPERATOR all of the pertinent rights and authorizations to operate and manage the **CANGREJEROS DE SANTURCE** franchise, in accordance with the following:

**- TERMS AND CONDITIONS -**

**A. GENERAL**

I. The LEAGUE does hereby grant and transfer the rights that it has of the **CANGREJEROS DE SANTURCE** to the OPERATOR and designates the latter as the new entity in charge of the operation of the CANGREJEROS DE SANTURCE franchise for the next 2017-2018 season and subsequent seasons; and the OPERATOR does hereby agree to discharge said duties in accordance with the provisions, the Constitution and the Regulations of the LEAGUE, and other applicable current rules of the Caribbean Professional Baseball Confederation and MLB, which are hereby adopted by reference and made a part of this AGREEMENT. Such AGREEMENT includes, but is not limited to, having authority and control over the players,

who are included and detailed in Attachment I, which forms part of this Agreement, and the reserve of coaches and trainers that said franchise has in effect as of today, as well as any other resource that may be necessary to operate this franchise in accordance with the Regulations and decisions applied and established from time to time by the LEAGUE and its Board of Directors.

II. In consideration of such designation, the **OPERATOR** shall pay to the **LEAGUE** the sum of **TWO HUNDRED THOUSAND DOLLARS** (\$200,000.00), which shall be paid in full in four partial payments in the amounts and on the dates specified below:

- a. One payment of **FIFTY THOUSAND DOLLARS** (\$50,000.00) payable on or before October 1, 2017.
- b. One payment of **FIFTY THOUSAND DOLLARS** (\$50,000.00) payable on or before October 1, 2018.
- c. One payment of **FIFTY THOUSAND DOLLARS** (\$50,000.00) payable on or before October 1, 2019.
- d. One payment of **FIFTY THOUSAND DOLLARS** (\$50,000.00) payable on or before October 1, 2020.

Provided that the payment of the aforementioned amount may be accelerated if the **OPERATOR** deems this proper and convenient, and partial payments may be made, as long as the total amount due by the OPERATOR to the LEAGUE is paid in full on or before October 1, 2020. The **OPERATOR** acknowledges that in the event that the amount of **ONE HUNDRED AND FIFTY THOUSAND DOLLARS** (\$150,000.00) is not

paid on or before October 1, 2020, the operation and management of the franchise, as well as of its assets, including players, trainers and any other benefits, automatically and without further notification or demand whatsoever, shall revert to the control of the **LEAGUE**; provided that this shall not be construed to constitute a release or waiver by the **LEAGUE** to file any other claim or procedure against the **OPERATOR** and/or **JOINT AND SEVERAL DEBTOR** that it may deem fit and necessary to safeguard its rights, in accordance with what is provided in this Agreement.

- e. The debt that is referred to above, as well as the stipulated payment instalments, is not by any means related to the additional financial commitments that may arise from time to time and that the **OPERATOR** is obligated to fulfill every year to the **LEAGUE**, to the Baseball Player Association, to the Caribbean Confederation, to MLB or to any other entity that it may have a financial commitment to as a franchise, including the financial commitments that may be established by the Board of Directors that must be complied with by all the franchises. Provided that the **OPERATOR** cannot replace, or compensate for, any of the payments or the debt of reference with other obligations that may arise during the effective period of its management.
- f. Likewise, the **OPERATOR** shall acquire every year, prior to the commencement of every tournament and until otherwise provided by resolution of the Board of Directors of the **LEAGUE**, a bond in favor of the League and of the franchises to cover any payments that it may have failed to comply with during that year and that are being claimed by the players, trainers or

personnel of the franchise, up to a maximum of \$40,000.00.

III. The **OPERATOR** does hereby agree and covenant to operate said franchise in the Municipality of San Juan, and to that effect, it shall execute any and all necessary agreements with the Government of the Autonomous Municipality of San Juan and with any other public or private entity, including the operators and managers of any other franchise, and any other third party, for the operation of said franchise in the Hiram Bithorn Municipal Stadium in San Juan, Puerto Rico. It shall present a true and correct copy of any such agreements to the **LEAGUE** within thirty (30) days of the date of execution thereof. Furthermore, the **OPERATOR** hereby certifies that it has been advised of its duty to corroborate that the Autonomous Municipality of San Juan ensures that said stadium meets the necessary conditions to be able to play professional baseball and that same is approved by MLB and by the representatives of the **LEAGUE** appointed for this purpose. The costs associated with the inspections to be performed by MLB shall be paid by the **OPERATOR**.

