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# A MODEST PROPOSAL: AGENT DEREGULATION

JAN STIGLITZ\*

## I. INTRODUCTION

Over the last decade, sports journalists, college coaches, athletic directors, and NCAA<sup>1</sup> officials have expressed the notion that the sports industry is plagued by “unethical” agents.<sup>2</sup> This “problem” has spawned a steady stream of legislation and regulation specifically designed to clean up the industry.<sup>3</sup> The author continues to question, however, whether this regulatory approach makes any sense.<sup>4</sup> In fact, it is time to consider a whole new approach: deregulation. Just as some have suggested decriminalization as a legitimate approach to the drug problem,

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1. The National Collegiate Athletic Association (NCAA) is a voluntary association whose membership includes virtually all major colleges and universities. *National Collegiate Athletic Ass'n v. Tarkanian*, 488 U.S. 179, 183-184 (1988).

2. See Linda S. Calvert, *The Florida Legislature Revisits the Regulation and Liability of Sports Agents and Student Athletes*, 25 STETSON L. REV. 1067 (1996).

3. Agent regulation is a growth industry. Both the number of states regulating agents and the extent of the regulations keeps increasing. States regulating the athlete representation industry include: Alabama: ALA. CODE §§ 8-26-1 to 8-26-40 (1995); Arkansas: ARK. CODE ANN. §§ 17-48-101 to 17-48-203 (Michie 1995); California: CAL. BUS. AND PROF. CODE §§ 6106.7, 18897.27, 18897.8 and 18897.9 (West Supp. 1996) CAL. LAB. CODE §§ 1500 to 1550 (West Supp. 1996); Florida: FLA. STAT. ANN. §§ 468.451 to 468.457 (West Supp. 1995); Georgia: GA. CODE ANN. §§ 43-4A-1 to 43-4A-19 (1995); Illinois: ILL. ANN. STAT. ch. 38 § 29-1 (Smith-Hurd 1977 & Supp. 1990); Indiana: IND. CODE ANN. §§ 35-46-4-1 to 35-46-4-4 (Burns 1995); Iowa: IOWA CODE ANN. §§ 9A.1 to 9A.12 (West Supp. 1995); Kentucky: KY. REV. STAT. ANN. § 518.080 (Baldwin 1995); Louisiana: LA. REV. STAT. ANN. §§ 4:421 to 4:430 (West 1995); Maryland: MD. BUS. REG. CODE ANN. §§ 4-401 to 4-426 (1995); Michigan: MICH. COMP. LAWS ANN. § 750.411e (West 1991); Minnesota: MINN. STAT. ANN. §§ 325E.33 to 325E.99 (West 1994); Mississippi: MISS. CODE ANN. §§ 73-41-1 to 73-41-23 (Supp. 1990); Nevada: NEV. REV. STAT. ANN. §§ 398.015 to 398.065 (Michie 1993); North Carolina: N.C. GEN. STAT. §§ 78C-71 to 78C-81 (1995); North Dakota: N.D. CENT. CODE §§ 9-15-01 to 9-15-05 (1995); Ohio: OHIO REV. CODE ANN. §§ 4771.01 to 4771.99 (Anderson 1995); Oklahoma: OKLA. STAT. ANN. tit. 70, § 821.61-821.70 (West 1995); Pennsylvania: PA. CONS. STAT. ANN. § 7107 (Purdon 1995); South Carolina: S.C. CODE ANN. §§ 59-102-10 to 59-102-250 (Law. Cop. 1993); Tennessee: TENN. CODE ANN. §§ 49-7-2101 to 49-7-2109 (1995); Texas: TEX. REV. CIV. STAT. ANN. art. 8871, 1-11 (West 1995) and TEX. REV. PENAL. CODE ANN. § 832.44 (West 1993); Virginia: VA. CODE ANN. §§ 54.1-518 to 54.1-525 (Supp. 1990); Washington: WASH. REV. CODE. §§ 18.175.010 to 18.175.080 (1995).

4. The author previously criticized this regulatory regime as being a wolf in sheep's clothing. While styled as legislation designed to protect athletes, it actually does little more than protect schools and turn private NCAA regulation into public law. Jan Stiglitz, *NCAA-Based Regulation: Who Are We Protecting?*, 67 N.D. L. REV. 215 (1991).

the purpose of this essay is to suggest that deregulation is the best solution to some of the problems commonly associated with sports agents.

