UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

DIAMOND SPORTS, LLC d/b/a RIMAS SPORTS, Plaintiff, v. MAJOR LEAGUE BASEBALL PLAYERS ASSOCIATION, Defendant.	Case No.: 24-1222

MEMORANDUM OF LAW

Pursuant to Fed. R. Civ. P. 65, Plaintiff Diamond Sports, LLC d/b/a Rimas Sports ("Rimas Sports") respectfully submits this Memorandum of Law in Support of its Motion for a Temporary Restraining Order and Preliminary Injunction enjoining the Major League Baseball Players Association ("MLBPA") and its servants, agents, and employees, and all persons in active concert or participation with them, from taking any action to prohibit persons who hold MLBPA certifications from working for, affiliating or associating themselves with the Rimas Companies, or any entity owned by or affiliated with the Rimas Companies or their owners.

INTRODUCTION

Por nosotros, para nosotros.[1] That was the vision Noah Assad ("Mr. Assad"), Jonathan Miranda ("Mr. Miranda"), and Benito Martinez-Ocasio a/k/a Bad Bunny ("Mr. Martinez" or "Bad Bunny") had for Rimas Sports when they founded it in 2021. Their goal was to build a sports marketing and management firm focusing on bringing greater representation to the Latin American community in the world of sports. As a hotbed for Major League Baseball ("MLB") recruitment, Latin America has an abundance of talent, but few homegrown agencies. Rimas Sports would

[1] "For us, By Us."

change this. At Rimas Sports, players are represented by an agency founded by people who look like them; who know where they've come from and how to get where they want to go; who not only believe in them but empower them; and who will help them build lasting legacies for themselves, their families, and their communities. Rimas Sports set out to change the landscape of the Latin American sports agency market, and it did just that.

In three short years, Rimas Sports signed some of the most exciting up-and-coming individual talent in MLB, including the Mets' Francisco Alvarez and Ronny Mauricio, Giants' first baseman Wilmer Flores, Rockies shortstop Ezequiel Tovar, the Reds' Santiago Espinal, the Nationals' Eddie Rosario, and top Dodgers prospect Diego Cartaya. Player excitement about the agency, particularly in Latin America, was evident, and since its inception, Rimas Sports has added over 70 players to its roster and currently represents 68 players, 14 of which play in the MLB and the rest in minor league baseball ("MiLB"). But Rimas Sports' quick success was not welcome news to everyone in the sports agency world.

Sports agency is a zero-sum game. As Rimas Sports added players from Latin America, its competitors lost players in the most important recruiting territory in baseball. Agencies who long dominated the recruitment of Latin American players saw their positions threatened. The "good ole boy" order of baseball sports agency, where the MLBPA combined with its favored, more established player agencies to control player opinion and solidify support for MLBPA's initiatives and leadership positions, was being put at risk, as these Puerto Rican "outsiders" were disrupting baseball sports agency order too much, too fast. This was something that the MLBPA and Rimas Sports' competitors would not allow.

In late April 2022, the MLBPA set out to put a stop to Rimas Sports. For nearly two years, the MLBPA scrutinized the agency in a discriminatory, biased, and pre-determined investigation, all designed to put Rimas Sports permanently out of business. From late April 2022 through

February 2024, the MLBPA worked to eliminate Rimas Sports from the sports agency market, intentionally preventing certified agents from working with Rimas Sports in any capacity. Then, on April 10, 2024, the MLBPA issued a Notice of Discipline to Rimas Sports' agents, William Arroyo ("Mr. Arroyo"), Mr. Assad, and Mr. Miranda decertifying Mr. Arroyo, while also preventing Mr. Assad and Mr. Miranda from even applying to become certified MLBPA agents, and categorically prohibiting all "MLBPA Certified Agents from working for or associating themselves with Mr. Arroyo, Mr. Miranda, and Mr. Assad or any entity owned by or affiliated with Mr. Arroyo, Mr. Miranda, and Mr. Assad including, but not limited to, **Rimas Sports, Diamond Sports LLC, and Rimas Entertainment LLC**[.]" (*See* **Exhibit A**, Notice of Discipline) (emphasis added).[2] Adding to the gravity of this harm, the MLBPA put these restrictions into immediate effect.

The MLBPA's April 10, 2024, prohibitions are extraordinary and unprecedented. By blanketly prohibiting any MLBPA certified agents from affiliating with Rimas Sports and Rimas Entertainment (collectively, the "Rimas Companies") in any capacity, the MLBPA has effectively placed a death-penalty sanction on Rimas Sports as an agency and prohibited Rimas Entertainment, which is not in the sports agency business and has never had a MLBPA Certified Agent, from contracting with clients who may wish to secure branding, sponsorship or endorsement deals. These restrictions extend well beyond the scope of the MLBPA's authority to regulate its agents.

The MLBPA's actions have caused and will continue to cause the Rimas Companies irreparable harm by: (1) depriving Rimas Sports of the ability to hire or associate with any other MLBPA Certified Agents, effectively eliminating Rimas Sports as an agency; (2) causing Rimas Sports' prospective MLBPA certified agents to terminate negotiations with Rimas Sports by

[2] The April 10, 2024, Notice of Discipline will be filed under seal concurrently herewith.

instructing the MLBPA certified agents to not associate with Rimas Sports; (3) interfering with the Rimas Companies' non-MLB employment agreements and specifically third-party agreements for sponsorships, endorsements, and marketing deals with teams and third-parties; (4) injuring the Rimas Companies' goodwill, brands, and reputation in the entertainment and sports agency industries; and (5) interfering with the Rimas Companies' private right to contract with third-parties wholly unrelated to the MLB or the MLBPA by blanketly preventing any MLBPA certified agent from working with or associating with the Rimas Companies in any capacity. These harms are real, imminent and have already been felt since the ban imposed by the MLBPA on Rimas Sports is already in effect. Without immediate injunctive relief, the MLBPA's disciplinary actions will continue to cause Rimas Sports and Rimas Entertainment to suffer irreparable harm.

Rimas Sports brings this action to level the playing field and clarify the boundaries of the MLBPA's authority. Plaintiff seeks a judgment under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, declaring the MLBPA—through its grossly overbroad prohibitions—has exceeded the scope of its statutory authority under the National Labor Relations Act ("NLRA"). The MLBPA's actions lack any legal basis under the NLRA and the MLBPA's own regulations, which primarily govern collective bargaining in baseball. Specifically, the MLBPA does not have the authority or ability to prohibit certified agents from representing players in matters unrelated to their MLB employment agreements or from associating with non-regulated entities like the Rimas Companies. In addition, Rimas Sports brings claims for tortious injury to its business interests under Article 1536 of the Puerto Rico Civil Code of 2020, and for tortious interference with contract.

Without a clear judicial determination and immediate injunctive relief, the MLBPA's actions and blanket prohibitions will continue to cause Rimas Sports and Rimas Entertainment irreparable harm. Accordingly, Plaintiff respectfully requests that this Court: (i) enter an order in

Plaintiff's favor on each of its claims, and (ii) issue a temporary restraining order and preliminary injunction enjoining the MLBPA and its servants, agents, and employees, and all persons in active concert or participation with them, from taking any action to prohibit persons who hold MLBPA certifications from working for, affiliating, or associating themselves with Diamond Sports LLC d/b/a Rimas Sports and/or Rimas Entertainment, LLC, or any entity owned by or affiliated with the Rimas Companies or their owners, until this Court has adjudicated Plaintiff's claims.

STATEMENT OF FACTS

The Major League Baseball Players Association

Major League Baseball consists of thirty different clubs, each with a farm system consisting of four minor league baseball affiliates. Each team has an "active roster" limit ranging from twenty-eight to thirty players. As a result, the available pool of MLB players is relatively limited at approximately 2,700 players.

The demographics of the MLB are diverse. But Latino and Hispanic players make up over thirty percent (30%) of MLB's players and this number is expected to grow. *See* Anthony Castrovince, *Overall MLB diversity up; effort to increase Black participation continues*, MLB.COM (Apr. 14, 2023). Virtually all MLB players are represented by certified agents, the majority of which work for or are associated with entertainment and sports agencies. These certified agents are allowed to represent players when they negotiate their club contracts under the MLBPA Regulations. But they also commonly represent players to negotiate marketing, sponsorship, investment, and other endorsement deals.

