



Statement of

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Committee on Homeland Security
and Governmental Affairs
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Chairman Blumenthal, Ranking Member Johnson, and Members of the Subcommittee, thank you for the opportunity to testify today regarding the PGA TOUR, Inc. (“Tour”) and the future of golf. The game has been a central part of my life for as long as I can remember. Growing up, I began playing golf with my father when I was ten years old. By age eleven, I was working as a caddy. I have been both an avid player and a devoted follower of professional golf. The future of golf is something that is deeply important to me personally, and I know millions of Americans feel the same way.

Since January of this year, I have had the honor of serving as an independent director of the Tour’s Policy Board, which is its governing board of directors. I was glad to have the opportunity to take on this volunteer role, so that I could give back to golf and bring my independent perspective to the Tour’s leadership. In my role as an independent director, I was involved in the Tour’s efforts to resolve burdensome litigation with LIV Golf (“LIV”) and its majority owner, the Public Investment Fund (“PIF”) of Saudi Arabia, which had fractured the world of golf and threatened to destroy the mission and purpose of the Tour. Those efforts resulted in a framework agreement among the parties, announced on June 6, 2023, which ended the litigation and provided a structure for further negotiations concerning a potential future agreement related to the parties’ golf operations.

The framework agreement—although critical for ending the litigation—is very limited in scope. This has been widely misreported, and I think we at the Tour clearly did not do a good enough job explaining that limited scope, so that it was understood by fans, players, the media, and Congress. I therefore truly appreciate this opportunity to provide additional, accurate information about the framework agreement and its terms and to explain our reasons for pursuing it.

Even before I joined the board, I had seen the incredibly significant contributions that the Tour makes to professional golf and to communities around the world. The Tour continually works to make golf more accessible to everyone, regardless of age, socioeconomic status, race, or nationality. It has a strong and longstanding tradition of contributing its net proceeds to charity, something that I believe is unique in the world of professional sports. Last year, the Tour and its tournaments generated \$215 million for 3,000 charities across the United States, bringing the total charitable impact to \$3.6 billion since the Tour’s inception 54 years ago. We are immensely proud of this commitment.

With LIV Golf's inaugural season in 2022, however, I noticed a change. Golf was suddenly filled with animosity, conflict, and division. The players were choosing sides, and the Tour was faced with the unfortunate necessity of suspending players who chose to play in the inaugural LIV series, despite their membership in the Tour. There are just a few hundred touring professionals in the PGA. The very foundation of membership in the PGA Tour—and the basis for the system that generates revenues available for players—is the exclusive grant of media rights by players to the PGA Tour. As such, even though a relatively small number of players chose to join LIV, the impact of their departures was significant for the Tour. This was a huge and growing disruption, which distracted the key stakeholders from our usual focus on the game of golf and on the Tour's larger mission.

Then, in August of last year, these troubles moved into the courtroom when a group of players sued the Tour in an effort to invalidate our rules and regulations. The very structure and foundation that had made the Tour successful for more than half a century was now threatened. Although we remained confident of prevailing, an extremely costly, disruptive, and distracting courtroom battle seemed likely to drag on for many years.

It was in this environment that I joined the Tour's board, hoping to be part of a solution. In my professional life, I founded and built a successful investment banking firm, and I continue to serve in a senior role for its successor. I am no stranger to acrimonious disputes involving significant businesses and millions of dollars. In my experience, resolving disputes like the Tour's conflict with LIV requires building and maintaining a dialogue between the principals of each organization. I therefore set out to do that with PIF and LIV, once the timing seemed appropriate. The Tour had won some significant victories in the litigation. I suggested to Commissioner Jay Monahan that he consider establishing direct contact with Yasir Al-Rumayyan, the head of PIF, and he agreed.