## II. THE NATURE OF THE PROBLEM

Before proceeding with the argument and analysis, it is essential to carefully define the nature of the problem being discussed. With the exception of attorney solicitation, the author does not suggest deregulation or decriminalization of the kind of conduct that is generally prohibited outside the world of sports agency. Defrauding clients or stealing their money should be illegal and offenders should be punished. But this kind of conduct is not what gets most of the attention. Rather, the problem that is invariably being discussed when one reads or hears about unethical agents relates to actions by agents which lead to the loss of collegiate eligibility for the athlete or NCAA sanctions for the athlete's institution. This essay suggests that the solution is not to generate additional rules and statutes to further punish athletes, institutions or agents, but to look at the existing rules and statutes to see whether any real wrong has been done.

## III. THE ATHLETE-AGENT RELATIONSHIP

The starting point for analysis is the player-agent relationship because that relationship is the focal point for most complaints. These complaints are usually the result of a violation of the NCAA's prohibition against an athlete entering into a contract with an agent. The NCAA's rules on this point are quite clear:

12.3.1. GENERAL RULE. An individual shall be ineligible for participation in an intercollegiate sport if he or she has ever agreed (orally or in writing) to be represented by an agent for the purpose of marketing his or her athletics ability or reputation in that sport.

. . .

12.3.1.1. REPRESENTATION FOR FUTURE NEGOTIATIONS. An individual shall be ineligible per 12.3.1 if he or she enters into a verbal or written agreement with an agent for representation in future professional sports negotiations that are to take place after the individual has completed his or her eligibility in that sport.<sup>5</sup>

Thus, the NCAA's rules prevent the athlete from entering into a contractual relationship with an agent. An agent who induces a player into

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5. NCAA BYLAWS, art. 12.3.1, 12.3.1.1, *reprinted in* 1996-1997 NCAA MANUAL 100-101 (1996).

violating that rule is considered to be unethical. Does that make sense? Or should that ethical rule be changed?

In answering that question, we should consider the answer to another question: at what point should we expect and, therefore, allow a player to consult with an agent and enter into a formal relationship? To answer this we should put ourselves in the position of the athlete.

Assume that you are a college football player at Notre Dame and that you have just finished your junior year. The National Football League (NFL) is about to conduct its draft and you are trying to decide whether to enter the draft and forgo your senior year. You know that you can not test the waters and see how you do in the draft because the NCAA will declare you to be ineligible if you make yourself eligible for the draft.<sup>6</sup> Who do you want to talk to about this decision? Who is in the best position to give you advice on what is best for you?

Several possibilities come to mind. First, you can turn to your parents. But are your parents likely to have concrete information about your chances of getting selected in the draft, the round in which you are likely to go, the team or teams which might draft you, the salary you might expect, the chance of injury if you stay in school, or the quality of people playing your positions who are in this year's draft as compared to next year's?

Another person you might consult is your coach. But again, one might ask what concrete information your coach would have. His or her job is to study his or her own team and to scout high school players. Your coach doesn't study the NFL. In addition, since we are assuming that you are a good player, your coach has a vested interest in having you stay at Notre Dame for as long as possible.

The NCAA does allow a school to create a "professional sports counseling panel" to advise students about professional careers.<sup>7</sup> This panel may review a proposed professional contract,<sup>8</sup> assist the student in the selection of an agent,<sup>9</sup> and even visit with agents and teams to help determine an athlete's market value.<sup>10</sup> But the NCAA rules expressly pro-

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6. NCAA BYLAWS, art. 12.2.4.2, *reprinted in* 1996-1997 NCAA MANUAL 100 (1996). Until recently, there was an exception for basketball. See NCAA BYLAWS, art. 12.2.4.2.1., *reprinted in* 1996-1997 NCAA MANUAL 100 (1996). That exception was just recently abolished. Lisa Dillman, *Eligibility Rule for NBA Draft Choices Revised*, L.A. TIMES, Jan. 15, 1997, at C5.