The MLBPA is a labor union under § 2 of the NLRA. 29 U.S.C. § 152. The MLBPA is the exclusive collective bargaining representative for all current and prospective MLB and MiLB players, managers, and coaches. The MLBPA's authority to collectively bargain on behalf of MLB players is derived from Section 9(a) of NLRA which allows the MLBPA and other players

associations to "monopolize the representation of all employees in the bargaining unit." 29 U.S.C. § 159. Section 9 of the NLRA provides, in relevant part:

> Representatives designated or selected for the purposes of collective bargaining by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all the employees in such unit ***for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment***.

29 U.S.C. § 159(a) (emphasis added). Under the NLRA, employers—MLB and MiLB teams—may not bargain with any agent other than one designated by the union. A union may delegate some of its exclusive representational authority on terms that serve union purposes. The decision whether, to what extent, and to whom to delegate that authority lies solely with the union.

The MLBPA regulates Player Agents. (*See* **Exhibit B**, MLBPA Regulations Governing Agents and March 27, 2023, Memorandum detailing the 2023 Amendments (collectively the "Regulations")). The Regulations expressly state they were promulgated for the purpose of "afford[ing] each Player the opportunity to make better-informed decisions about his choice of [a] certified Player Agent" and ensure that those agents act in the best interests of the Players they represent. (*See* Ex. B, § 1(A), p. 1).

Under the Regulations, the MLBPA has the sole authority to certify an agent. (Ex. B, § 4, pp. 9-24). Importantly, the definition of "Player Agent" and "Expert Agent Advisor" expressly refers to individuals who are certified by the MLBPA. The Regulations state that "[t]he MLBPA will certify *only individuals* as Player Agents or Expert Agent Advisors *and not firms or business entities* …." (Ex. B, § 2(C), pp. 4-5 (emphasis added)).

The Regulations delineate the type of conduct requiring certification by the MLBPA:

> **Section 3 – Conduct Requiring Certification as a Player Agent or Expert Agent Advisor**
>
> No person is authorized to engage in, or attempt to engage in, any of the conduct described in either Section 3(A) [Negotiation, Administration or Enforcement of Player Agreements and Rights] or 3(B) [Recruitment or Maintenance of Players as

> Clients] without first obtaining the appropriate certification from the MLBPA as a Player Agent or Expert Agent Advisor.

(Ex. B, § 3, pp. 8-9). Section 3(A) of the Regulations provides that negotiations surrounding Player Agreements are limited to negotiations with MLB and MiLB clubs concerning a Player's Major League Uniform Players Contract with that club. (Ex. B, § 3(A), pp. 8-9).

Section 3 of the Regulations state that "[n]o person is authorized to engage in, or attempt to engage in, any of the conduct described in either Section 3(A) or 3(B) without first obtaining the appropriate certification from the MLBPA as a Player Agent or Expert Agent Advisor." (Ex. B, § 3, p. 8). Section 4(B) of the Regulations provide that the MLBPA only certifies *individuals* as Player Agents. The Regulations do not certify agencies, corporations or other legal entities:

> **Only Individuals Can Be Certified**
>
> All Applications must be signed by and filed on behalf of a single individual Applicant. The MLBPA will not accept any Application filed by, nor will it certify as a Player Agent or Expert Agent Advisor, any company, partnership. Corporation, or other artificial legal entity. . . .

(Ex. B, §4(B), p. 11). As entities, the Rimas Companies cannot hold a MLBPA Player Agent or Expert Agent Advisor certification. Under the Regulations, for a Player Agent to represent a player, the player must execute a Player Agent Designation ("PAD") form with the MLBPA. PADs may be transferred by players from one certified agent to another.

The Origins of Rimas Sports

Rimas Sports was founded in 2021 by Noah Assad, Jonathan Miranda and multi grammy-award winning recording artist Benito Martinez, also known as Bad Bunny (collectively, the "Founders"). Prior to entering the sports universe, Mr. Assad and Mr. Miranda, among others, founded Rimas Entertainment, LLC, to produce, promote, market and distribute music and entertainment products and services by Bad Bunny and other artists and clients signed to the

company. Through their skill and business acumen, Rimas Entertainment grew into a powerhouse in the music industry. In addition to Bad Bunny, Rimas Entertainment represents Arcángel, Eladio Carrión, Jowell & Randy, Mora and others. Mr. Assad has also received numerous accolades in the music industry for the work of Rimas Entertainment, including being named Billboard's Music Executive of the Year in 2023.[3]

The Founders, following the successful formula of their music venture, decided to focus their sports agency on Latin American athletes, initially baseball players. In the fall of 2021, Mr. Assad, Mr. Miranda, and Mr. Martínez-Ocasio made plans to launch the sports agency, which eventually became known as Rimas Sports. One of Rimas Sports' goals was to not only provide unparalleled representation to athletes, and specifically baseball players, regarding their club contracts, but to also provide and amplify opportunities for Latin American players in branding opportunities, sponsorships, and endorsements. Using their connections and phenomenal success in the music industry, Rimas Sports is effective in cross-selling opportunities to baseball players, thereby opening new revenue streams for their clients and maximizing their brands and value outside the baseball field.

Mr. Assad took on the role of managing the operations of Rimas Sports and overseeing cross-selling opportunities while Mr. Miranda oversaw baseball-management side of the business. Mr. Martinez-Ocasio was and remains a semi-passive investor. In January 2022, Rimas Sports hired MLBPA certified agent Mr. Arroyo and various support personnel. Rimas Sports' approach set it up for success because its founders understood the players' cultures, environments, and backgrounds. Latino players make up over thirty percent of the MLB's players, but there has never

[3] Mr. Assad and Mr. Miranda own other entities that have significant prominence in the sports and entertainment space, such as: Habibi, LLC, which manages international superstars such as Sebastián Yatra and Grupo Frontera; Noah Assad, LLC, which is Puerto Rico's largest concert promoting company, and the Cangrejeros de Santurce basketball team in the Puerto Rico Superior Basketball League. They also started a non-profit, Fundación Rimas, which supports multiple sports and music education programs in Puerto Rico.

been a large-scale Puerto Rico-based sports agency that was created to specifically assist Latin American players.

It also was an opportune time for Rimas Sports to enter the market. Some agents were experiencing difficult off-seasons, and the number or size of contracts expected by top-tier players in some instances has declined. As a result, many players were (and currently are) looking for new representation, especially if that representation can provide additional opportunities to generate income, build their brands and maximize their value.

Rimas Sports quickly developed a reputation for success with marketing, endorsement, and sponsorship deals, which is an area where MLB players have fallen behind compared to other sports.[4] For example, Francisco Álvarez, a catcher for the New York Mets, appeared in the music video for the song "RKO" by Rimas Music artist Eladio Carrión. Álvarez and Colorado Rockies' shortstop Ezekiel Tovar were also featured in "The Latin Swing: From Music to Sports," a Billboard Latin Music Week forum that also featured Carrión and renowned artist Arcángel, also a Rimas Music artist. As Rimas Sports continued to grow, there was an increase in player interest. And because Rimas Sports had strong ties to the Puerto Rican community, Rimas Sports was also well positioned to compete to represent Puerto Rican baseball players.

Rimas Sports' efforts ultimately paid off, resulting in more than seventy players joining its roster. In just a year and a half, some of the most exciting up-and-coming talent in the MLB joined Rimas Sports, including Mr. Alvarez, Mr. Tovar, shortstop Ronny Mauricio, San Francisco Giants

[4] For example, in 2023, the top fifteen MLB players made a total of $105 million in endorsements, compared to $280 million and $349 million for the top fifteen athletes in soccer and basketball, respectively. The $105 million figure includes Shohei Ohtani's endorsement earnings of $67 million in 2023, grossly inflating the number. Notably, despite the high prevalence of Latin players in the MLB, only five Latin players made the top-fifteen list, with endorsements totaling an estimated $7.5 million. *See* Badenhausen, Kurt, *MLB's Highest-Paid Players 2024: Ohtani on Top Despite $2M Salary*, SPORTICO (Mar. 20, 2024); *see also* Chawaga, Peter, *Ronald Acuna Jr.'s Controversial Deal With Rimas Sets New Tone for MLB*, FORBES (Apr. 23, 2024).

first baseman Wilmer Flores, Cincinnati Reds infielder Santiago Espinal, the Washington Nationals outfielder Eddie Rosario, and top Los Angeles Dodgers prospect Diego Cartaya.

