

**REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING**

# **The Regulation of Sports Agents**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



## **HOUSE DOCUMENT NO. 83**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1990**

## **MEMBERS OF THE JOINT SUBCOMMITTEE**

Delegate Thomas M. Jackson, *Chairman*  
Senator R. J. Holland, *Vice Chairman*  
Delegate J. W. O'Brien, Jr.  
Senator Yvonne B. Miller  
Delegate Robert Tata

### **STAFF**

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**Report of the Joint Subcommittee Studying the  
Regulation of Sports Agents  
Richmond, Virginia  
May 1990**

TO: The Honorable Lawrence Douglas Wilder, Governor of Virginia,  
and  
The General Assembly of Virginia

**INTRODUCTION**

The 1989 General Assembly adopted House Joint Resolution No. 407 which established a Joint Subcommittee to study the necessity for the regulation of sports agents.

**HOUSE JOINT RESOLUTION NO. 407**

Establishing a joint subcommittee to study the necessity for the regulation of sports agents.

Agreed to by the House of Delegates, February 4, 1989  
Agreed to by the Senate, February 23, 1989

WHEREAS, increased popularity of sports has manifested itself in a dramatic rise in media coverage of athletic events; and

WHEREAS, advertising and other commercial activities accompanying the media exposure have meant more revenue for sports teams and athletes; and

WHEREAS, persons eager to assist athletes to take advantage of their increased bargaining power and earning potential have created a sports agent profession; and

WHEREAS, athletes and team management recognize that an athlete should not negotiate his own contract since most athletes lack the necessary negotiation skills; and

WHEREAS, a competent agent serves as an equalizer of bargaining power, ensuring against unfair, one-sided contract negotiation between an experienced team official and a young athlete in his teens or early twenties; and

WHEREAS, although sports agents have played an increasingly larger role in the protection of athletes' interests, some agents have misused their power, thereby violating the fiduciary duty to their clients; and

WHEREAS, the Athletic Board within the Department of Commerce regulates wrestlers and boxers and wrestling and boxing contests, matches and exhibitions, but not sports agents; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the necessity for the regulation of sports agents. The joint subcommittee shall consist of five members: three members of the House of Delegates to be appointed by the Speaker of the House of Delegates and two members of the Senate to be appointed by the Senate Committee on Privileges and Elections.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1990 session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

The indirect costs of this study are estimated to be \$11,070; the direct costs of this study shall not exceed \$3,600.

#

Delegate Jackson, patron of the study resolution, was elected to serve as Chairman of the Subcommittee and Senator Richard Holland was elected Vice Chairman.

## BACKGROUND

Most of the comments contained in this portion of the report have been derived from the following two law review articles: "Regulation of Sports Agents: Since at First It Hasn't Succeeded, Try Federal Legislation," written by David Lawrence Dunn and appearing in Volume 39 of the Hastings Law Journal (1987-1988) at page 1031 et seq. and "Tightening the Defense Against Offensive Sports Agents" written by Charles W. Ehrhardt and J. Mark Rodgers and appearing in Volume 16, Number 3 of the Florida State University Law Review (Fall 1988) at page 633 et seq.

According to "Tightening the Defense Against Offensive Sports Agents" appearing in the Fall 1988 edition of the Florida State University Law Review (page 633 et seq.), sports agents provide many services to their athlete clients: negotiation of employment agreements, negotiation and review of commercial opportunities, financial advice and income management, and counsel on legal and tax matters. If performed ethically and competently, these services maximize an athlete's earning power during the period the athlete is physically able to compete on the professional level. Although sports agents have played an increasingly larger role in the protection of athletes' interests, some have misused their power, violating the fiduciary duty to their clients.

Abuses by some sports agents have taken a toll on the sports agent profession and reputation. Common complaints against sports agents are mismanaged money, excessive fees, conflicts of interests, and incompetence. During the past few years, several colleges and universities have been harmed by the actions and associations of student athletes with sports agents. Illustrating that universities will be held accountable for the actions of their athletes with agents, the University of Alabama was forced to return \$253,447 to the National Collegiate Athletic Association (NCAA). This money represented the school's earnings in the association's 1987 championship basketball tournament. The reason the money had to be returned: two of the school's basketball players had signed early with a sports agent, a violation of NCAA rules.