IV. The **OPERATOR** hereby agrees to strictly observe and comply with the Constitution of the **LEAGUE**, the decisions of the Board of Directors, as well as all the rules and norms related to its management and to that of the Caribbean Series winter league baseball tournament, and the rules governing the management and operation of organized baseball in Puerto Rico and in the United States of America, including those applicable to the Caribbean Professional Baseball Confederation, the World Baseball and Softball Federation, and Major League Baseball; as well as the obligations arising out of the execution by the

**LEAGUE** of any covenant or agreement with a third party, including collective bargaining agreements and as long as these are not contrary to the law, morals or public order.

V. The **OPERATOR** does hereby agree to abide by the decisions and resolutions of the President of the League or its Board of Directors and to comply with these, acknowledging that it cannot turn to a judicial or quasi-judicial body, either local or federal, in order to revoke, limit or annul, in whole or in part, the decisions of the President or the League, and without first having exhausted the internal mechanisms and remedies provided for in the Constitution, and applicable regulations and agreements, as well as the rules and regulations of the Caribbean Professional Baseball Confederation and MLB, to resolve disputes or review decisions, strictly observing the established requirements governing the judicial or administrative review processes of such decisions.

VI. The **OPERATOR** does hereby certify that it has received the aforementioned CANGREJEROS DE SANTURCE, INC. franchise free and clear of any obligation, agreeing to carry out any and all acts that are appropriate and necessary for the successful management and operation of the franchise; and thus, it shall be responsible for any and all obligations, commitments, debts and any other obligation arising out of such activities from now on; agreeing, as it does hereby agree, to release the **LEAGUE**, its Board and its Directors from any type of liability for any damage or claim resulting from such operation and management, or for culpable or negligent actions or omissions attributable to the **OPERATOR**, its officers, agents or representatives. Likewise, the **LEAGUE** does hereby release and forever discharge the **OPERATOR** from

any obligation or liability that may be attributed to the CANGREJEROS DE SANTURCE, INC. franchise prior to the date of execution of this Agreement.

VII. The **OPERATOR** shall submit to the **LEAGUE** periodic reports related to the operation and functioning of the franchise, including, but not limited to, financial reports and reports of any other nature associated with the operation and management of said franchise that may be required of it by the **LEAGUE**; provided that the **OPERATOR** shall grant access to the **LEAGUE** and its agents, upon prior coordination, within a period never shorter than 30 days, unless there is just cause to require same in less time, to inspect the books and other records related to the operation and management of the franchise, whose rights the **LEAGUE** conditionally assigns hereunder.

VIII. The **OPERATOR** hereby agrees not to carry out activities or to execute agreements of any kind that are, or may be, in conflict with the interests of the **LEAGUE**, of the other franchises and of the Directors who represent these. This includes, but is not limited to, agreeing to voluntarily dismiss and move for dismissal with prejudice of any legal action filed by the **OPERATOR** or any of its directors or officers, in any capacity, against the **LEAGUE**, its directors and any of the franchises of the **LEAGUE** without first having exhausted all of the internal venues and mechanisms provided for in the Constitution and in the Regulations of our **LEAGUE**, of the Caribbean Confederation and **MLB**, that are applicable. Likewise, the **LEAGUE** hereby agrees not to file any claim in any judicial or administrative body without first having exhausted the internal venues and mechanisms provided for in the Constitution and in the Regulations of our **LEAGUE**,

of the Caribbean Confederation and MLB, that are applicable to it.