The MLBPA Investigation and Decision

Rimas Sports' success obviously came at the expense of its competitors. Some of those competitors accused Rimas Sports of violating the Regulations, prompting an investigation into the existing certification of Mr. Arroyo, and the requested certification of Mr. Assad and Mr. Miranda. For nearly two years – from late April 2022 through February 2024 – the MLBPA investigated Mr. Arroyo, Mr. Assad, and Mr. Miranda. Based on information and belief, the investigation intended to have a predetermined outcome: putting Rimas Sports out of business, even if that meant exceeding the MLBPA's regulatory authority.

For example, nearly a year before it allegedly completed its investigation and issued its Decision, the MLBPA learned that attorneys Oswaldo Rossi, John Baldivia, and Jimmy Barnes of Rossi PC law firm from Pasadena, California would be seeking to be certified agents and associated with Rimas Sports. Mr. Rossi and his colleagues are well-known entertainment attorneys practicing in California, who represent a number of athletes, artists and celebrities, including Ronald Acuña of the Atlanta Braves. (*See* **Exhibit C**, affidavit of Oswaldo Rossi, ¶¶ 2-3).

In a letter dated September 18, 2023, to Rossi LLC, Assistant General Counsel Robert Guerra[5] stated:

> In making judgments about whether to allow applicants to pass their background investigations, the MLBPA takes into account the information that the applicants disclose in their applications and the statements they make to the MLBPA. In interviews with the MLBPA, you have each confirmed that your intentions are to start your baseball representation business under the name Rossi LLC, and ***that you have no present plan to merge with Rimas Sports, represent Rimas Sports clients,***

[5] Mr. Guerra issued the final Decision.

> ***or share or receive fees from Rimas Sports for the representation of Rimas Sports clients***.
>
> Based on the above representations, and in accordance with Sections 4(M) and 5(B)(12) of the Agent Regulations, the MLBPA has determined that in the event that you are certified (after passing the agent exam and submitting the proper player designation(s) to the MLBPA), ***your certifications will be conditioned on your agreement not to work for or with Rimas Sports, represent Rimas Sports clients (or clients recruited to your agency by Rimas Sports or any of its principals or employees), and/or enter into a fee sharing arrangement with Rimas Sports, any Rimas Sports employee, agent, principals, and/or affiliated entity, without the prior, written authorization of the MLBPA***. Please note that under Sections 4(M)(2) and 5(A)(12) of the Agent Regulations, the MLBPA reserves the right to direct you to provide it with information necessary to verify your compliance with this agreement. Upon your acceptance of this condition you will be cleared to take the Agent Exam.

(*See* **Exhibit D**, September 18, 2023, MLBPA Ltr. to Rossi LLC (emphasis added)).

Mr. Rossi, Mr. Baldivia, and Mr. Barnes ultimately had to agree to the MLBPA's terms in order to take the agent certification exam. This unprecedented condition imposed on them is not part of the MLBPA Regulations. (Ex. C, ¶ 5). Notably, as of September 18, 2023, the date of the letter, no discipline had been imposed on Mr. Arroyo, the only certified agent at Rimas Sports. Mr. Arroyo held his MLBPA certification under no restrictions and was not the subject of any discipline. But the MLBPA was already taking steps to prevent Rimas Sports from bringing on certified agents or having other certified agents represent its existing and future clients. (*See* **Exhibit D**.)

Mr. Arroyo continued to serve the interests of Rimas Sports clients for almost six months, but on April 10, 2024, the MLBPA issued its Notice of Discipline in which it revoked Mr. Arroyo's MLBPA agent certification and denied the applications for Mr. Assad and Mr. Miranda.[6] (Ex. A). The Notice of Discipline also "***prohibits MLBPA Certified Agents from working for or associating themselves with Mr. Arroyo, Mr. Miranda, and Mr. Assad or any***

[6] Mr. Arroyo, Mr. Assad and Mr. Miranda will appeal the Notice of Discipline. However, since the MLBPA only certifies (or decertify) individuals as Player Agents, not firms or entities, Rimas Sports is not part of the appeal or arbitration process of the MLBPA.

entity owned by or affiliated with Mr. Arroyo, Mr. Miranda, and Mr. Assad including, but not limited to, Rimas Sports, Diamond Sports LLC, and Rimas Entertainment LLC until and unless they have obtained MLBPA certification." (hereinafter the "Prohibition"). (Ex. A, ¶ 334, p. 60).

By issuing this Prohibition, the MLBPA took the extraordinary and unprecedented step of essentially placing a death penalty on Rimas Sports and Rimas Entertainment that extends well beyond the scope of the MLBPA's regulators authority. As set forth above, the MLBPA's Prohibition results in *any* MLBPA Certified Agent from working for or associating themselves with Rimas Sports or Rimas Entertainment, including any other affiliated entity or any future entity to be created or formed by Mr. Miranda or Mr. Assad. If this draconian Prohibition was not enough, the MLBPA compounded the injury by putting the Prohibition into immediate effect.[7]

Also on April 10, 2024, the MLBPA issued an order to Michael Velazquez, an agent Rimas Sports had been considering hiring or adding as an affiliate. This order guaranteed that Rimas Sports would not be able to operate with a certified agent or, quite frankly, operate at all. In an order, titled "Order to Show Cause Why [Mr. Velazquez] Should Not Be Suspended," the MLBPA stated, in relevant part,

> ***[T]he MLBPA has separately determined that it will suspend your certification as a Player Agent for as long as you are employed by or otherwise associated with Bill Arroyo, Jonathan Miranda, Noah Assad, or any entity owned by or affiliated with them including, but not limited to, Rimas Sports.*** This decision is based on the MLBPA's determinations that Mr. Arroyo, Mr. Miranda, and Mr. Assad have engaged in multiple serious violations of the Regulations Governing Player Agents the MLBPA is not making your suspension effective immediately. Instead, this suspension will be held in abeyance until **May 10, 2024**, to provide you with an opportunity to disassociate yourself from Mr. Arroyo, Mr. Miranda, Mr. Assad and any entity owned by or affiliated with them including, but not limited to, Rimas Sports.
>
> Additionally, you have until **May 10, 2024**, to notify the MLBPA that you have disassociated yourself from Mr. Arroyo, Mr. Miranda, Mr. Assad and any entity

[7] The Regulations state that the decision to decertify an agent will usually be stayed pending an appeal pursuant to the MLBPA Regulations. Here, that request was denied. Not only is it irregular, it has the effect of placing Rimas Sports out of business until the appeal is resolved.

> owned by or affiliated with them including, but not limited to, Rimas Sports. ***If you fail to disassociate yourself from Mr. Arroyo, Mr. Miranda, Mr. Assad and any entity owned by or affiliated with them including, but not limited to, Rimas Sports by May 10, 2024, then your suspension will automatically become effective on May 11, 2024 and will remain in effect for as long as you are associated with Mr. Arroyo, Mr. Miranda, Mr. Assad and any entity owned by or affiliated with them including, but not limited to, Rimas Sports.***

(*See* **Exhibit E**, Order to Show Cause (Velasquez), dated April 10, 2024 (emphasis added)).

On May 9, 2024, under pressure from the MLBPA, Michael Velasquez notified Rimas Sports of his disassociation, writing,

> Per the letter dated April 10, 2024[,] from the MLBPA, in which the MLBPA informed me that if, on May 10, 2024, I remain employed by or otherwise associated with Bill Arroyo, Jonathan Miranda, Noah Assad or any entity owned or affiliated with them including, but not limited to, RIMAS Sports, my certification as a Player Agent will be suspended. ***As a [r]esult, I am left no alternative, but, to terminate my services with RIMAS Sports*** effective May 10, 2024.