It has been reported that agents often contact college athletes who still have NCAA eligibility and offer money, cars, or other gifts to make the athlete feel obligated. The NCAA strictly prohibits the receipt of any payment or favor from agents before the expiration of a student's collegiate eligibility. In addition, the NCAA prohibits athletes from signing an agency contract or agreeing to be represented by an agent before the end of their college eligibility. According to the Florida State University Law Review article, an estimated 30 to 70 percent of the "highest draft picks" in football and basketball sign a contract with an agent or agree to be represented by an agent before the end of their college career.

The lack of ethical standards exhibited by some sports agents may partially result from the fact that no credentials are required of persons wishing to engage in the sports agent profession. As stated by Ehrhardt and Rodgers in their article, "all you need to be an agent is a client." Although a small percentage of sports agents are reportedly responsible for the abuses that have tarnished the profession's image, the overabundance of people purporting to be agents makes it extremely difficult for athletes to know who is really qualified and has the athlete's best interests at heart.

Nonlegislative regulatory attempts by the Association of Representatives of Professional Athletes (ARPA), the National Collegiate Athletic Association (NCAA), the National Football League Player's Association (NFLPA), the National Basketball Player's Association (NBPA) and the Major League Baseball Players' Association (MLBPA) are a start but do not cure the problem. The ARPA cannot compel agents to join and is a voluntary organization; therefore, its rules are not binding on nonmembers. In addition, the rules of the ARPA are considered by some to be too broad. Lastly, there is no enforcement mechanism for violations. Problems with the NCAA regulations center on the fact that the regulations are limited in scope and jurisdiction, and registration by sports agents is voluntary. Also, the sanctioning power of the NCAA is effective over the athletes and colleges, but not the agents.

Players' associations' plans are often limited in that athletes not yet signed with the association are not official members and the rules do not regulate agents negotiating a player's first contract with the league. (The National Basketball Player's Association expressly covers agents of players yet to sign their first contract with an NBA team.) Additional concerns include the limited regulatory scope of the rules (type of activity regulated and limitation to one particular sport). Some plans do not consider "contractual incentive bonuses" to be part of a player's compensation (the NBPA plan does) and most lack specific, objective criteria for granting or denying agent certification or registration.

During 1988, 12 states passed legislation making sports agents, and in some instances the athlete, accountable for indiscretions against colleges and universities. These states were Florida, Georgia, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Ohio, Pennsylvania, and Tennessee. Alabama, California, Louisiana, Oklahoma, and Texas all enacted sports agents legislation between 1981 and 1987. Additionally, the states of Arizona, Illinois, Nebraska, New Jersey, New York, South Carolina, Virginia, and Washington considered sports agent legislation during 1989. Although Virginia's 1989 sports agent legislation passed, an enactment clause provided that it would not become effective unless it was reenacted by the 1990 Session of the General Assembly. It appeared in the 1989 supplement to the Code of Virginia as §§ 18.2-501.1 through 18.2-501.5 in Title 18.2 with annotations regarding the effective date.

In the past, state legislation generally fell within two categories. The first category generally includes requirements for registration or licensure, completion of an application, payment of a fee, and renewals. The application is reviewed by an agency or by a designated state official, and the registration or license is revocable if the agent commits a violation of the law. Such statutes also often require the posting of a surety bond ranging from \$25,000 to \$100,000. The fee schedule must be filed along with the proposed contract. Retention of certain records pertaining to all transactions with and for the athlete is mandated. These laws generally prohibit both solicitation and the signing of an athlete to a representation agreement before the athlete's collegiate eligibility has expired. Criminal and civil penalties for violators are often provided. These laws have been found to be ineffective by some in that agents can circumvent the laws by avoiding contacts within the state or ignoring the laws' existence. Enforcement is difficult in that often the only parties with knowledge of the agent's dealings are the agent and the athlete recruited and there is no incentive, as long as there is satisfaction with the relationship, to notify state authorities that the agent or athlete has violated state law.