7. NCAA BYLAWS, art. 12.3.4 (a), *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

8. NCAA BYLAWS, art. 12.3.4 (b), *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

9. NCAA BYLAWS, art. 12.3.4 (f), *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

10. NCAA BYLAWS, art. 12.3.4 (g), *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

vide that panel members must be full time employees of the institution.<sup>11</sup> Although the rules limit the panel membership to only one member, who is employed in the athletic department,<sup>12</sup> this does not completely eliminate bias. As long as the institution has a vested, financial interest in encouraging the student to stay, full time employees of the institution may not be wholly neutral.<sup>13</sup>

What other persons, thus, have the expertise to analyze the draft and determine whether it makes sense to stay at Notre Dame or go into the draft? Agents. In reality, there are only two groups of people who study the players' market: agents and people who work for NFL teams.<sup>14</sup> Because NFL teams also have interests that might be in direct opposition to the best interests of the players, agents are probably the best sources of information.

At this point, one could legitimately question whether there are inherent conflicts between the interests of players and agents. However, if one looks at the big picture, then the answer is no. A player wants to maximize his or her financial opportunities and freedom of choice.<sup>15</sup> In other words, a player wants to be rich and happy. Agents are also interested in maximizing a player's financial interests because agent compensation is generally a percentage of an athlete's salary. To that extent, players and agents inherently possess the same interests.

Furthermore, good agents are also united in interest with players when it comes to freedom of choice. The happier a client is, the less likely he or she will change agents and the more likely he or she will recommend that friends sign with that agent.

Does that mean that there is never a conflict between the interests of a player and an agent? Of course not. However, the issue is not whether the agent is the only voice that should be heard. The real question is whether it is in the athlete's best interest to have that voice avail-

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11. NCAA BYLAWS, art. 12.3.4.2, *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

12. NCAA BYLAWS, art. 12.3.4.2, *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

13. That schools have a strong financial interest in successful athletic programs is well documented. For example, some bowl games are now paying over eight million dollars to the schools who are invited. See Jonathan Faigen, *Green With Envy: Athletes Earn Schools Millions, But What's In It For Them*, HOUS. CHRON., Mar. 31, 1995, at Sports 1; Dan Cray, *Colleges Score Windfall Selling Ads on Athletes*, L.A. TIMES, May 9, 1994, at A1.

14. The author recognizes that sportswriters do this as well. But with the exception of, perhaps, Fred Edelstein, or Mel Kiper, Jr., this is a minor part of their job and their livelihood doesn't depend on how well they perform such a task. Few care whether the football writer for the local paper was right in predicting which quarterbacks would go in the first round.

15. By that I mean the player wants it all. He wants to play college football, enjoy college life, and get a degree without having to sacrifice any money.

able. Moreover, the reality is that an athlete will not hear only one agent's opinion. The top athletes will be getting solicited (and thus getting advice) from a number of agents.

Skeptics of this analysis should consider an alternate hypothetical. Suppose the NCAA had a rule which stated:

An individual shall be ineligible for participation in an intercollegiate sport if he or she has ever agreed (orally or in writing) to be treated by a non-university physician for the purpose of determining his or her physical condition and whether he or she should continue to play or instead should seek additional treatment.

People would agree that such a rule would be outrageous. But why is such a rule different from the "no agent" rule?

As in the draft situation, an athlete with a medical problem may need critical advice from an outside expert — neither the athlete nor his or her parents would necessarily know what medical treatment is best. Similarly, as in the draft situation, there is good reason for the athlete to be wary of taking advice from any person affiliated with the team or institution. This is because a team doctor may be judged on how quickly he or she gets players back out on the field.

Would our sense of outrage be eliminated if the NCAA also allowed the athlete to get assistance from a school sponsored medical panel, like the professional sports counseling panel? Not if the rules still prohibited the student from engaging the professional services of an independent physician.

One might question whether the author has presented a fair analogy. Medical services may be more critical than the services provided by an agent. But, just as a college athlete might prefer to consult with the Jobe/Kerlan clinic in Los Angeles for a question about whether surgery is required on a knee, that same athlete might think that retaining an agent with Leigh Steinberg's experience and expertise is equally important.

Thus, when an agent signs a player who is still eligible and that player loses his or her eligibility, who is the real villain? The agent who is filling a legitimate need, or the NCAA that has imposed a rule which has no inherent justification? If it's the latter, isn't deregulation more appropriate than expanding a system of state regulation which takes private NCAA rules and turns them into public law?