(*See* **Exhibit F**, Email from M. Velasquez to Rimas Sports, dated May 9, 2024 (emphasis added)).

In addition to prohibiting MLBPA certified agents from working for, associating with, or affiliating with the Rimas Companies, the MLBPA also took steps to ensure MLB and MiLB clubs and their affiliates cut off all ties to the Rimas Companies as well. On April 28, 2024, in a leaguewide email, the MLBPA informed each club in the MLB and the MiLB of its prohibition and demanded that the clubs abide by its determination, stating,

> As you may be aware, the MLBPA has recently revoked its authorization of the Rimas Sports agency and its associated agents as certified Player Agents. As a reminder, Article IV of the Major League Basic Agreement prohibits Clubs from negotiating a salary and/or Special Covenants to be included in a player's Uniform Player Contract ("UPC") with an agent who has not been certified to do so by the MLBPA.
>
> Should your Club have a player who is represented by Rimas Sports, please communicate directly with the player on all matters related to the negotiation of a UPC and refrain from copying any Rimas Sports associated agent on any related correspondence.

(*See* **Exhibit G**, April 28, 2024, MLBPA Email to Clubs).[8]

As a result of this prohibition, clubs such as the Washington Nationals have refused to take calls or engage with Rimas Sports on ongoing marketing, sponsorship, and endorsement deals, even if they were unrelated to player contracts. Similarly, brands like Topps have notified Rimas Sports that because of the MLBPA's prohibitions that they cannot speak with Rimas Sports marketing, endorsement, and sponsorship deals, such as one for Ronald Acuña.

While Mr. Arroyo, Mr. Assad and Mr. Miranda intend to appeal the decisions against them individually in the April 10, 2024, Notice of Discipline, Rimas Sports is not (and cannot be) a party to the MLBPA's arbitration process. As a result, Rimas Sports cannot appeal the MLBPA's decision and cannot seek any relief or obtain any adequate remedy in that forum.

The MLBPA Disciplinary Actions Have and Continue to Cause the Rimas Companies Irreparable Harm.

The MLBPA's actions have caused and will continue to cause the Rimas Companies irreparable harm by: (1) depriving Rimas Sports of the ability to hire or associate with any other MLBPA certified agents, effectively eliminating Rimas Sports as an agency; (2) causing Rimas Sports' prospective MLBPA certified agents to terminate negotiations with Rimas Sports by instructing the MLBPA certified agents to not associate with Rimas Sports; (3) interfering with the Rimas Companies' non-MLB employment agreements and specifically third-party agreements for sponsorships, endorsements, and marketing deals with teams and third-parties; (4) injuring the Rimas Companies' goodwill, brands, and reputation in the entertainment and sports agency industries; and (5) interfering with the Rimas Companies' private right to contract with third-parties wholly unrelated to the MLB or the MLBPA by blanketly preventing any MLBPA certified

[8] The MLBPA email is inaccurate and confusing. At the time of the email, Mr. Velazquez had received a notice of discipline, but he was not decertified.

agents from working with or associating with the Rimas Companies in any capacity. These harms are real, imminent and have already been felt.

Other players represented by Rimas Sports are in the middle of critical contract negotiations. For example, Francisco Álvarez, a client of Mr. Arroyo who is currently engaged in ongoing negotiations on a contract extension with the New York Mets. (*See, e.g.*, **Exhibit H**, affidavit of Francisco J. Álvarez, ¶¶ 5-11).[9] These actions have also interfered with other ongoing negotiations. Atlanta Braves superstar outfielder Ronald Acuña Jr. (Mr. Acuña) was set to sign an agency and marketing agreement with Rimas Sports, yet he could only sign a marketing agreement, despite his desire to work with Rimas Sports to negotiate his contract and his marketing, sponsorship and endorsement deals.

Many of Rimas Sports' clients want to stay with Rimas Sports. Similarly, several MLBPA certified agents want to work for or be associated with Rimas Sports. After the MLBPA's notice of discipline was issued, 57 of the agency's clients entered the MLBPA no contact list as allowed under Regulations. (*See* Ex. B, § 5(B)(9), pp. 33). Despite their names being put on the no contact list, which is distributed to all MLBPA certified agents, many clients have received numerous communications from other agents and agencies attempting to persuade them to terminate their agreements with Rimas Sports and retain the competing agent or agency, including Francisco Álvarez, among others. (*See, e.g.*, Ex. H, ¶ 14). These players, without any indication or assurances from the MLBPA about Rimas Sports' future are left unsure as to their future representation. As a result of the MLBPA's actions and blanket prohibition, multiple clients have left the agency.

As set forth above, on April 28, 2024, the MLBPA sent a message to all thirty-two MLB clubs stating that any player represented by Rimas Sports should be directly contacted and exclude

[9] The Alvarez Affidavit will be filed under seal concurrently herewith.

Rimas Sports and its agents. (Ex. G (emphasis added)). These actions caused significant harm and confusion regarding the limitations placed on Rimas Sports and its agents' ability to negotiate private deals with clubs and third-parties unrelated to players' employment agreements with the clubs. Indeed, on May 3, 2024, the Washington Nationals notified Rimas Sports that they could not discuss anything with the agency, including marketing, endorsements and sponsorship matters wholly unrelated to any player contracts. Similarly, Topps notified Rimas Sports that because of the MLBPA's prohibitions that they could not speak with Rimas Sports concerning Ronald Acuña's marketing, endorsement and sponsorship deal.

Moreover, Rimas Sports has identified additional certified agents who are willing to associate with Rimas and take over Mr. Arroyo's role as the lead agent. (Ex. C, ¶¶ 2-5). However, the MLBPA's overbroad disciplinary action prevents Rimas from associating with certified new agents, regardless of whether those agents have been subject to *any* disciplinary action or were associated with Rimas at the time of the alleged offending actions.

To make matters worse, the MLBPA has prohibited Rimas Sports and any other MLBPA certified agent from facilitating the transfer of any player's PAD to another MLBPA certified agent, such as Mr. Velazquez, who is an MLBPA certified agent that Rimas Sports had hired. That is, even though the MLBPA only certifies individuals as Player Agents and, as such, the disciplinary procedure was not (and could not be) against the Rimas Companies, the MLBPA overtly and arbitrarily used that procedure to ban the Rimas Companies from any participation in the entire MLB and MiLB players' market. For example, Rimas Entertainment works extensively with Mr. Rossi to arrange and negotiate music and talent contracts. (Ex. C, ¶ 2). Through this close connection, Mr. Rossi has demonstrated an interest in working with Rimas Sports as a MLBPA certified agent, but the MLBPA has barred Mr. Rossi from working with Rimas

Entertainment and with Rimas Sports, and even made it a condition of his ability to become a certified agent. (Ex. C, ¶¶ 4-5).

Again, by blanketly prohibiting *any* certified agents from affiliating with Rimas Sports, the MLBPA has effectively placed a death penalty sanction on Rimas Sports as an agency and prohibited Rimas Entertainment, which is not in the sports agency business and, thus, has never had a MLBPA certified agent, from contracting with baseball clients who may wish to secure branding, sponsorship or endorsement deals. Without immediate injunctive relief, the MLBPA's disciplinary actions will continue to cause Rimas Sports and Rimas Entertainment to suffer irreparable harm.

LEGAL STANDARD

A temporary restraining order ("TRO") "is a provisional remedy imposed to maintain the status quo until a full review of the facts and legal arguments is available." *Servicios Legales de Puerto Rico, Inc. v. Unión Independiente de Trabajadores de Servicios Legales*, 376 F. Supp. 3d 163, 166 (D.P.R., Apr. 25, 2019); *Ginzburg v. Martínez-Dávila*, 368 F. Supp. 3d 343, 2019 WL 1380156, at *2 (D.P.R., Mar. 26, 2019) (quoting *Pro-Choice Network v. Schenck*, 67 F.3d 377, 389-99 (2d Cir. 1995)). The standard for issuing a TRO is "the same as for a preliminary injunction." *Bourgoin v. Sebelius*, 928 F. Supp. 2d 258, 267 (D. Me. 2013).