The second category, more recent legislation, requires notice to state, school, and conference authorities before the athlete executes the agency contract. This notice provides the school with sufficient notice that one of its athletes will be ineligible for intercollegiate competition. If the agent ignores the notice requirement and signs the athlete, he risks forfeiting any surety bond required by state law. Indiana also requires professional sports teams or entities to provide written notification to the athletic director of the student athlete's institution. Often, criminal sanctions are also available. Minnesota specifically includes athletes other than collegians within the scope of its legislation. Therefore, Minnesota law covers the state's high school athletes, as well as tennis players, baseball players, and golfers who frequently turn professional without attending college.

In California during 1988, despite regulatory incentives for agents to comply with the legislation and apply for licensure, the law was ignored by most agents. As of 1986 (six years after the legislation's mandate), only 14 agents had registered with the State of California. In addition, according to the Hastings Law Journal, the Labor Commissioner in California has neither brought a disciplinary action against one of the registered agents nor an enforcement action against an unregistered agent.

Jurisdictional limits also hamper most statutes. However, Ohio incorporates a long-arm statute into its legislation and specifically allows an Ohio court to exercise personal jurisdiction over a nonresident agent as to a cause of action arising from the agent entering into a contract with an Ohio collegian when the athlete is outside the state. The long-arm provision allows Ohio to pursue criminal action against agents who attempt to circumvent the state's legislation.

Virginia's 1989 sports agent legislation provided for the following:

§ 18.2-501.1 included definitions for "agent contract," "institution," "intercollegiate or interscholastic sporting contest," "sports agent," and "student athlete."

§ 18.2-501.2 required the agent contract to be in writing, signed by both the sports agent and the student athlete in the presence of a notary public who shall notarize it. The contract was to include the address of the sports agent and the athletic director of the institution.

§ 18.2-501.3 required a disclosure paragraph in 10-point bold type under the heading "WARNING." The disclosure paragraph was to inform the athlete that he would lose his eligibility to compete in intercollegiate athletics if the contract was signed. The disclosure paragraph also stated that a copy of the contract must be sent to the athletic director and the director of the athletic association with which the institution is affiliated for the contract to be valid and enforceable under Virginia law.

§ 18.2-501.4 placed a duty on the sports agent to provide the student athlete with a copy of the contract at the time the contract is executed. Within two days of the execution of the contract, the sports agent was required to deliver either a copy of the contract or notice that a contract had been executed to the athletic director of the institution and the director of the affiliated athletic association.

§ 18.2-501.5 provided sanctions for violations of the Sports Agents Regulation Act. A violation was considered a misdemeanor, punishable by confinement in jail for not more than 12 months and a fine of \$10,000 or \$50,000, depending on the violation. Any agent contract executed in violation of the Act was voidable at the option of the student athlete.

This legislation would not become effective unless it was reenacted by the 1990 General Assembly.

## ACTIVITIES

The Subcommittee noted that it was not aware of any legislation which had been introduced pertaining to sports agents prior to the 1989 Session of the General Assembly. The Sports Agents Regulation Act which the 1989 legislature passed, had a reenactment clause which required the 1990 Session of the General Assembly to reenact the legislation prior to its becoming effective. Chairman Jackson noted that, if reenacted, the legislation would be effective in the limited scope it addresses, but would not be a comprehensive approach to the problem. One of the basic problems is the financial incentives which are offered to athletes in both high school and college.

Chairman Jackson proposed the consideration of the following issues to the Subcommittee:

1. Whether or not attorneys should be exempted from the provisions of the Sports Agents Regulation Act.
2. Whether or not contact with athletes will be allowed while the athletes are undergraduates.
3. Whether there should be different rules for high school athletes as compared to college athletes in regard to agent contact.
4. Whether or not sports agents should be required to register with the Secretary of the Commonwealth (or the Director of the Department of Commerce or some other designated state official) who will be given the authority to reject agents who do not have a good track record.
5. Whether there should be a filing fee for registration, and if so, how much.



6. Whether an agent should be required to post bond as a part of registration and a fund established from which damages can be extracted in the event of improper conduct.
7. Whether certain warning provisions in an agent's contract should be mandatory and in bold print.
8. Whether the agent should be restricted in his right to divide fees or advertise.
9. Whether certain forms of compensation from an agent to an athlete should be prohibited.
10. Whether criminal penalties are warranted in the event of a violation of a statute. If so, whether the penalty should be a felony or a misdemeanor and what fines or other costs should be imposed.
11. Whether boosters should be included in the scope of the legislation.

