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ATTORNEYS QUA SPORTS AGENTS: AN ETHICAL CONUNDRUM

WALTER T. CHAMPION, JR.*

I. INTRODUCTION

Sports agents used to be outlaws; hairdressers were more regulated than sports agents. Today, however, more than half of the United States attempts to regulate agents in one manner or another.1 Likewise, the National Collegiate Athletic Association (NCAA)2 and various sports unions3 have also attempted to control the agent-athlete relationship.4

There is also a brief common law tradition that demands that an agent must negotiate in good faith5 and articulate all potential conflicts of interest.6 Yet, there is no all-encompassing regulatory board that acts

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1. See generally The Beat Goes On in Athlete Agent Regulation, 14 THE SPORTS LAWYER 1 (1996). "With more than half of all U.S. states already regulating athlete agents, new bills are being considered in state legislatures throughout the country that would regulate the business of sports agency. At least 15 of the states that regulate athlete agents - Alabama, Arkansas, California, Connecticut, Florida, Georgia, Iowa, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Texas, and Washington - require that an athlete agent register with the state and pay a registration fee. Florida law also requires that an athlete agent pass an examination on the law and rules concerning athlete agency as a prerequisite to being licensed to practice as an athlete agent." See also SLA Spearheads Effort to Make State Agent Regulations Uniform, 14 THE SPORTS LAWYER 1 (1996).


as an omniscient watch dog.\textsuperscript{7} Therefore, the intrepid would-be agent can still act the fool almost with impunity.\textsuperscript{8} In other words, there are serious gaps in the so-called regulation of sports agents — sufficient gaps that the “Arliss-like” non-attorney agent can easily manipulate the inconsistencies to the disadvantage of his or her often hapless clients. “To be or not to be — that is the question, whether ‘tis nobler in the mind to suffer the slings and arrows of outrageous fortune, or to take arms against a sea of troubles, and by opposing end them?”\textsuperscript{9} Is it nobler, to act as an attorney \textit{qua} agent and risk onerous sanctions, or merely to be an ordinary Joe (or Jane) \textit{qua} agent and, thus, avoid a sea of troubles. Because the field is not truly defined or fully developed yet, an attorney is subject to more rules and regulations under the Code of Professional Responsibility than a non-attorney agent. This is true even though the attorney \textit{qua} agent usually deals in matters that are more agent-oriented than legally-oriented.\textsuperscript{10}

\textbf{II. Background}

Agents are paid to represent professional athletes. This representation, at a minimum, includes the negotiation of an employment contract between the player and the team. Agents and athletes have a fiduciary relationship; therefore, agents must exercise the utmost degree of good


\textsuperscript{8} See, e.g., United States v. Walters, 997 F.2d 1219, 1221 (7th Cir. 1993): “Walters offered cars and money to those who would agree to use him as their representative in dealing with professional teams. Sports agents receive a percentage of the players' income, so Walters would profit only to the extent he could negotiate contracts for his clients. The athletes' pro prospects depended on successful completion of their collegiate careers. To the NCAA, however, a student who signs a contract with an agent is a professional, ineligible to play on collegial teams. To avoid jeopardizing his clients' careers, Walters dated the contracts after the end of their eligibility and locked them in a safe. He promised to lie to the Universities in response to any inquiries.” \textit{Id.}

\textsuperscript{9} \textit{WILLIAM SHAKESPEARE, HAMLET, act 3, sc.1, line 56} in \textit{COMPLETE WORKS OF SHAKESPEARE} (1971) (Alexander text).

faith, honesty and loyalty toward their athletes.\textsuperscript{11} The key to the player-agent relationship is the standard representation contract. Like the standard player’s contract between the player and the team, the standard representation contract establishes the rights and responsibilities between player and agent. A representation contract only calls for a good faith effort on the part of the agent; the agent’s efforts do not necessarily have to be successful.\textsuperscript{12} But the agent does have the obligation to make a full disclosure of possible conflicting commitments, and must receive prior consent from all potential conflicting interests.\textsuperscript{13} For example, in the recent case of \textit{In re Henley},\textsuperscript{14} the Georgia Supreme Court held that an attorney/agent must fully disclose any financial interest and can only receive compensation for services from another upon the client’s consent, after full disclosure.