A TRO and a preliminary injunction should be granted where the movant establishes "(i) either (a) a likelihood of success on the merits or (b) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in the plaintiff's favor; (ii) that he is likely to suffer irreparable injury in the absence of an injunction; (iii) that the balance of hardships between the plaintiff and defendant tips in the plaintiff's favor; and (iv) that the public interest would not be disserved by the issuance of a preliminary injunction."

3 *Citadel Servicing Corp. v. Castle Placement, LLC,* 431 F. Supp. 3d 276, 283 (S.D.N.Y. 2019) (internal quotation marks omitted); *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008).

Temporary restraining orders and "[p]reliminary injunctions are governed by less strict rules of evidence." *Concentrix CVG Customer Mgmt. Grp. Inc. v. Daoust,* 2021 WL 1734284, at *7 (S.D. Ohio May 3) (citing *Univ. of Tex. v. Camenisch,* 451 U.S. 390, 395 (1981)). "The purpose of a preliminary injunction is merely to preserve the relative positions of the parties until a trial on the merits can be held." *Camenisch,* 451 U.S. at 395. "Given this limited purpose, and given the haste that is often necessary if those positions are to be preserved, a preliminary injunction is customarily granted on the basis of procedures that are less formal and evidence that is less complete than in a trial on the merits." *Id.; Raycom Nat., Inc. v. Campbell,* 361 F. Supp. 2d 679, 688 (N.D. Ohio 2004) (same for a TRO).[10]

ARGUMENT

This Court should grant an order enjoining the MLBPA and its servants, agents, and employees, and all persons in active concert or participation with them, from taking any action to prohibit persons who hold MLBPA certifications from working for, affiliating with, or associating themselves with Rimas Sports or Rimas Entertainment, or any entity owned by or affiliated with the Rimas Companies or their owners, until this Court has adjudicated Plaintiff's claims.

Defendant MLBPA's blanket prohibition against any person holding a MLBPA certification from working for, affiliating or associating themselves with the Rimas Companies exceeds the scope of the MLBPA's regulatory authority under the NLRA. The MLBPA actions have and will continue to cause the Rimas Companies irreparable harm by threatening the very existence of the Rimas Companies. Because Plaintiff meets each of the four requirements for a

[10] For instance, courts "may rely on affidavits and hearsay materials which would not be admissible evidence for a permanent injunction, if the evidence is appropriate given the character and objectives of the injunctive proceeding." *FTC v. Nat'l Testing Servs., LLC,* 2005 WL 2000634, at *2 (M.D. Tenn. Aug. 18).

temporary restraining order and a preliminary injunction, this Court should grant Plaintiff's requested injunctive relief against the MLBPA to prevent imminent irreparable harm and preserve the status quo until Plaintiff's claims can be fully adjudicated.

I. Rimas Sports Has Established a Likelihood of Success on the Merits.

Plaintiff Rimas Sports is likely to succeed on the merits of its declaratory judgment, general tort, and tortious interference claims against the MLBPA.

First, Rimas Sports is entitled to a declaratory judgment that the MLBPA has exceeded its authority under the NLRA by categorically prohibiting any MLBPA certified agent from "working for or associating themselves with . . . Rimas Sports, Diamond Sports, and Rimas Entertainment." This prohibition far exceeds the MLBPA's authority to delegate and regulate the representation of its members because it interferes with private companies, private investments, private contracts and private commercial speech having nothing to do with the representation of MLBPA players in employment agreements with MLB clubs. The Rimas Companies are separate and distinct legal entities, are not agents, do not hold (nor could they hold) MLBPA certifications, and are not parties to the MLB's Collective Bargaining Agreement nor bound by the MLBPA Regulations in their private conduct. By restricting who may work for or who may affiliate with the Rimas Companies, the MLBPA has impermissibly restricted the Rimas Companies' private right to contract and associate in business.

Second, through its categorical prohibition, the MLBPA has tortiously interfered with Rimas Sports' *existing* marketing, sponsorship and endorsement agreements by disabling the execution and/or negotiation of these agreements. The MLBPA's prohibition was implemented intentionally and knowingly, and in addition to Rimas Sports' existing agreements/deals, the MLBPA has chilled and halted commercial speech by interrupting the Rimas Companies' ongoing negotiations on behalf of their clients for marketing, sponsorship and endorsement deals of

prospective agreements. Because the Rimas Companies' private commercial conduct is wholly unrelated to the negotiation of MLB employment agreements, it is not within the scope of the MLBPA's authority to delegate and regulate the representation of its members' collective bargaining rights.

Because the MLBPA has exceed its statutorily authorized authority under the NLRA, this Court should enjoin the MLBPA from taking any action to prohibit persons from doing business with Rimas Sports or Rimas Entertainment.

A. Rimas Sports is Entitled to a Declaratory Judgment.

The Declaratory Judgment Act authorizes federal courts to declare the rights of interested parties in a case of actual controversy. *See* 28 U.S.C. §§ 2201-2202. Here, there exists an actual and substantial controversy with respect to the scope of the MLBPA's authority under the NLRA, and whether the MLBPA can regulate industries outside of baseball and prevent agents and personnel within baseball from associating or working with non-regulated entities such as the Rimas Companies. There also exists an actual and substantial controversy with respect to the MLBPA's actions that prohibit persons holding MLBPA certifications from working for or associating with the Rimas Companies, Mr. Assad, or Mr. Miranda or any future entity formed by the Rimas Companies, Mr. Assad, or Mr. Miranda. Because nothing in the text of the NLRA or the MLBPA's Regulations allows the MLBPA to blanketly prohibit persons holding MLBPA certifications from associating with companies not regulated by the MLBPA, such as the Rimas Companies, Rimas Sports requests a declaratory judgment on these issues in its favor.

The MLBPA is the exclusive collective bargaining representative for all current and prospective MLB and MiLB players. *See Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 963 (10th Cir. 1996) ("MLBPA is the exclusive collective bargaining agent for all active major league baseball players…."). The MLBPA's authority to collectively bargain

on behalf of MLB and MiLB players is derived from Section 9(a) of the NLRA, which allows the MLBPA and other players associations to "monopolize the representation of all employees in the bargaining unit." *See Collins v. National Basketball Players Ass'n*, 850 F. Supp. 1468, 1475 (D. Colo., 1991). Section 9 of the NLRA provides, in relevant part:

> Representatives designated or selected for the purposes of collective bargaining by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all the employees in such unit ***for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment.***

29 U.S.C. § 159(a) (emphasis added). Under the NLRA employers – MLB and MiLB teams – may not bargain with any agent other than one designated by the union – the MLBPA – and must bargain with the agent chosen by the union. *See Collins*, 850 F. Supp. at 1475; *see also General Electric Co. v. NLRB,* 412 F.2d 512, 517 (2d Cir. 1969); *Emporium Capwell Co. v. Western Addition Community Organization,* 420 U.S. 50, 63–69 (1975) (Unions may forbid employees or any other agent chosen by individual employees, from bargaining separately with the employer over any issue).

A union may delegate some of its exclusive representational authority on terms that serve union purposes, as the MLBPA has done to numerous agents. *See id.* Indeed, the decision whether, to what extent, and to whom to delegate that authority lies solely with the union. *See Collins*, 850 F. Supp. at 1475 (citing *Morio v. North American Soccer League,* 501 F.Supp. 633, 640 (S.D.N.Y. 1980), *aff'd,* 632 F.2d 217 (2d Cir. 1980)).

While the MLBPA enjoys this statutorily authorized monopoly position as the exclusive bargaining arm of MLB and MiLB players, this authority is not without limit. *See* 29 U.S.C. § 159(a). The MLBPA's authority to represent its members is limited to the scope of its collective bargaining authority, which section 9(a) expressly defines as "collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment." 29 U.S.C. §

159(a). As a result, the MLBPA's purpose and the scope of its representational authority pertains to MLB and MiLB players' negotiations for pay, wages, hours of employment and other conditions of employment with the MLB clubs that are their employers. *See id.*

Here, the MLBPA has exceeded its statutory authority under section 159(a) by imposing restrictions on private conduct wholly unrelated to collective bargaining between MLB and MiLB players and MLB clubs. By its terms, the MLBPA's prohibition is not limited to certified agents' dealings with the Rimas Companies concerning MLB employment contracts, but instead, covers virtually any association, affiliation and work relationship in the sports and entertainment market. The MLBPA's decision that prohibits any MLBPA certified agent from "working for or associating themselves with . . . Rimas Sports, Diamond Sports, and Rimas Entertainment broadly interferes with and restrains the Rimas Companies' ability to secure unrelated marketing, sponsorship and endorsement agreements with players represented by MLBPA certified agents, whether the client plays for the MLB, MiLB, another sports league or is an entertainer whose agent happens to also be MLBPA certified.