In discussing various aspects of the study, Subcommittee members noted that although there does not appear to be a problem of abuses in Virginia, potentially abusive situations should be studied and, if warranted, addressed by legislation. Athletes and their parents need to be protected from the enticements that are often included in offers from sports agents. Student athletes should be encouraged to complete their education and graduate.

The Subcommittee conducted a public hearing to solicit comments regarding the sports agent issues. Notices were sent to sports agents, athletic directors, college presidents, and civic organizations. Representatives of the athletic departments of several Virginia schools participated in the Subcommittee's public hearing and meetings. At the beginning of the public hearing, Chairman Jackson requested participants to disclose any information pertaining to existing problems in Virginia with sports agents. He also stressed the importance of preventing problems between athletes and sports agents. Although no one commented on any current problems, many of the participants echoed the Chairman's concern for preventing problems.

Dr. Leon Bey, athletic director for Virginia State University, informed the Subcommittee of the positive role of career counseling panels. The panels offer advice to student athletes regarding careers and employment opportunities. The panel recently established at Virginia State University includes civic leaders as well as college professors. The Subcommittee was informed of a recent employee hired by the University who had previously worked in the legislative staff section at the NCAA. It was noted that the NCAA once tried to administer a sports agent registration act, but that it did not have any enforcement mechanisms. Dr. Bey favored legislation to govern sports agents. Regulation by the individual states would be an improvement

over the current situation. In response to a question as to whether abuses are taking place on college campuses in Virginia, it was noted that this would be hard to ascertain, as abuses are not generally conducted in the open.

Delegate George Allen, of Charlottesville, suggested that the members look at the issue from the athlete's perspective. He stated that the public's health, safety, and welfare are not really affected by whether an athlete attends college or stays in school for the full four years of college. Delegate Allen urged the Subcommittee to request a study of the public need of sports agents regulation by the Department of Commerce since the criteria of government intervention are based upon a need to protect the public. After discussing each issue, Delegate Allen responded to a question and asserted that regulation through registration makes sense and suggested that specific standards be established for regulation.

Danny Monk, assistant athletic director for Virginia Polytechnic Institute and State University, informed the members that the University had hired an NCAA compliance officer directly from the NCAA and spoke of the changes that have evolved in the sports program at his school to reflect changes in society. The University now has lawyer-sports agents conducting informative sessions with athletes in the football and basketball programs. Mr. Monk stated that sports agents who are not attorneys should be regulated. Attorneys are regulated by the bar, but there are no requirements for other sports agents. He further noted that the NCAA regulates colleges, but that no one body regulates sports agents. None of the states which regulate sports agents have uniform laws. Since each state has different laws, federal legislation would be the best way to regulate sports agents.

Steve Harvey, associate athletic director at Virginia Commonwealth University, stated that the services of a sports agent would benefit some student athletes. Registration would be helpful and would allow a marginal athlete who might not be heavily recruited to talk with a registered sports agent about career options.

Jim West, associate athletic director at the University of Virginia, commented that student athletes with eligibility remaining should be allowed the contact with sports agents if the athlete goes through the representative the university has appointed so that the student athlete will receive advice from both sides of the issue. Mr. West strongly supported the registration of sports agents.

Dean Ehlers, athletic director at James Madison University, stressed the importance of the regulation of sports agents.

The following proposals by Subcommittee members and study participants were discussed and considered by the Subcommittee for possible inclusion in the legislative package. The Subcommittee rejected some proposals and incorporated others in its legislation.

1. Regulation of sports agents through registration.
2. Regulation of sports agents through licensure.
3. Standards for registration or licensure that may be similar to those established by the General Assembly for lottery agents. Exclusion from registration or licensure of any agents who had caused a student athlete to become ineligible without signing a professional contract.
4. Addition of a clause in coaches' contracts that would allow a sanction against a coach who encourages a student athlete to violate NCAA regulations.
5. Sanctioning of the university or college for knowingly or willingly participating in the violation of NCAA regulations.
6. Establishment of a monthly compliance program.
7. Grant-in-aid should require the athlete to repay money expended toward his education should the athlete decide to turn professional and not to complete college.
8. Require sports agent contracts to include proof of liability insurance.