IX. Once this AGREEMENT is executed and the **OPERATOR** pays on or before October 1, 2017, the first instalment of \$50,000.00 to acquire the rights to operate the **CANGREJEROS DE SANTURCE** franchise, they shall have representation with voice and voting rights on the Board of Directors of the **LEAGUE** and, to this end, it shall appoint a Permanent Delegate and an Alternate Delegate. The inherent duties, powers and obligations of the Delegate and Alternate Delegate before the Board shall be exercised in accordance with the Constitution and the rules that govern the functioning of the Board of Directors of the **LEAGUE**.

X. The **OPERATOR** hereby agrees to submit to the **LEAGUE** a copy of the financial statement as of October 1, 2017, of **SOCIEDAD DEPORTIVA CANGREJEROS DE SANTURCE, INC.**

XI. This AGREEMENT shall remain in effect as long as the conditions stipulated herein are met, including the payment of \$200,000.00 in the manner stipulated. In the event that this debt is not paid, the AGREEMENT shall be null and it shall be terminated, without further notification or action on the part of the **LEAGUE** to the **OPERATOR and/or JOINT AND SEVERAL DEBTORS**, unless the parties at any point execute a written amendment to this AGREEMENT pertaining to the effectiveness hereof. If the **OPERATOR**, during the operation of the franchise, complies with all of the obligations, conditions and decisions of the **LEAGUE**, in accordance with its Bylaws and Regulations, it shall have all of the privileges, benefits, interests, obligations and responsibilities incumbent on

it as **OPERATOR** of the franchise, and in accordance with the Constitution and applicable Regulations. In the event that the **OPERATOR** wishes to make a change with regard to the members of its Board of Directors or to assign, sell or dispose of the rights or privileges that this AGREEMENT vests in it, this shall be submitted to the LEAGUE for it to be expressly approved in writing, in accordance with the provisions of its bylaws.

**XII. JOINT AND SEVERAL DEBTOR:** The **JOINT AND SEVERAL DEBTOR OR DEBTORS** do(es) hereby agree, in its(their) personal capacity, to guarantee the payment of all of the **OPERATOR'S** debts, and as such, to assume all of its obligations. To that effect, it(they) may be required to pay a debt of the **OPERATOR**, without the need to first attempt to collect the same from the **OPERATOR**, as well as a claim, complaint, verdict or judgment that may be entered against the **OPERATOR** in relation to the management and operation of the franchise.

**XIII. APPLICABLE LAWS:** This Agreement and its provisions shall be interpreted in accordance with the laws of the Commonwealth of Puerto Rico and any claim between the parties shall be heard in the General Court of Justice of the Commonwealth of Puerto Rico, Judicial Center of San Juan.

**XIV. NOTIFICATIONS:** Any and all communication between the parties related to this AGREEMENT, except as provided otherwise, shall be done in writing (letter or email) and sent to the following addresses:

LEAGUE	Sociedad Deportiva Cangrejeros de Santurce, Inc.
PO Box 191852	Ms. Vanessa E. Luzunaris, Esq.
San Juan, PR 00919-1852	PO Box 192386
info@ligapr.com	San Juan, PR 00919-2386 sociedaddeportiva- cangrejeros@yahoo.com

**XV. SEVERABILITY CLAUSE:** Should any part of this **AGREEMENT** be declared invalid, illegal or unconstitutional by a court of justice of competent jurisdiction over the parties and the subject matter, such affected part shall be deemed severed from this **AGREEMENT** and shall not affect the validity of the rest of the terms and conditions of the **AGREEMENT**.

**XVI. VIOLATION OF THE AGREEMENT:** Regardless of the provisions of part II of this **AGREEMENT**, the **OPERATOR'S** breach of any provision of this **AGREEMENT** or of any laws and regulations and other rules governing professional baseball and the operation of the **LEAGUE** shall constitute sufficient grounds for the President of the **LEAGUE** to give the **OPERATOR** notice of his intent to declare this **AGREEMENT** to have expired and terminated. Such action shall become final and enforceable as soon as the same is ratified by the Board of Directors of the **LEAGUE**. Any disposition of such decision shall be elucidated in the **LEAGUE** through the mechanisms established in its Constitution.