It is beyond dispute that players' associations are valuable collective bargaining units and necessary in the sports industry. But the MLBPA's authority to delegate and regulate commercial conduct pursuant to its collective bargaining position is limited to the regulation of that conduct necessary to achieve its purpose under the NLRA. To be clear, Plaintiff does not dispute that the MLBPA has the power to delegate their representational authority to agents they choose via certification, as well as to regulate those agents. This exercise of this authority, however, must be grounded in the principle that if the MLBPA is doing so, its regulations must "bear a reasonable relationship to a legitimate union interest." *See Collins*, 850 F. Supp. at 1477 (citing *Adams, Ray & Rosenberg v. William Morris Agency, Inc.,* 411 F. Supp. 403 (C.D. Cal. 1976)).

The MLBPA's prohibition imposed on Rimas Sports and Rimas Entertainment does not "protect the player wage scale;" does not "keep agent fees generally to a reasonable and uniform level;" does not "prevent unlawful kickbacks, bribes, and fiduciary violations;" and does not "protect the [MLBPA's] interest in assuring that its role in representing professional [baseball] players is properly carried out." *See id.* The MLBPA's prohibition does not protect its legitimate interests in ensuring competent, safe and fit representation for its players, and they have no effect on the integrity of the collective bargaining process. *See id.*

The MLBPA's blanket prohibitions also operate to reduce the available choices the MLBPA's represented players have in maximizing their value through partnerships with major sports and entertainment companies through marketing, sponsorship and endorsement deals. This ability is not fungible but is incredibly specific. For Latin American players seeking to maximize their brands and marketing value, this prohibition disables them from working with, affiliating with, or associating with Bad Bunny, an owner of Rimas Sports and Rimas Entertainment and one of, if not the, largest Latin American superstars in the last century. These prohibitions also prevent clients of MLBPA agents from doing business with the Rimas Companies *in any capacity*. Prohibiting this private, marketing conduct bearing no relation to the negotiation of MLB club agreements is not remotely within the scope of the MLBPA's statutory authority. *Cf.* 29 U.S.C. § 159(a).

The MLBPA's restrictions run afoul of the NLRA because they flatly prohibit *any* MLBPA certified agent from working for, associating with, or affiliating with Rimas Sports or Rimas Entertainment (or any other affiliated entity), regardless of the context or interaction. What is more, the MLBPA could not even stop at the boundaries of this grossly overreaching decision. Instead, it then extended the decision to any future company formed by Mr. Miranda and Mr. Assad. In short, the MLBPA's prohibitions bear no relationship to a legitimate union interest. *Cf.*

29 U.S.C. § 159(a); *Collins*, 850 F. Supp. at 1477. As such, this Court should declare that the MLBPA has exceeded the scope of its statutory authority under the NLRA and enjoin its improper restrictions on Plaintiff's private conduct.

B. The MLBPA Has Tortiously Interfered with Plaintiff's Private Agreements.

Article 1536 of the Puerto Rico Civil Code establishes a cause of action for tortious interference with the contractual obligations of third parties. *See* 31 P.R. Laws Ann. §5141; *Philips Med. Sys. Puerto Rico, Inc. v. Alpha Biomedical & Diagnostic Corp.*, 2020 WL 7029014 (D.P.R. Nov. 30, 2020). "Under Puerto Rico law, to prevail on a claim of tortious interference with a contractual relationship a plaintiff must show: (1) the existence of a contract, (2) that the defendant acted with fault, (3) damage to the plaintiff, and (4) a causal relationship between the defendant's conduct and the damage." *See Baco v. TMTV Corp.*, 436 F. Supp. 2d 311, 315 (D.P.R. 2006). The "fault" element of tortious interference requires a showing that a defendant intended to interfere with the contract, knowing that this interference would cause injury to plaintiff. *See id.* Here, both the Rimas Companies' general tort and tortious interference claims more than satisfy each of these elements.

At the outset, the Rimas Companies are separate and distinct legal entities from their certified agents, employees and members. The Rimas Companies are not MLBPA certified agents, and they do not hold (nor could they hold) MLBPA certifications. And they are not parties to the MLB's collective bargaining agreement nor bound by the MLBPA Regulations in their private conduct. Yet here, the MLBPA has intentionally restricted who may work for or who may affiliate with the Rimas Companies no matter if that work pertains to activities it regulates – matters relating to MLB/MiLB employment agreements – or not. It has implemented these impermissible restrictions with full knowledge of the existence of Rimas Sports' marketing, endorsement and

sponsorship contracts and with intent to disable the Rimas Companies from participating in the sports agency market for MLB and MiLB players and related clients.

1. The MLBPA Has Tortiously Interfered with Marketing, Sponsorship and Endorsement Deals.

The MLBPA's interference is not speculative or abstract – it has created a real and immediate disruption to the Rimas Companies' agreements and business. On or about May 3, the Washington Nationals refused to communicate or deal with Rimas Sports on existing contractual matters unrelated to MLB player employment agreements. (Compl. ¶ 64.) This is despite the fact that these deals do not relate to contract negotiations or interactions with Clubs relating to "certain terms and conditions of employment." *See* 29 U.S.C. § 159(a).

In addition, the MLBPA's prohibition has interfered with ongoing employment negotiations between Francisco Alvarez, Rimas Sports and the New York Mets, as well as Mr. Alvarez's negotiations to secure additional endorsement, marketing and sponsorship deals. (Ex. H, ¶¶ 5-11). Mr. Alvarez has not only been prevented from having the agent representation of his choice but has also had his opportunities to market himself severely restricted. (*See* Ex. H, ¶ 15-16). The MLBPA's prohibitions force Mr. Alvarez to make a choice between partnering with the Rimas Companies and Bad Bunny, who have secured several lucrative deals and opportunities for him, and taking his chances with a new agency without the ability to maximize his value and enhance his brand or appeal to his Latin American fanbase. In fact, even if Mr. Alvarez moved his representation to a new MLBPA certified agent, that agent could not work with or affiliate himself or herself with Rimas Sports or Rimas Entertainment to insure he secured lucrative deals and opportunities.

2. The MLBPA Has Tortiously Interfered with both Rimas Sports and Rimas Entertainment's Ability to Employ or Associate with Certified Agents on Non-MLB Matters.

Similarly, Mr. Oswaldo Rossi, a renowned entertainment lawyer who has passed the MLBPA exam, along with his colleagues, Mr. John Baldvia, and Mr. Jimmy Barnes of Rossi PC, have been instructed by the MLBPA that neither he nor his colleagues can work with, affiliate or associate with any of the Rimas Companies if they are to hold a MLBPA certification. (Ex. C, ¶¶ 4-5). Rossi PC is a boutique entertainment law firm that represents talent and businesses in all sectors of music, film, television, and new media. Mr. Rossi and Rimas Sports jointly represent MLB superstar, Ronald Acuna, in marketing, endorsement and sponsorship deals, among other aspects of the parties' joint business. (Ex. C, ¶ 2). Yet in a letter dated September 18, 2023, the MLBPA took the extraordinary step of conditioning Mr. Rossi's and his colleagues' MLBPA certification on their agreement not to work with, affiliate with or associate with the Rimas Companies. There, the MLBPA stated, in relevant part,

> In making judgments about whether to allow applicants to pass their background investigations, the MLBPA takes into account the information that the applicants disclose in their applications and the statements they make to the MLBPA. In interviews with the MLBPA, you have each confirmed that your intentions are to start your baseball representation business under the name Rossi LLC, and ***that you have no present plan to merge with Rimas Sports, represent Rimas Sports clients, or share or receive fees from Rimas Sports for the representation of Rimas Sports clients***.
>
> Based on the above representations, and in accordance with Sections 4(M) and 5(B)(12) of the Agent Regulations, the MLBPA has determined that in the event that you are certified (after passing the agent exam and submitting the proper player designation(s) to the MLBPA), ***your certifications will be conditioned on your agreement not to work for or with Rimas Sports, represent Rimas Sports clients (or clients recruited to your agency by Rimas Sports or any of its principals or employees), and/or enter into a fee sharing arrangement with Rimas Sports, any Rimas Sports employee, agent, principals, and/or affiliated entity, without the prior, written authorization of the MLBPA***. Please note that under Sections 4(M)(2) and 5(A)(12) of the Agent Regulations, the MLBPA reserves the right to direct you to provide it with information necessary to verify your compliance with this agreement. Upon your acceptance of this condition you will be cleared to take the Agent Exam.