## **RECOMMENDATION AND CONCLUSION**

The Subcommittee agreed to sponsor legislation proposed by Chairman Jackson which added a chapter to Title 54.1, pertaining to professions and occupations, regulating athlete agents. The bill, House Bill No. 706, was passed by the General Assembly and signed by the Governor on April 18, 1990 (see Appendix). The legislation was modeled after Oklahoma law. Virginia's new athlete agent law will become effective on January 1, 1991.

The legislation provides for the licensure of athlete agents by the Director of the Department of Commerce. Unless an athlete agent is licensed, he may not contact, directly or indirectly, an amateur athlete while the athlete is located in the Commonwealth, where the purpose of the contract is to recruit or solicit the athlete to enter into an agent contract or professional sports services contract or to procure, offer, promise, or attempt to obtain employment for the athlete with a professional sports team. Agents will be required to obtain a surety bond in the sum of \$100,000 or submit proof of an equivalent amount of professional liability insurance.

Any agent contract used by a licensed athlete agent with an amateur athlete shall be on a form provided by the Director of the Department of Commerce. The licensed athlete agent must also file with the Director a schedule of fees and a description of the various professional services to be rendered in return for each fee. Copies of contracts between licensed athlete agents and amateur athletes who have never before signed a contract of employment with a professional sports team must be filed with the Director of the Department of Commerce and the athletic director of the institution of higher education the amateur athlete attends. The agent contract may be terminated by the athlete before the expiration of the tenth day after the date the contract has been filed as required by the statute.

The legislation requires agents to maintain specified records. Certain activities are prohibited. An intentional violation of certain portions of the chapter constitutes a Class 1 misdemeanor.

Sections 18.2-501.1 through 18.2-501.5, the Sports Agents Regulation Act, never became effective. The legislation, enacted during the 1989 General Assembly Session, provided that the Sports Agents Regulation Act would become effective upon reenactment by the 1990 Session. Legislation was not introduced providing for the 1989 Act's reenactment.

The legislation sponsored by the Subcommittee is a more comprehensive approach to addressing potential abusive situations between sports agents and amateur athletes than prior legislation. The Subcommittee thanks the General Assembly for supporting its recommendation and passing House Bill No. 706.

Respectfully submitted,

Delegate Thomas M. Jackson, *Chairman*  
Senator R. J. Holland, *Vice Chairman*  
Delegate J. W. O'Brien, Jr.  
Senator Yvonne B. Miller  
Delegate Robert Tata

## **APPENDIX**

# 1990 RECONVENED SESSION

## VIRGINIA ACTS OF ASSEMBLY - CHAPTER 9 5 2 REENROLLED

*An Act to amend the Code of Virginia by adding in Title 54.1 a chapter numbered 5.1, consisting of sections numbered 54.1-518 through 54.1-525, providing for the regulation of athlete agents; penalty.*

[H 706]

Approved APR 1 8 1990

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 54.1 a chapter numbered 5.1, consisting of sections numbered 54.1-518 through 54.1-525, as follows:

### CHAPTER 5.1.

#### ATHLETE AGENTS.

§ 54.1-518. *Definitions.—A. As used in this chapter, unless the context requires otherwise:*

*“Agent contract” means any contract or agreement under which an athlete authorizes an athlete agent to negotiate or solicit on behalf of the athlete with one or more professional sports teams for the employment of the athlete by one or more professional sports teams.*

*“Amateur athlete” means an athlete who has never been compensated for his athletic services or signed a professional contract.*

*“Athlete agent” means a person who, directly or indirectly, recruits or solicits an athlete to enter into an agent contract or professional sport services contract with that person, or who for a fee procures, offers, promises or attempts to obtain employment for an athlete with a professional sports team.*

*“Director” means the Director of the Department of Commerce.*

*“Person” means an individual, company, corporation, association, partnership, or other legal entity.*

*B. For purposes of this chapter, execution by an athlete of a personal service contract with the owner or prospective owner of a professional sports team for the purpose of future athletic services is equivalent to employment with a professional sports team.*