The responsibilities of the agent will usually include contract negotiation, investments, taxes and public relations. The representation contract typically stipulates that the agent will be the athlete’s exclusive representative. The fees for these services vary, dependant on the responsibilities and the sport. However, the various unions for the major team sports have thrust themselves into the agent-athlete relationship by limiting fees and ordaining registration as a prerequisite to representation. On the other hand, the athlete should expect that the results are comparable to the results of other agents. The agent has an affirmative duty to be aware of the customs and practices in professional sports. In regard to publicity, the agent must use his or her best efforts in a good faith attempt to find contracts off of the playing field. An agent’s basic responsibilities are to exercise good faith efforts overall and to act as a trustee for investing the clients’ money, including investing in such securities and business ventures as a prudent investor would for his or her own account, having in view both safety and income in light of the athlete’s means and purposes.\textsuperscript{15}

There are many functions that an agent can provide for the athlete. These functions might include: contract negotiations, tax planning, fi-

\begin{itemize}
  \item \textsuperscript{12} See Zinn, 461 F.Supp. at 11. See generally \textit{Champion}, supra note 3, at 410.
  \item \textsuperscript{13} See Detroit Lions, Inc., 580 F.Supp. at 542. See generally \textit{Champion}, supra note 3, at 410-11.
  \item \textsuperscript{14} 267 Ga. 366, 478 S.E.2d 134 (1996).
  \item \textsuperscript{15} \textit{Champion}, supra note 3, at 411-12.
\end{itemize}
nancial planning, money management, investments, estate planning, income tax preparation, incorporating the client, endorsements, sports medicine consultations, physical health consultations, post-career development, career and personal development counseling, legal consultations and insurance matters. Regarding money management, the measure of success for an agent should be the athlete's financial security at retirement. In short, the agent must accomplish the following steps: contract negotiation, including tax planning; medical needs assessment; post-career planning, including job evaluations, short-term monthly budgets and long-term financial planning; off-the-field opportunities, including endorsements, commercials, developing musical or broadcasting talents, educational and job counseling, and personal appearances; and self-improvement plans, including, if necessary, drug and alcohol counseling, continued educational or career preparation, speech and acting lessons, and advice relating to grooming, relationships with the media and improved self-image and confidence.  

The two preeminent cases that define the relationship between agent and athlete are Zinn v. Parrish and Detroit Lions, Inc. v. Argovitz. In Zinn, a football player entered into a professional management agreement. His agent was to negotiate contracts, furnish advice on business and tax matters, seek endorsements and assist with off-season employment. The agent performed some of these obligations; he solicited some investment advice from others and forwarded it to the athlete, and assisted him in investing $1200 to buy a house, but did not assist the athlete with jobs, substantial endorsements or off-season employment. Regarding taxes, the athlete was sent to H&R Block. The football player terminated the arrangement, and the agent sued to recover his fees due under the agreement. The athlete argued that the agent functioned as an investment advisor under 15 U.S.C. § 80(b)-2(a)(11). Thus, because the agent was not registered, the contract was void. The court, however, found that the investment advice was merely incidental to the main purpose of the management contract. Furthermore, the court held that an agent will satisfy her obligations simply by performing her duties in good faith.

16. See id. at 413, 415. See generally Etter, Representing the Professional Athlete, 37 Wash. St. B. News 12 (1983); and Faber, supra note 11, at 165.

17. 461 F. Supp. 11 (N.D. Ill. 1977); rev'd without op., 582 F.2d 128 (7th Cir. 1977), appeal after removal, 644 F.2d 360 (7th Cir. 1987).

In Argovitz, a football player was coerced by his agent, a dentist, to break his NFL contract and join a USFL team. His agent was also a co-owner of the aforementioned USFL team. The court held that there were several breaches of the agent's fiduciary duty to his client, and entered an order rescinding the second contract. The court further held that the fact that the player knew that his agent had an interest in the team was immaterial, since the agent had an obligation to inform the principal of all facts that he was aware of that might affect his principal's rights or interests, or influence the actions that he decided to take.19

III. An Attorney's Ethical Considerations: Twenty-Four and Seven

It has often been said that an attorney is an attorney twenty-four hours a day and that he or she is always under oath. But the conundrum here is whether it is fair or even a violation of Equal Protection to treat non-attorney agents one way and attorney-agents another way. Current common law holds that an agent does not need any particular training or experiences to act as a sports agent; he or she could be a high school drop-out or a social misfit, a Rhodes scholar or a law professor.20

Another writer who also reviewed the nexus between attorney-agents and the Model Rules of Professional Conduct, saw the problem this way:

In part, because of these rules, agents and attorneys representing clients in the sports field are no different than the attorneys who represent actors or actresses, corporate executives, factory workers, or an unemployed person. An attorney's obligation under the Model Rules of Professional Conduct do not differ regardless of the industry or the client with whom you serve. However, some of the factual situations do require different substantive knowledge and discretion. I will not accept, nor do I agree with the statement that the relationship between an agent and his or her client does not fall within the traditional Model Rules. That type of statement lends itself to the artificial creation of differences between lawyers and a belief that if there is a proscription [sic] in the Model Rules, it does not apply to all of those in the legal field.21

21. Schneidman, supra note 10, at 129. "The Model Rules of Professional Conduct are essentially based upon what the American Bar Association (ABA) has laid out. These rules
Yet, the question still remains: when there is a problem, is it an agent regulation concern, an attorney-discipline matter, or some hybrid kind of situation? In addition, if the problems of the attorney-agent fall squarely into attorney discipline jurisdictions, can the general prohibitions of the Model Rules do real justice in policing the particular problems that occur in the sporting milieu?