(Ex. D (emphasis added)). This restriction combined with the April 10 restrictions directly interferes with the Rimas Companies and Mr. Rossi's agreement with Mr. Acuna, an agreement which is wholly unrelated to his MLB contract.[11]

The MLBPA's interference extends far beyond MLB contracts. It affects virtually any matter in which the Rimas Companies would seek to engage in the sports agency or entertainment market, whether that was a charitable partnership with a player represented by a MLBPA certified agent or a deal to appear in a Bad Bunny music video. It disables private ownership and affiliation by MLBPA certified agents with the Rimas Companies, whether or not the Rimas Companies are engaged in MLBPA regulated activities or not. It also tethers the ability of MLBPA certified agents to affiliate in any way with the Rimas Companies to the requirement that Mr. Assad and Mr. Miranda become certified, a certification the MLBPA has ordered Mr. Assad and Mr. Miranda cannot obtain for another five years. (*See* Compl. ¶ 49.) Not only does this prohibition seek to bring into its scope wholly unrelated private conduct, but it imposes a retroactive requirement untethered to the NLRA or the MLBPA's own Regulations.

3. The MLBPA Has Tortiously Interfered with the Rimas Companies' Private Investment and Equity Agreements.

Under a plain reading of the prohibitions, Mr. Assad and Mr. Miranda are prohibited from owning or investing in any company that might also employ or be associated with a MLBPA certified agent. (*See* Compl. ¶ 49.) Similarly, the MLBPA has knowingly prevented MLBPA certified agents and the businesses they affiliate with from associating with the Rimas Companies, impacting not only the Companies' existing representation of MLB and MiLB players, but also their agreements and deals with their other clients and artists.

[11] Indeed, Mr. Acuna is currently not represented by any agent. He has expressed a desire for Rimas Sports to represent him, but he MLBPA's actions have disrupted those plans and denied Mr. Acuna the right to belong to a sports agency of his choosing and one which he could partner with a fellow Latin American celebrity, Bad Bunny.

The MLBPA's prohibition also seeks to intentionally regulate who can own or partner with the Rimas Companies, without any regulatory right to do so. Likewise, the decision intentionally prevents Mr. Assad and Mr. Miranda from benefiting from their private, investment agreements with Rimas Sports and Rimas Entertainment and their equity in each organization that secure their ownership interests in companies that are separate and distinct from the agents with which they associate. The MLBPA has knowingly interfered with these equity agreements by preventing persons holding MLBPA certifications from working for or being affiliated with the Rimas Companies.

C. The MLBPA Has Tortiously Injured Rimas Sports Under Puerto Rico Law.

The MLBPA's prohibitions have tortiously injured Rimas Sports by intentionally harming its business with the intent of eliminating Rimas Sports from the sports agency market. They have also interfered with and are destroying Rimas Sports' private contracts, private investments, and private commercial speech, all of which have nothing to do with the representation of MLBPA players in employment agreements with MLB clubs.

Under Puerto Rico law, "[a] person who by an act or omission causes damage to another through fault or negligence shall be obliged to repair the damage so done." *See* P.R. Laws Ann. tit. 31, § 5141; *Echevarria v. Robinson Helicopter Co.*, 824 F. Supp. 2d 275 (D.P.R. 2011) (citing *Isla Nena Air Servs., Inc. v. Cessna Aircraft Co.,* 449 F.3d 85, 88 (1st Cir. 2006)). A claim under Article 1802 requires that the plaintiff prove three elements: "(1) a negligent act or omission, (2) damages, and (3) a causal relationship between them." *See Acevedo–Reinoso v. Iberia Lineas Aereas de Espana S.A.,* 449 F.3d 7, 15 (1st Cir. 2006) (quoting *Irvine, IRG v. Murad Skin Research Labs., Inc.,* 194 F.3d 313, 321–22 (1st Cir. 1999)). "In order for liability to attach, the negligent act must be the 'adequate cause' of the harm." *See Tokyo Marine and Fire Ins. Co., Ltd. v. Perez & Cia., De Puerto Rico, Inc.,* 142 F.3d 1, 7 n. 5 (1st Cir. 1998) (citations omitted). Adequate cause

is a concept similar to proximate cause. *Id.* (citing Puerto Rico decisions explaining "adequate cause"). Each element of Plaintiff's general tort claim is more than satisfied.

Here, the MLBPA has exceeded its authority under the NLRA by blanketly prohibiting any MLBPA certified agent from working with or associating with the Rimas Companies in any capacity. This prohibition is an illegal, improper and is an unprecedented sanction against Rimas Sports and Rimas Entertainment that exceeds the MLBPA's statutory authority to regulate its collective bargaining activities. As a proximate result of the MLBPA's intentional and negligent acts, Rimas Sports faces the immediate and permanent loss of its ability to operate its business within the sports agency market and its accumulated goodwill and client base. The Rimas Companies also face the immediate and permanent loss of their ability to negotiate and enter into private deals with clubs and third-parties unrelated to players' employment agreements with the clubs, thereby injuring the Rimas Companies' goodwill, brands, and reputation in the entertainment and sports agency industries.

The MLBPA knew, or should have known, that such actions have caused and will continue to cause severe and agency killing harm to the Rimas Companies. In fact, the intended effect of the MLBPA's actions was precisely to eliminate the Rimas Companies from participating altogether in the sports agency market for MLB and MiLB players. To make matters worse, in addition to revoking one of its agent's certification, the MLBPA has prohibited Rimas Sports and any other MLBPA certified agent from facilitating the transfer of any PAD to another MLBPA certified agent. Even though the MLBPA only certifies individuals, the MLBPA has used its disciplinary procedure against both Rimas Sports and Rimas Entertainment, both of which are entities incapable of holding certifications. These improper restrictions exceed the scope of the MLBPA's authority under the NLRA.

The MLBPA's immediate and unjustified application of this outright ban has caused and will continue to cause imminent and irreparable harm to Rimas Sports and Rimas Entertainment. Not only will both entities suffer an incalculable loss of business, but they will also sustain irreversible harm to their goodwill in both the entertainment and sports agency industries. As such, Rimas Sports has demonstrated a likelihood of success on its claim under Article 1802.

II. The Rimas Companies Have and Will Continue to Suffer Irreparable Harm Without Injunctive Relief.

The Rimas Companies will continue to suffer imminent irreparable harm if this Court does not enjoin the MLBPA from enforcing its prohibitions against the Rimas Companies. This harm is not speculative or abstract. It is present and occurring.

Although the First Circuit's "general rule . . . is that traditional economic damages can be remedied by compensatory awards, and thus do not rise to the level of being irreparable." *NACM-New England, Inc. v. Nat'l Assoc. of Credit Mgmt., Inc.*, 927 F.3d 1, 5 (1st Cir. 2019) (internal quotation marks omitted), courts have routinely identified exceptions where economic losses become can be deemed irreparable. *Vaqueria Tres Monjitas, Inc. v. Irizarry*, 587 F.3d 464, 485 (1st Cir. 2009).

One exception is clearly applicable here when "the potential economic loss is so great as to threaten the existence of the movant's business." *Id.* (internal quotation marks omitted); *see also Doran v. Salem Inn, Inc.*, 422 U.S. 922, 932, 95 S.Ct. 2561 (1975) (finding no abuse of discretion in determining that irreparable harm exists because "absent preliminary relief [movants] would suffer a substantial loss of business and perhaps even bankruptcy"); *NACM-New England*, 927 F.3d at 5 (granting injunctive relief where denying it "would be devastating" to the plaintiff).