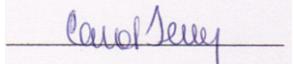
**- ACCEPTANCE -**

**THE PARTIES** having examined this **AGREEMENT**, do hereby affirm that the same correctly and accurately sets forth everything that they have agreed on, and given that they find the foregoing satisfactory,

they execute the same by affixing their initials in the margin of each page herein and their signatures at the end of the document, expressly waiving the right that they have to demand the presence of witnesses.

In San Juan, Puerto Rico, on August 10, 2017.

[Illegible Signature]	[Illegible Signature]
<b>Mr. Héctor Rivera Cruz, Esq.</b>	<b>Justo O. Moreno</b>
<b>President</b>	<b>President</b>
<b>Liga de Béisbol Profesional</b>	<b>Operator / Joint and Several</b>
<b>Inc.</b>	<b>Debtor</b>
<b>SOCIEDAD DEPORTIVA</b>	
<b>CANGREJEROS DE SAN-</b>	
<b>TURCE, INC.</b>	

<b>CERTIFICATE OF TRANSLATION</b>
<p>I, Carol G. Terry, a US-Court-Certified-Interpreter, Certificate No. 03-001, and translator with an MA in Translation from the University of Puerto Rico, do hereby certify that, to the best of my knowledge and abilities, the foregoing EIGHT (8) PAGES are a true and correct translation of the original document in Spanish.</p> <p></p> <p>Carol G. Terry</p>

<b>Edwin Ortiz Mundo</b>
Joint and Several Debtor
[Illegible Signature]
<b>Manuel "Piry" Vega</b>
Joint and Several Debtor
[Illegible Signature]
<b>Manuel "Piry" Vega</b>
Joint and Several Debtor

[Translator's Note: The same four (4) sets of illegible initials appear in the left margin of every page herein.]

**APPENDIX C**

[Filed 09/28/22]  
[Certified Translation]

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Case No. 3:22-cv-01341-WGY

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DOCUMENT NO. 36-3

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COMMONWEALTH OF PUERTO RICO  
COURT OF FIRST INSTANCE  
SUPERIOR COURT, SAN JUAN PART

[Filed 04/11/22]

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Case No. SJ-2022-CV-02802

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THOMAS J. AXON and CANGREJEROS DE SANTURCE  
BASEBALL CLUB, LLC,

*Plaintiffs,*

v.

LIGA DE BÉISBOL PROFESIONAL DE PUERTO RICO, INC.  
a/k/a ROBERTO CLEMENTE PROFESSIONAL BASEBALL  
LEAGUE OF PUERTO RICO and JUAN A. FLORES GALARZA,  
in his official capacity as President of said League and in  
his personal capacity,

*Defendants.*

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SWORN PETITION FOR PRELIMINARY  
INJUNCTION AND DECLARATORY JUDGMENT

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**TO THE HONORABLE COURT:**

**COME NOW** the Plaintiffs, Thomas J. Axon (“Axon”) and Cangrejeros de Santurce Baseball Club, LLC (“Cangrejeros”), through the undersigned legal counsel, and very respectfully **STATE, ALLEGE** and **PRAY**:

**I. NATURE OF THE ACTION**

1. In this case, the urgent elements that justify judicial intervention in the internal affairs of an organization to prevent the Plaintiffs from being deprived of their property without having been given due process are present. That is because, here, Defendant Juan A. Flores Galarza (“Flores”), President of Codefendant *Liga Profesional de Beisbol de Puerto Rico, Inc.* (the “League”), without conducting any investigation whatsoever, and completely disregarding the due process of Axon—the sole owner of Los Cangrejeros and Member of the Board of Directors of the League—decided to sanction him summarily *motu proprio* and without any justification.

2. This dispute arose after Axon, in his capacity as the sole owner and chairman of Los Cangrejeros, made public statements advocating for better conditions in the Hiram Bithorn Stadium (the “Bithorn”)<sup>1</sup> for the benefit of both Los Cangrejeros and the baseball community in general. Although Flores initially agreed with the substance of Axon’s statements, he inexplicably changed course and, completely disregarding Axon’s due process, summarily imposed sanctions on him, which, if sustained, would in fact deprive Axon of

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<sup>1</sup> The Bithorn is the baseball park where the Cangrejeros play as home team. Said park is also used by RA12, another team of the League, as home team.

his proprietary rights and compel the Cangrejeros team to inevitably recess for the next two (2) seasons.