§ 54.1-519. *Licensure of agents.—A. Unless an athlete agent is licensed by the Director of the Department of Commerce as provided in subsection C of this section, an athlete agent shall not contact, directly or indirectly, an amateur athlete while the athlete is located in this Commonwealth, where the purpose of the contract is to recruit or solicit the athlete to enter into an agent contract or professional sports services contract, or to procure, offer, promise or attempt to obtain employment for the athlete with a professional sports team.*

*B. A licensed athlete agent may make those contacts referenced in subsection A only in accordance with this chapter.*

*C. A written application for licensure or renewal shall be submitted by the athlete agent to the Director, on a form prescribed by him, stating:*

*1. The name of the applicant and the address of the applicant’s principal place of business;*

*2. The business or occupation engaged in by the applicant for the five years immediately preceding the date of application;*

*3. The applicant’s formal training, practical experience and educational background in the subjects of contracts, contract negotiation, complaint resolution, arbitration or civil resolution of contract disputes, federal income taxation and federal estate planning;*

*4. The names and addresses of all athletes for whom the athlete agent is currently performing professional services;*

*5. The names and addresses of all athletes for whom the athlete agent has previously performed professional services, accompanied by a brief explanation of the reason the athlete agent is not currently performing professional services for the athletes; and*

*6. The names and addresses of all persons, except bona fide employees on stated salaries, who are financially interested as partners, associates or profit sharers in the operation of the business of the athlete agent.*

*D. The license is valid for one year from the date of the initial licensure. The license shall be renewed annually by the filing of an application on a form prescribed by the Director and a renewal bond.*

*E. Fees for licensure and renewal shall be established by the Director pursuant to §*

54.1-113.

F. An athlete agent must deposit with the Director, before the issuance or renewal of a license, a surety bond in the sum of \$100,000. The bond shall be in a form prescribed by the Director and shall be with a surety company authorized to do business in the Commonwealth. Any applicant may provide to the Director proof of an equivalent amount of professional liability insurance in lieu of a surety bond, provided that such professional liability insurance shall be of such type as to provide coverage for the same types of conduct, acts, or activities as are covered by the bond otherwise provided for in this section. The surety bonds shall be payable to the Commonwealth and shall be conditioned that the person applying for the license will comply with this chapter, will pay all amounts due any individual or group of individuals when the person or the person's representative or agent has received those amounts, and will pay all damages caused to any person by reason of the intentional misstatement, misrepresentation, fraud, deceit, or any unlawful or negligent acts or omissions, by the licensed athlete agent or the agent's representative or employee while acting within the scope of his employment. This subsection shall not limit the recovery of damages to the amount of the surety bond or the professional liability insurance.

G. If a licensee fails to file a new bond or new proof of professional liability insurance with the Director before the expiration of the thirtieth day after the date of receipt of notice of cancellation by the surety of the bond or the issuer of the insurance, the license issued to the athlete agent under the bond or insurance is suspended until the time that a new surety bond or proof of insurance is filed.

H. The Director may suspend or revoke a license for a violation of this chapter or any regulation adopted pursuant to this chapter or may impose a monetary penalty not to exceed \$1,000 for each violation, or may impose both such suspension or revocation and a monetary penalty. Any hearings held under this section shall be in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.).

§ 54.1-520. Agent's contract; schedule of fees; maximum fee.—A. Any agent contract to be used by a licensed athlete agent with an amateur athlete who has never before signed a contract of employment with a professional sports team shall be on a form provided by the Director of the Department of Commerce.

B. The following provision shall be printed on the face of the agent contract in ten-point bold-faced type: "This athlete agent is licensed by the Director of the Department of Commerce of the Commonwealth of Virginia. Licensure does not imply approval or endorsement by the Director of the specific terms and conditions of this contract or the competence of the athlete agent."

C. A licensed athlete agent shall file with the Director a schedule of fees that the agent may charge to and collect from an amateur athlete who has never before signed a contract of employment with a professional sports team and must file a description of the various professional services to be rendered in return for each fee. The athlete agent may impose charges only in accordance with the fee schedule. Increases in the fee schedule may be made from time to time, but an increase does not become effective until the seventh day after the date a notice of an increase is filed with the Director.