#### IV. ACCEPTANCE OF MONEY IN EXCHANGE FOR ENTERING A CONTRACT

Another frequently cited ethical problem is the agent who pays the athlete for the privilege of representing that athlete. Again, this practice is specifically proscribed by the NCAA's rules:

12.3.1.2 BENEFITS FROM PROSPECTIVE AGENTS. An individual shall be ineligible per 12.3.1 if he or she (or his or her relatives or friends) accepts transportation or other benefits from any person who wishes to represent the individual in the marketing of his or her athletics ability.<sup>16</sup>

Similar restrictions exist in professional sports representation. For example, the National Basketball Players Association (NBPA) prohibits agents from:

(b) Providing or offering a monetary inducement (other than a fee less than the maximum fee contained in the standard fee agreement . . .) to any player (including rookies) or college athlete to induce or encourage that person to utilize his services;<sup>17</sup>

These are the rules which make it "unethical" for an agent to give a player a suitcase full of money. But why do these rules exist? Why should it be unethical?

At this point, the analysis needs to be divided into two separate questions. First, is there anything inherently wrong with paying a player for the right to represent that player? This question cuts across sports and deals with both the amateur and professional athlete. The second question relates to the specific problem of payment to a supposedly non-professional athlete. The answer to both questions are the same.

#### V. PAYING FOR THE RIGHT TO REPRESENT AN ATHLETE

As argued previously,<sup>18</sup> if we have a student/inventor who wants to market a product but doesn't have the capital to get that product to market, it would not be unethical for an investor to give that inventor money in order to develop and market the product. This is basic capitalism.

Even in the sports world, we seem to generally allow capitalism. When NIKE decided that it could make money by marketing its prod-

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16. NCAA BYLAWS, art. 12.3.1.2, *reprinted in* 1996-1997 NCAA MANUAL 101 (1996).

17. NBPA Regulations Governing Player Agents, sec. 3 [Standard of Conduct for Player Agents in Providing Services Governed by These Regulations], subdivision B: Prohibited Conduct Subject to Discipline (as amended June, 1991).

18. Stiglitz, *supra* note 4, at 223.

ucts through Tiger Woods, it was not unethical for NIKE to offer Tiger Woods millions of dollars for the right to use his name and likeness.

To the extent that an agent wants to “invest” in the future income of a player, it can be to the mutual benefit of both the player and the agent to allow such a relationship. Why should it be unethical?

One can't deny that such an arrangement could be quite helpful to an athlete. Suppose, for example, a college football player is not happy with the NFL team that has drafted him or with the amount of money that he is being offered. The average recent graduate faced with this problem would not have the financial resources to enable him to “hold out” in an attempt to get a better offer or force a team to trade his draft rights. If that athlete was allowed to obtain financial support from an agent, the balance of power might shift.

Certainly, the teams would not like that possibility. To the extent that the players associations have obtained benefits in collective bargaining for giving these draft systems a labor antitrust shield, the associations might have legitimate reasons to assist the teams in the preservation of those systems. But that does not mean that an agent who wants to violate this rule and helps his client challenge the restraints of the draft system is inherently unethical.

One person familiar with the genesis of this rule indicated that the NBPA, in drafting this rule, was concerned that the practice of paying for representation was “unseemly.” But, there is a big difference between unseemly and unethical.

That same person indicated that the NBPA was also concerned that a player entering the draft was “vulnerable” and that only the less established agents would pay for the right to represent a player. However, just because this is not something that a David Falk<sup>19</sup> or a Leonard Armato<sup>20</sup> would do, does not mean that a person who was willing to do it would provide inadequate representation.

Moreover, a market with a rule that allowed initial payments would either give the more successful agents like Falk and O'Neal another competitive edge or enable others to break into the business. If one believes in the free enterprise system, increased competition among service providers (agents) should benefit the customers (athletes). Thus, once again, deregulation is as appropriate a response as increased regulation.

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19. David Falk is Michael Jordan's agent.

20. Leonard Armato is Shaquille O'Neal's agent.



## VI. PAYMENTS TO COLLEGE ATHLETES

When it comes to amateur athletics, there is an entirely different set of considerations. To the extent that there is a legitimacy to maintaining amateurism in college athletics, one could argue that payments to athletes should be prohibited. But for many reasons, the notion of amateurism in college athletics is a joke.<sup>21</sup>

First, college athletics is a billion-dollar industry. At best, it is only amateur for the players. Second, college athletes are already being compensated for their athletic ability. They get free tuition and room and board. So, why do we draw the line at additional funds? Or, to paraphrase an old punch line, we know what they are — we are just discussing the price.