3. Given the arbitrary, capricious, unfounded and abusive nature of Flores's intentions, the Plaintiffs are resorting to this Honorable Court for the Court to stop such conduct; declare Flores's actions to be invalid; and order him to permanently cease and desist from his intention to sanction Axon as a result of his public statements about the deteriorated state of the Bithorn Stadium and his efforts to look for another stadium where the Cangrejeros can play their home team games.

## II. PARTIES

4. Plaintiff Thomas J. Axon ("Axon") is an individual, of legal age, single and a resident of San Juan, Puerto Rico. His address is 33 Bolivia Street, Suite 7A, San Juan, PR 00917. Axon is the sole owner and chairman of Plaintiff Cangrejeros de Santurce Baseball Club, LLC ("Cangrejeros"), entity that has the Cangrejeros de Santurce franchise with the League. Furthermore, Axon is a member of the Board of Directors of the League in the capacity of Permanent Delegate of the Cangrejeros.

5. Plaintiff Cangrejeros de Santurce Baseball Club, LLC (the "Cangrejeros") is a limited liability company organized under the laws of the Commonwealth of Puerto Rico with registration number 433575. Its sole member is Axon. Its address is 33 Bolivia Street, Suite 7A, San Juan, PR 00917. The Cangrejeros operate a baseball team of the same name in the Bithorn by virtue of an Agreement for the Management and Operation of the Franchise dated August 10, 2017, (the "Agreement"). The Plaintiffs attach and incorporate said Agreement into this Petition as Ex-

**hibit 1.** Although the Agreement was signed by and between the League and *Sociedad Deportiva Cangrejeros de Santurce, Inc.*, the Cangrejeros later became its successor in interest of every right and obligation arising out of the Agreement.

6. Defendant *Liga de Beisbol Profesional de Puerto Rico, Inc.* a/k/a the Roberto Clemente Professional Baseball League of Puerto Rico (the “League”) is a corporation organized under the laws of the Commonwealth of Puerto Rico with registration number 4437. Its physical address is Cobian’s Plaza Building, Suite GM-7, Ponce de León Ave., San Juan, PR 00919-1852, and its mailing address is P.O. Box 191852, San Juan, PR 00919-1852. Its registered agent is José A. Nazario Álvarez, whose physical address is the same.

7. Defendant Juan A. Flores Galarza (“Flores”) is an individual, of legal age and a resident of Puerto Rico. His physical address is Cobian’s Plaza Building, Suite GM-7, Ponce de León Ave., San Juan, PR 00919-1852, and his mailing address is P.O. Box 191852, San Juan, PR 00919-1852.

\* \* \*

## OATH

I, **Thomas J. Axon**, of legal age, single, a businessman and resident of San Juan, Puerto Rico, do hereby declare the following under oath and under penalty of perjury:

1. The aforementioned personal information is my own.
2. I have read a translation of the foregoing Petition for Preliminary and Permanent Injunction rendered by my attorneys.

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3. I do hereby attest that the facts stated above are true and correct, pursuant to the best of my knowledge and belief.

[Illegible Signature]

**THOMAS J. AXON**

**AFFIDAVIT NO. 378 –**

Sworn to and signed before me this 11<sup>th</sup> of April 2022 by Thomas J. Axon, whose personal information is stated above and whom I have identified through identification card number 7119158 issued by the Commonwealth of Puerto Rico.

[Illegible Signature]

**NOTARY PUBLIC**

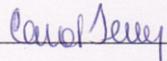
[round seal:]

**ALEXANDRA SÁNCHEZ MITCHELL  
ATTORNEY – NOTARY]**

\* \* \*

CERTIFICATE OF TRANSLATION

I, Carol G. Terry, a US-Court-Certified-Interpreter, Certificate No. 03-001, and translator with an MA in Translation from the University of Puerto Rico, do hereby certify that, to the best of my knowledge and abilities, the foregoing TWENTY-ONE (21) PAGES are a true and correct translation of the original document in Spanish.



Carol G. Terry