And numerous courts have identified a second exception warranting injunctive relief when the actions will cause injury to goodwill. *Cementerios v. Central General de Trabajadores*, Civ. No. 22-01320 (MAJ), 2023 WL 5153783, at *8 (D.P.R. Aug. 10, 2023) (collecting cases). "This

is because such harm 'is not easily measured or fully compensable in damages.'" *Id.* (*quoting Ross-Simons of Warwick, Inc. v. Baccarat, Inc.*, 102 F.3d 12, 19 (1st Cir. 1996)). A business suffers a loss of goodwill sufficient to show irreparable harm if it is unable to supply the basic products or services it ordinarily provides. *Ross-Simons*, 102 F.3d at 19.

Both exceptions are present in this case. The MLBPA's prohibitions threaten the very existence of Rimas Sports and Rimas Entertainment's sport agency business by insuring they cannot conduct any business that relates in any way to sports and entertainment associated with the MLB or the MiLB. The MLBPA has prohibited any other MLBPA certified agents from working for or associating with the Rimas Companies, whether it is related to any MLB contract negotiations. This amounts to a total ban on the Rimas Companies representing, working with, or associating with any MLBPA members, and it prevents the Rimas Companies from privately contracting with clients represented by any other MLBPA certified agent or his or her affiliated agency. And now, through a letter campaign, individuals, like Mr. Rossi, are prohibited from even becoming certified agents unless they agree to not work for or be associated with the Rimas Companies. (Ex. C, ¶¶ 4-5). This operates as a ban against Rimas Sports and Rimas Entertainment and tortiously interferes with the Rimas Companies' private contracts with third-parties.

These prohibitions terminate Rimas Sports' ability to generate income and continue its operations. Likewise, Rimas Sports has numerous marketing, sponsorship and endorsement agreements with clients of other MLBPA certified agents and third parties, many of which involve or could potentially involve associating with Rimas Entertainment. The MLBPA's order vitiates these private agreements, and additionally, impermissibly restrains Rimas Entertainment's private right to contract. It is therefore clear that, "absent preliminary relief, [the Rimas Companies] would suffer a substantial loss of business and perhaps even bankruptcy." *See Doran*, 422 U.S. at 932.

The MLBPA's overreaching order also inflicts irreparable injury on the goodwill of the Rimas Companies. Rimas Sports developed the goodwill and an up-and-coming agency focusing on the success of Latin American players and Rimas Entertainment has extensive and established goodwill in the entertainment industry.

In barring the Rimas Companies from continuing to represent their clients through, for example, a new certified agent, and interfering with their private contracts with unaffiliated third parties, the MLBPA has disrupted these relationships and forces the Rimas Companies' clients, like Mr. Alvarez, to find new representation in the middle of the baseball season meanwhile interfering with unrelated marketing, sponsorship and endorsement agreements.

III. The Balance of the Equities Weighs Heavily in Plaintiff's Favor and Injunctive Relief Serves the Public Interest.

"Crafting a preliminary injunction is an exercise of discretion and judgment, often dependent as much on the equities of a given case as the substance of the legal issues it presents." *Trump v. Int'l Refugee Assistance Project*, 582 U.S. 571, 579, 137 S.Ct. 2080, 2087 (2017). "The purpose of such interim equitable relief is not to conclusively determine the rights of the parties, but to balance the equities as litigation moves forward." *Id.* (internal citation omitted).

Courts analyzing a request for a preliminary injunction must therefore "examine, and perform a comparison between the injuries suffered by plaintiff outweighing any harm which granting injunctive relief would inflict on the defendant." *Allman v. Padilla*, 979 F. Supp. 2d 205, 213 (D.P.R. 2013). They must also consider "the effect on the public interest" by measuring "whether the public interest would be better served by issuing than by denying the injunction." *Id.* Entering an injunction is appropriate where doing so would not meaningfully harm either the defendant or the public.

Here, balancing equities and considering the public interest both weigh in favor of an injunction. As explained thoroughly above, the MLBPA's prohibitions cause immediate and

irreparable harm to Rimas Sports and threatens its continued existence. Even if Mr. Arroyo is ultimately able to win his appeal, regain his certification, and continue working for Rimas Sports, by the time the appeal is fully adjudicated, the Rimas Companies will suffer irreparable injury. Moreover, while Mr. Arroyo, Mr. Assad and Mr. Miranda intend to appeal the decisions against them individually in the April 10, 2024, Notice of Discipline, Rimas Sports is not (and cannot be) a party to the MLBPA's arbitration process. As a result, Rimas Sports cannot appeal the MLBPA's decision affecting it or Rimas Entertainment (or any other affiliated entity), nor can Rimas Sports seek any relief or obtain any adequate remedy in that forum.

Enjoining the MLBPA's prohibitions against Rimas Sports, on the other hand, has no negative effect on the MLBPA during the pendency of this litigation. An injunction would merely allow Rimas Sports to employ or associate with another MLBPA certified agent that has already been certified by the MLBPA and continues to be subject to the MLBPA regulations—and its enforcement. The MLB or MiLB players can decide whether to accept this representation or seek another one, and those that choose to remain with Rimas Sports will have their choice of representation not decided for them by the MLBPA. Moreover, the MLBPA and its interests in protecting players will not be harmed if they are allowed to work with or associate with Rimas Entertainment through MLBPA certified agents to expand their band, sponsorships, endorsements and other sources of revenue outside of their club salaries. In fact, this is in the best interests of the players.

The Rimas Companies' marketing, sponsorship and endorsement deal negotiations will be allowed to proceed unimpeded, which will benefit their clients and help them maximize their marketing value. Clients of certified agents will be allowed to contract with Rimas Entertainment, and certified agents like Michael Velasquez and would be agents like Mr. Rossi, John Baldvia,

and Mr. Jimmy Barnes will be able to negotiate marketing, sponsorship and endorsement with Rimas Entertainment.

Rimas Sports has players involved in contract negotiations right now. (*See*, *e.g.*, Ex. H, ¶ 8). An injunction will allow these negotiations to continue without forcing the players to find new representation. It maintains, at least temporarily, the relationships Rimas Sports has built with those clients and allows Rimas Sports to continue providing better and more nuanced representation that is the natural product of those relationships.

Finally, the public interest will be served by enjoining the MLBPA's prohibitions that disable the private conduct of two Puerto Rico companies. There is a strong public interest in encouraging businesses to grow, develop and serve their home communities. The Rimas Companies are doing just that and are perhaps doing it too well. By enjoining the MLBPA's Prohibition, this Court preserves two engines of job and wealth creation homegrown here in Puerto Rico. An injunction preserves the Rimas Companies' ability to serve the Puerto Rico community and give its athletes exceptional representation and value maximizing opportunities. Moreover, there is a strong public interest in limiting the gross regulatory overreach that has occurred in this case by the MLBPA that is effecting not only all of the other certified agents in the MLBPA but also two separate, legal companies that have a right to conduct business and enter into contacts with third parties. For these reasons, the public interest strongly weighs in favor of granting an injunction that will preserve the existence of one of Puerto Rico's up-and-coming sports businesses.

CONCLUSION

For all the foregoing reasons, Plaintiff Rimas Sports respectfully requests a temporary restraining order and preliminary injunction enjoining the MLBPA and its servants, agents, and employees, and all persons in active concert or participation with them, from taking any action to

prohibit persons who hold MLBPA certifications from working for, affiliating or associating themselves with Rimas Sports, Diamond Sports LLC, and/or Rimas Entertainment, LLC, or any entity owned by or affiliated with the Rimas Companies or their owners, until this Court has adjudicated Plaintiff's claims.

Dated: May 16, 2024

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing will be served today upon the Major League Baseball Players Association, through its Associate General Counsel, Mr. Robert Guerra, via email (RGuerra@mlbpa.org), in compliance with Fed. R. Civ. P. 65(b)(1)(B).

/s/ Mauricio O. Muñiz-Luciano
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