

**House Bill 4524**

**Sponsor: Rep. Michael J. Bennane**

**Committee: Judiciary**

**Complete to 9-19-91**

**A SUMMARY OF HOUSE BILL 4524 AS INTRODUCED 3-11-91**

The bill would create the Athlete Agent Contract Act, which would establish standards for contracts between athletes and agents and would require agents to make certain disclosures in their dealings with athletes. Members of a student athlete's immediate family would not be considered agents under the bill. An attorney who gave an athlete legal advice concerning a proposed contract would be exempt from the bill if the attorney did not represent the athlete in negotiating or soliciting an endorsement contract, a licensing contract, a personal appearance contract, or a professional sports services contract. The bill would establish civil remedies and criminal penalties for violations. A more detailed explanation follows.

Disclosures, inspections. Before attempting to represent an athlete, an agent would have to furnish the athlete with a disclosure statement as prescribed by the bill. The disclosure statement would have to describe the educational background, training, and employment history of the agent; the names of any professional sports teams with whom the agent 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 would in addition have to disclose business experience, recent bankruptcies, and the names of persons in whom the agent or affiliates had more than a five percent ownership interest. With regard to this last group, the agent would have to disclose any indebtedness of more than \$5,000, board membership, appointment or election as an officer, and receipt of more than \$1,000 per year.

An agent would have to notify an athlete within 30 days of any change in business address. Upon 48 hours notice, an athlete could audit the books and records the agent maintained on the athlete.

Contracts. An agent contract would have to be written in the athlete's first language; that is, it would have to be in the language which the athlete speaks fluently, or, for multi-lingual athletes, the language of the athlete's choice. A copy of the disclosure statement and the proposed contract would be provided to the athlete at least seven business days before the planned date of execution of the contract.

Each athlete-agent contract would have to include a notice informing the athlete that he or she would have three business days after the date of execution to cancel the contract without cause; the contract would bear a declaration for the athlete to sign and date in order to cancel the contract. Details on the agent's compensation, both in absolute terms

and relative to the athlete's compensation, would have to be included in a form similar to one provided in the bill. The contract also would have to explain that the athlete could audit agent books and records, and that the athlete could sue within two years to void the contract and collect attorney fees and treble damages. Criminal penalties for violation of the bill also would be outlined. A contract would include a certification signed by the agent that all the information in the contract was true and complete to the best of his or her knowledge. There would be a place labeled "acknowledgment and receipt" for the athlete to sign to certify the date of receipt of the contract. A copy of the disclosure statement would be attached to the contract.

Cancellation. An athlete could cancel an agent contract without cause within three business days after the date of execution. An agent could not charge the athlete for any goods, services, or expenses attributable to that three-day period.

Civil remedies, voiding of contract. Within two years after the date of execution of an agent contract, an athlete could bring a civil action to void the contract for violation of the bill. The court would have to award actual attorney fees to the athlete if he or she prevailed. Upon proof of a willful violation of the bill, the court could award treble damages to the athlete.

Criminal penalties. An athlete agent who intentionally deceived an athlete into signing an agent contract would be guilty of a misdemeanor punishable by up to 90 days in jail, a fine of up to \$50,000, or both.