D. If a multiyear professional sport services contract is negotiated by a licensed athlete agent for an amateur athlete who has never before signed a contract of employment with a professional sports team, the athlete agent may not collect, in any twelve-month period, for the services of the agent in negotiating the contract, a fee that exceeds the amount the athlete will receive under the contract in that twelve-month period.

E. A licensed athlete agent shall file with the Director a copy of an agent contract made with an amateur athlete who has never before signed a contract of employment with a professional sports team. If the amateur athlete is a student at an institution of higher education located in this Commonwealth, the athlete agent also shall file the contract with the athletic director of the institution. The contract must be filed not later than the fifth day after the date the contract is signed by the athlete. An agent contract may be terminated by the athlete before the expiration of the tenth day after the date the contract has been filed as provided by this section.

§ 54.1-521. Prohibited activities.—A licensed athlete agent shall not:

1. Sell, transfer, or give away any interest in or the right to participate in the profits of the athlete agent without the prior written consent of the Director;
2. Publish or cause to be published any false, fraudulent, or misleading information, representation, notice, or advertisement;
3. Advertise by means of cards, circulars, or signs, or in newspapers and other publications, or use letterheads, receipts, or blanks unless the advertisement, letterhead,

receipt, or blank is printed and contains the registered name and address of the athlete agent;

4. Give any false information or make any false promises or representations concerning any employment to any person;

5. Divide fees with or receive compensation from a professional sports league or franchise, or its representative or employee unless the professional sports league has a uniform practice of paying athlete agent fees directly;

6. Enter into any agreement, written or oral, by which the athlete agent offers anything of value, including the rendition of free or reduced-price legal services, to any employee of an institution of higher education located in this Commonwealth in return for the referral of any clients by that employee;

7. Offer anything of value, excluding reasonable entertainment expenses and transportation expenses to and from the athlete agent's registered principal place of business, to induce an amateur athlete who has never before signed a contract of employment with a professional sports team, to enter into an agreement, written or oral, by which the athlete agent will represent the athlete; or

8. Except as provided in § 54.1-522, contact, directly or indirectly, an amateur athlete to discuss the athlete agent's representation of the athlete in the marketing of the athlete's athletic ability or reputation or enter into any agreement, written or oral, by which the athlete agent will represent the athlete, until after completion of the athlete's last intercollegiate contest including postseason games, and may not, before that contest, enter an agreement that purports to take effect at a time after that contest is completed.

§ 54.1-522. *On-campus agent interviews.*—If an institution of higher education located in this Commonwealth elects to sponsor athlete agent interviews on its campus for its amateur athletes, a licensed agent may interview with the athlete to discuss the athlete agent's representation of the athlete in the marketing of the athlete's athletic ability or reputation. The athlete agent shall strictly adhere to the specific rules of each separate electing institution with regard to the time, place, and duration of the athlete agent interviews. The interviews must be conducted during a period not to exceed ten consecutive days in each semester.

§ 54.1-523. *Violations; penalties.*—A. A licensed athlete agent who violates the provisions of subsection A or B of § 54.1-519 or the provisions of § 54.1-521 is subject to:

1. Forfeiture of any right of repayment of anything of value either received by an amateur athlete as an inducement to enter into any agent contract or received by an athlete before completion of the athlete's last intercollegiate contest;

2. Payment of a refund of any consideration paid to the athlete agent on an athlete's behalf; and

3. Payment of reasonable attorneys' fees and court costs incurred by an athlete in suing an athlete agent for a violation of this chapter.

B. Any agent contract that is negotiated by an athlete agent who has failed to comply with this chapter is void.

C. An athlete agent commits an offense if the agent knowingly or intentionally violates the provisions of subsection A of § 54.1-519 or the provisions of § 54.1-521. An offense under this subsection is a Class 1 misdemeanor.

§ 54.1-524. *Records to be kept by athlete agent.*—An athlete agent shall keep records approved by and filed annually with the Director. The records shall contain the name and address of each person employing the athlete agent, the amount of fee received from the person, and the specific services performed on behalf of the person.

§ 54.1-525. *Implementing regulations.*—The Director may adopt regulations necessary to carry out the provisions of this chapter.

2. That the provisions of this act shall become effective on January 1, 1991.



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President of the Senate

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Speaker of the House of Delegates

Approved:

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Governor