In recent years, the question of additional compensation for college athletes has been explored and a number of practical arguments have been raised against it. For example, payment of money to a college athlete might have tax consequences for the athlete and the institution, might have expensive Title IX consequences, and might require workers' compensation coverage. However, allowing the athletes to get payment from sources outside the university would not raise any of those problems. In fact, the NCAA has recently authorized student athletes to work outside the school in order to earn extra money.<sup>22</sup>

Why restrict an athlete's ability to make extra money? If anything, the NCAA's position makes it even more difficult for the student-athlete to benefit from his or her educational experience. A student-athlete's extensive practice, game and travel schedule puts him or her at an educational disadvantage. Allowing the athlete the "right to work" while denying that athlete the right to accept an advance on his or her future professional earning potential only adds to an educational disadvantage.

Allowing athletes to accept money from an agent who wants to buy representational rights also has some benefits. We know that many college athletes do not succeed in professional sports. Most never even get drafted. If we allow all athletes to sell their representational rights, some of those athletes who don't make it to the professional level will at least get some financial reward for their time and effort. Since many of these same athletes don't complete their degree program, perhaps this money

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21. For a good discussion on the question of paying college athletes, see C. Peter Goplerud, *Stipends for College Athletes: A Philosophical Spin on a Controversial Proposal*, 5 KAN. J.L. & PUB. POL'Y 125 (1996).

22. *NCAA Goes to Work For Student Athletes*, THE SPORTS INDUSTRY DAILY, Jan. 14, 1997, No. 19.

could be used to help them graduate after they have finished playing their sport.<sup>23</sup>

In addition, payments might be critical for those players who are in their junior year and who want to complete school but fear that an injury during their senior year will prevent them from pursuing a professional career. Currently, the NCAA allows a student to borrow money in order to buy disability insurance.<sup>24</sup> Why not allow the athlete to have that insurance funded for him by an agent?

## VII. SOLICITATION

The third area where the agent player relationship is the subject of criticism for unethical behavior by an agent is solicitation. The problem here is that licensed attorneys are generally prohibited from soliciting clients.<sup>25</sup> Agents who are not attorneys are not bound by such ethical rules. However, because it is in the best interests of athletes to have the most competent representation possible, it does not make sense that the ethical rules give a competitive advantage to non-attorney agents, who generally are not as well trained as lawyers to deliver the kinds of services that are beneficial to athletes.<sup>26</sup> Thus, it is better to eliminate the state bar anti-solicitation rules.

An analysis of these no-solicitation rules must consider why they were initially advocated. The United States Supreme Court has focused its attention on the question of attorney advertising and solicitation, and concluded that certain forms of advertising are protected commercial speech,<sup>27</sup> but that state bars can ban in-person solicitation.<sup>28</sup> In *Ohralik*

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23. Perhaps the NCAA could change its rules to allow such payments, so long as they are placed in an educational trust fund.

24. NCAA BYLAWS, art. 12.1.2.1, *reprinted in* 1996-1997 NCAA MANUAL 99 (1996).

25. *See, e.g.*, Rule 1-400 of California State Bar Rules of Professional Conduct. Rule 1-400 is extremely broad and essentially prohibits all solicitation which is not protected by the United States or California Constitutions. For an analysis and critique of this rule, *see* Diane L. Karpman, *Silence Isn't Golden*, L.A. DAILY J., Dec. 16, 1996, at 6.

26. The author is not suggesting, in any way, that non-attorney agents are, per se, incompetent. There exist a number of well respected, highly qualified agents who have never practiced law. However, attorneys are trained to do the basic tasks that agents routinely perform, i.e., to advise, negotiate and draft contracts. Moreover, given the cost of law school, and the value of a license to practice, attorneys also have more incentives to act in a legal and competent fashion than non-attorney agents. *See* Richard M. Nichols, *Agent, Lawyer, Agent/Lawyer . . . Who Can Best Represent Student Athletes?*, 14 ENT. & SPORTS LAW. 1 (1996).

27. *See* *Bates v. State Bar of Arizona*, 433 U.S. 350 (1977); *Zauderer v. Office of Disciplinary Counsel of the Supreme Court of Ohio*, 471 U.S. 626 (1985); *Shapero v. Kentucky Bar Association*, 486 U.S. 466 (1988); *Florida Bar v. Went For It, Inc.*, 115 S.Ct. 2371 (1995).

