



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

LICENSE ATHLETES' AGENTS

House Bill 4066

Sponsor: Rep. Kirk A. Profit

Committee: Judiciary

Complete to 2-12-91

A SUMMARY OF HOUSE BILL 4066 AS INTRODUCED 2-5-91

The bill would create the Athlete Agent's Licensing Act, and would prohibit an individual from acting or offering to act as an athlete agent without a license from the Department of Licensing and Regulation. The bill would also incorporate prohibitions added to the penal code by Public Act 476 of 1988; those provisions forbid providing inducements to college athletes and kickbacks to college employees. The bill would prescribe fees and minimum qualifications for licensure, provide investigative and administrative powers for the department, and specify administrative and criminal penalties, along with civil remedies. Boxing managers and a student athlete's immediate family members would be exempt from the bill. The bill would take effect April 1, 1992. Further details follow.

Minimum requirements, disclosures. To be licensed under the bill, a person would have to be a legal adult of good moral character, and could not have engaged in conduct that led to a sanction by an intercollegiate sports coordinating body or a professional sports association. Along with other basic information, an applicant for an athlete agent's license would have to provide the department with a \$25,000 cash or surety bond and a disclosure statement. The disclosure statement would have to contain the educational background, training, and experience of the agent, the names of any professional sports teams with whom the applicant was affiliated, a record of all misdemeanor and felony convictions, and a record of any sanctions issued to or disciplinary actions taken against the agent or any athlete, professional sports team, or institution of higher education as a result of the agent's conduct. An agent seeking authority to make investments for clients would have to in addition disclose business experience, recent bankruptcies, and the names of persons in whom the agent or affiliates had more than a five percent ownership interest. The disclosure statement would have to be updated as necessary. Prospective clients would have to be given a copy of the current disclosure statement.

Licenses, fees. Licenses would be for three years; a license would expire on March 31, and be renewable for 60 days thereafter. After 60 days, a person would have to apply for a new license. License fees would be as follows: application processing fee, \$200; license fee, per year, \$500; contract filing fee, \$100; late renewal penalty, \$25. Additional fees could be charged as follows: \$10 for a duplicate license, \$5 for providing written verification of a person's licensure, \$2 (or cost) for a copy of the act and rules, \$10 for issuing a new license upon a change in a licensee's circumstances. A license would have to be conspicuously displayed in the agent's place of business. Each licensee would have to carry and produce upon demand a pocket card provided by the department.

Prohibitions. An athlete agent would be specifically forbidden from: inducing a student athlete to enter into an agent contract before collegiate eligibility expired (however, this would not apply when a student had already declared ineligibility); providing kickbacks to college employees; making misrepresentations in persuading athletes to accept terms; or falsifying any documents required under the bill.

Records. Each agent contract would have to embody all the terms of the agreement between the parties, and an agent would have to file with the department a copy of each contract within 30 days after it was signed by a client. The purpose of the filing would be to confirm the contract's existence; its contents would be exempt from the Freedom of Information Act. The agent would have to maintain a record of all contracts and related financial transactions and would have to permit the department to inspect the books and records during customary business hours upon request.

Investigations, penalties. The Department of Licensing and Regulation would have to review the operations of licensees and of unlicensed people allegedly acting as athlete agents, and investigate all complaints. It could initiate contested case proceedings based on findings of an investigation. The department, faced with violations, would be authorized to revoke and suspend licenses, issue licenses with special conditions, deny license renewals, issue written reprimands and letters of censure, impose civil fines of up to \$10,000 per offense, order restitution, increase an agent's bond, and issue cease and desist orders.

It would be a misdemeanor punishable by imprisonment for not more than 90 days or by a fine of not more than \$25,000, or both, to act as or offer to act as an athlete agent without a license or to interfere with a departmental investigation.

Either the department or the attorney general could seek subpoenas or petition the circuit court for injunctive relief.

To be allowed to sue for compensation as an athlete agent, an agent would have to prove that he or she was licensed under the bill during the period in question.