In mid-April, I contacted Mr. Al-Rumayyan, and he agreed to a meeting. Later that month, I traveled to London—along with the chairman of the Tour's board—to meet with Mr. Al-Rumayyan and his advisors. In early May, we had a second meeting in Venice, which Commissioner Monahan also attended. We discussed six high-level principles for a potential agreement. These principles included two very important potential components from the Tour's point of view: the complete and final settlement of all existing legal disputes, as well as the Tour's continuing responsibility for management of its professional golf operations. From our perspective, these were extremely favorable terms, offering the chance for the Tour to unite the game, repair the fracture, and provide significant future benefits for players, fans, sponsors, and the charities that we support.

Within a few weeks, we had a signed framework agreement that was based on those broad terms, and we announced the agreement shortly thereafter on June 6, 2023. Critically, this was not a final agreement resolving all issues. Instead, it was an initial step toward a potential final agreement, and this is very clear on the face of the framework agreement, a copy of which we recently shared with the Subcommittee.

The Tour and its advisors are taking the lead in the ongoing negotiations toward a final agreement and I'm no longer directly involved in the ongoing negotiations. But what I can tell you about the initial framework agreement is that it is very limited in scope. It has two principal

and binding provisions: (1) the dismissal, with prejudice, of any pending litigation or other dispute, and (2) an agreement not to solicit the players from each other's tour during further negotiations. The other binding terms relate to confidentiality and termination of the agreement if a definitive agreement is not reached. All of the other items in the framework agreement are, by its own terms, "non-binding pending the execution of definitive agreements" after further negotiations. Dismissal of the pending litigation "with prejudice" means that the cases cannot be refiled against the Tour. The litigation, with all its costs and distractions, is over, once and for all.

Even though limited in scope, the framework agreement sketched out a path to guide further negotiations toward a potential long-term agreement. In particular, it contemplates the creation of a new entity that would combine the golf operations of the Tour and LIV in a subsidiary of the Tour in which PIF would have a minority interest. We were not prepared to agree to this without embedding within the framework agreement clear safeguards. For example, the framework agreement expressly provides that if a definitive agreement were to be reached, *the Tour "will at all times maintain a controlling voting interest in" the new entity*, whereas PIF will hold only "a noncontrolling voting interest, notwithstanding any incremental investment by PIF." There are also critical provisions related to the new entity's board of directors. Under the terms of the framework agreement, there must be "majority representation appointed by" the Tour on the board of the new entity. Moreover, three of the four members of the new entity's executive committee must be chosen by the Tour. There are also critical safeguards related to golf operations. Under the agreement, the Tour will have "full decision-making authority with respect to all strategic and operational matters related to competition" in golf.

To emphasize, the Tour will have full decision-making authority. These safeguards were very important to us. We could not, and would not, have reached even this initial framework agreement without all of these strong safeguards against inappropriate control over the game of golf by the PIF.

Some critics have focused on the fact that under the framework agreement, if a final agreement is reached, the head of the PIF would be the chairman of the new commercial subsidiary. To be fair, those critics did not have a copy of the actual framework agreement, which we have shared with the Subcommittee. As that agreement makes clear, the chairman has only one vote on the proposed board. And the proposed board will be controlled by the Tour's appointees. As on any such board, the title "chairman" does not entitle the chairman to take any actions on behalf of the entity that do not have support from the full board, and we made sure that the Tour will appoint a majority of the board members.

Mr. Chairman, as I said at the outset, golf is incredibly important to me. In fact, September 11, 2001, found me on the golf course for an early morning round. It was there that I learned of the attack on our country, and of the deaths of my mentor Herman Sandler and 65 of our colleagues in the collapse of South Tower of the World Trade Center. There is not a day when I fail to think about the friends I lost that day. I have tried to keep faith with them and their families in everything I do.

I know there are concerns about allowing PIF even to invest alongside the Tour, and I will be pleased to answer any questions you might have. But I am very confident, as well, that

this was the best path forward for the Tour, for the players, for the fans, for the game of golf, and indeed for our country.

Thank you for the opportunity to appear before the Subcommittee today.