28. 436 U.S. 447 (1978).

*v. Ohio State Bar Association*, the Supreme Court noted that the ban on solicitation "originated as a rule of professional etiquette rather than as a strictly ethical rule."<sup>29</sup> In *Ohralik*, the American Bar Association defended the no solicitation rule on three grounds: 1) to prevent overreaching and undue influence, 2) to protect an individual's privacy rights, and 3) to avoid situations where a lawyer's judgment would be "clouded" by financial self-interest.<sup>30</sup> In sustaining the constitutionality of an outright ban on in-person solicitation, the Supreme Court relied, primarily, on the problem of overreaching, noting that the "potential for overreaching is significantly greater when a lawyer, a professional trained in the art of persuasion, personally solicits and unsophisticated, injured or distressed lay person."<sup>31</sup>

In the context of solicitation to secure an athlete's representational rights, none of the reasons for a no solicitation rule are persuasive. Unlike an accident victim, who is facing sudden and unexpected physical and financial problems, an athlete's need for professional representation is to maximize a financial potential that is the culmination of years of planning and effort.

In this context, rather than focusing on the potential problems engendered by the "unique features of in-person solicitation," we should consider the unique benefits of in-person solicitation. For example, in *Edenfield v. Fane*,<sup>32</sup> the Supreme Court struck down a per se ban on solicitation by certified public accountants, noting that:

Personal interchange enables a potential buyer to meet and evaluate the person offering the product or service, and allows both parties to discuss and negotiate the desired form for the transaction or professional relation. Solicitation also enables the seller to direct his proposals toward those consumers whom he has reason to believe would be most interested in what he has to sell. For the buyer, it provides an opportunity to explore in detail the way in which a particular product or service compares to its alternatives in the market.<sup>33</sup>

It is also important to distinguish the athlete's situation from that of the more typical potential client because the athlete is going to be solic-

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29. *Id.* at 460.

30. *Id.* at 461.

31. *Id.* at 465. The court also noted the privacy problem, but spoke in terms of a client who was the "victim of misfortune." That, of course, is not the situation faced by a college or professional athlete.

32. 507 U.S. 761 (1993).

33. *Id.* at 766.

ited by non-attorney agents. Thus, the rule merely protects the athlete from one group of solicitors.

Similarly, in *Bates v. State Bar of Arizona*,<sup>34</sup> the Supreme Court noted that a "consumer's concern for the free flow of commercial speech often may be far keener than his concern for urgent political dialogue."<sup>35</sup> The court further stated that "commercial speech serves to inform the public of the availability, nature, and prices of products and services, that thus performs an indispensable role in the allocation of resources in a free society."<sup>36</sup> Those comments certainly resonate in the context of NCAA Division I football and basketball. Arguably, a Heisman Trophy candidate is much more likely to care about the NFL draft than President Clinton's position on Bosnia. That candidate is also more likely to want to compare the benefits of representation by Leigh Steinberg, a licensed attorney, with representation by an agent who is not trained and licensed to practice law.

In truth, Steinberg, as an established agent, is not going to be at a competitive disadvantage. Prospective clients will seek him out. But, young attorneys who want to break into the business are at a disadvantage. If they do not already know an athlete, there is virtually no legitimate way to break into the business as an attorney.<sup>37</sup> Many work around the rule by setting up a separate sports agency business. However, if the use of an alter ego is legitimate, then the no solicitation rule is essentially useless. If the use of an alter ego is not legitimate, then we are forcing a segment of the bar to break the rules and be labeled as "unethical" without justification.

### VIII. CONCLUSION

A charge that an individual is acting in an unethical manner is and should be serious. If we want that charge to have meaning, it should not be leveled against those who violate rules that have no justification. Thus, it is appropriate to look at the rules as well as the violators. Do the rules serve a useful function? Are they protecting a class of people or institutions who need or who are worthy of protection? Do they restrict activity that is, in the absence of the rules, perfectly appropriate?

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34. 433 U.S. 350 (1977).

35. *Bates*, 433 U.S. at 364.

36. *Id.*

37. In *Bates*, the State Bar argued that allowing advertising would create a barrier by allowing established firms a way of entrenching their positions. *Id.* at 377. The court rejected that argument, noting that a ban on advertising actually perpetuates the market position of established attorneys. *Id.* at 378.

The problem of the unethical agent is a problem created by the rules — not by those who break the rules.