

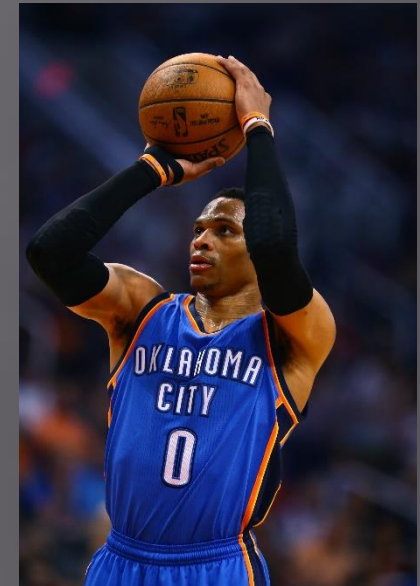
# The Main Issue: Too Many Athletes are Getting Bad Representation and Ending up in Financial Difficulty

- ▣ *Sports Illustrated* published an article which estimated that 78% of NFL players will be broke or otherwise in financial distress after their careers, as will 60% of NBA players.
- ▣ Numerous professional athletes have had to fire agents and financial advisors.
  - Some have even had to sue them for fraud and misappropriation of funds.
- ▣ The list of notable athletes who have gone broke or encountered major financial problems is lengthy, including:
  - Antoine Walker (made \$108 million in the NBA; filed for bankruptcy in 2010)
  - Vince Young (made \$64 million from his NFL contract and endorsements, filed for bankruptcy in 2014)



# Large Amounts of Money Involved Attract Many People Seeking to Profit off of Athletes

- ❑ Second round draft pick in the 2018 NFL Draft- average of over \$3.5 million GUARANTEED MONEY on their rookie contract.
- ❑ First round draft pick in the 2018 NFL Draft- average of over \$15.7 million of GUARANTEED MONEY on their rookie contract.
- ❑ Aaron Rodgers' annual salary is \$33.5 million.
- ❑ 2017-2018 salary for Russell Westbrook: \$28.5 million
- ❑ 2017-2018 salary for Steph Curry: \$34.7 million



# Large Amounts of Money Involved Attract Many People Seeking to Profit off of Athletes

- ▣ In football, the agent is usually making 3% of the contract. The agent also usually makes 10-20% on marketing.
- ▣ This yields the potential to make LOTS of money.
- ▣ Some agents are also drawn to the perceived lifestyle and being around professional athletes.
- ▣ A number of people don't truly have athletes' best interests in mind.



# Fierce Competition for Clients Can Lead to Unethical Conduct

- ▣ In football alone, there are typically between 700 and 1000 agents registered with the NFLPA at any given time.
- ▣ In addition, there are numerous marketers, business managers, financial advisors, and others who aren't "agents," yet are still seeking to profit off of pro athletes.
- ▣ The number of people and money involved leads to stiff competition to try to get these athletes as clients.

# Fierce Competition for Clients Can Lead to Unethical Conduct



- ▣ Some agents have paid cash, jewelry, trips, and other fancy inducements.
- ▣ Some agents lie about what they can do.
- ▣ Many oversell and embellish.
- ▣ A number of agents use runners and intermediaries to circumvent established processes designed to level the playing field.

# Operating in the Shadows



# Shady Conduct in Recruiting is often Tied to Poor Results on the Back End

- ▣ Many of the agents who recruit unethically are the same ones who cause a host of problems for their clients later in their careers.
  - Take kickbacks for funneling athletes to others
  - Don't provide competent or zealous advocacy
  - Quit on athletes when they encounter difficulties in their careers
  - Steal money from athletes
  - Get fired by multiple athletes

# Efforts to Establish Structure

## NCAA Rules

Until a student-athlete is done playing college sports, he or she:

- ❑ Can't take anything of value from an agent;
- ❑ Can't sign with an agent; and
- ❑ Can't even commit to sign with an agent.

## Original Uniform Athlete Agents Act

- ❑ The Uniform Law Commission helped draft the original Uniform Athlete Agents Act.
- ❑ Passed in 43 jurisdictions.
- ❑ Requires agents to register with the Secretary of State or other similar entity.
- ❑ Makes it a misdemeanor to recruit without being registered in that jurisdiction.
- ❑ Makes it a felony to offer anything of value to induce a commitment.



# Challenges that Persisted

- ▣ Rare enforcement of the law.
- ▣ Penalties which were not significant enough to shift the risk-reward calculation.
- ▣ It is still hard to tell who is tied together and working on behalf of another, financially or otherwise.
- ▣ Some agents are still dishonest in their recruitment and overpromise.
- ▣ Many still sneak around and “operate in the shadows.” Some are known to use intermediaries.
- ▣ Many agents oversell their relationships with teams.
  - It is important to correct the common misperception that agents have consistent access to “inside information” that can really help athletes assess their options.
- ▣ The ongoing FBI investigation has served as another reminder of just how ugly this can be.

- ▣ We are still left with many vulnerable young athletes being preyed upon.

Many young athletes:

- ▣ Have never been in this position before and don’t know the process.
- ▣ Have never been around money and do not have people in their inner circles who can provide them with sound financial and legal advice.
- ▣ Don’t have the means to investigate who is telling them the truth, and who is conning them with a slick sales pitch.
- ▣ THEREFORE, IT’S NOT SURPRISING THAT MANY ATHLETES END UP MAKING ILL-INFORMED DECISIONS ABOUT REPRESENTATION AND LATER SUFFERING SERIOUS HARM AS THE RESULT.
- ▣ WE HAVE TO DO MORE TO PROTECT THEM.

# The Revised Uniform Athlete Agents Act

- ▣ The ULC recognized the ongoing, serious nature of the problem.
- ▣ We have taken a national lead in trying to fix these issues. We circulated several memos which were signed by:
  - Athletic directors around the country;
  - Some of the most iconic college sports coaches; and
  - A handful of agents who are tired of being undercut by those who do things the wrong way.
- ▣ The memos reflected the constituents' desires for the same things:
- ▣ Greater transparency
  - Expanded information required to be provided upon registration with the Secretary of State
  - Notice provided to schools when agents want to contact athletes so schools can help athletes vet their backgrounds and the information presented
- ▣ Greater accountability
  - Clearly encompass a broader subset of the group of people causing problems by moving to a more functional definition rather than just those who call themselves an "agent"
  - Stiffened penalties