Another writer has stated:
The profession of sports agency is not as old, nor is its code of conduct as well defined. At first, one might suggest that at present there is no ethical code or system which governs agent conduct. However, it is submitted that agent conduct is regulated, even though there is not an organized profession or specialized code of conduct.\(^2\)

If there isn’t an organized code per se, should sports agents borrow an already existing code of ethical conduct, and if so, which one?

Another writer explains:
Many sports agents are professionals licensed to practice in their particular jurisdiction. While the profession that must immediately come to mind is the legal profession, many agents are certified public accountants, certified financial planners, or members of other licensed professions. The professional conduct of members of these professions is generally regulated. The question here is whether the ethical code of that profession applies when the regulated person is practicing another profession.\(^2\)\(^3\)

Again, should their “other” professional codes apply when they act as a sport agent; or should one particular professional code (e.g., that of a certified financial planner) be borrowed so as to apply to all those who act as an agent? That is, until the profession can evolve enough so as to develop its own personalized code of ethics.\(^2\)\(^4\)

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\(^2\) Id.
\(^2\)\(^2\) Dee, supra note 10, at 111.
\(^2\)\(^3\) Id. at 112.
\(^2\)\(^4\) See generally Linda S. Hanson, The Florida Legislative Revisits the Regulation and Liability of Sports Agents and Student Athletes, 25 Stetson L. Rev. 1067, 1069 (1996). “Florida again took the lead by being the first state to require athlete agents to take an examination testing competency of the laws and rules applicable to athlete agents working in Florida.” Id. See Fla. Stat. § 468.451 (1995). Florida is the first state to attempt to solidify sports agency as a legitimate profession, complete with requirements, rules and certification examination. Of course, even it does not provide an ethical code comparable to the legal profession. Florida is the only state fighting against a history of sleaze or at least perceived sleaze. See also SLA Spearheads Effort to Make State Agent Regulations Uniform, supra note 1, at 1. The Sports Lawyers Association (SLA) “announced that a new ad hoc committee has been formed
A court has held that an ethical code accompanies attorneys when they work in another profession, such as financial planning. The case of *In re Dwight* is an Arizona discipline case, where an attorney had acted as a financial advisor in a transaction for a client. The client subsequently alleged that the attorney *qua* planner had acted improperly and filed a complaint with the Arizona Bar in an attempt to seek redress. The attorney, knowing a slight of hand trick when he sees one, attempted to defend in part on the grounds that, at the time of the complaint and while involved in the allegations that formed the basis of the complaint, he was not practicing law but acting in the capacity of a financial advisor. Thus, the attorney argued that the ABA Model Code of Professional Responsibility did not apply. Arizona's Supreme Court did not buy this argument:

As long as a lawyer is engaged in the practice of law, he is bound by ethical requirements of that profession, and he may not defend his actions by contending that he was engaged in some other kind of professional activity. For only this way can full protection be afforded to the public.

One writer concurs with this position and feels that it is a natural segue to relate this view to agent attorneys:

This ruling is both good law and good policy. The fact that a person is believed to be a member of a profession is certainly a reason for the selection of the agent by the client. The client's interests are thus best protected by continuing the obligation of the profession beyond the scope of the practice. It may also be argued that the activities of a sports agent or an attorney may be indistinguishable, for which reason it is appropriate to adopt a

under the auspices of SLA to draft, promulgate, and lobby for the passage in every state of a uniform agent regulation law. The purpose of this effort is to come up with an effective yet politically viable statute that would replace the hodgepodge of agent registration/regulation laws that currently exist in about half the states... The varied, duplicative, confusing, and often inconsistent nature of these many statutes creates an enormous burden for legitimate agents who want to comply with all laws and regulations of the various states and players associations.” *Id.*


26. *Id.* at 484. A noble view to be sure and one that assures ethical consistency and disallows the attorney from using a professional shell game to avoid his or her ethical responsibilities as an attorney. But what if the attorney is no longer “engaged in the practice of law” per se, but has his or her career entirely devoted to being a sports agent? This is not at all a rare phenomenon; and after awhile, one is so consumed by being a sports agent that it becomes very difficult to continue practicing law. In truth, such an attorney no longer “practices law” in any meaningful definition of the term. In this situation is it fair that an attorney's “ethical baggage” follows him like Banquo's ghost no matter how far and permanently he may roam from the legal muse? *Id.*
policy which supports the application of the ethical code regardless of form. From the foregoing, it appears the better rule is that the ethical codes of any regulated profession should apply to the activities of that professional while acting in the capacity of a sports agent.\textsuperscript{27}

This is a plausible argument, but athletes are drawn to the track record of agents, and not their professional affiliations. Does anyone know, or care, whether Arliss is an attorney or not? No, Arliss is a sports agent! Also, if the ethical code of each regulated profession accompanied its licensees into the realm of sports agency, then there could conceivably be a myriad of different ethical codes gyrating around each agent. (One code for attorney-agents, a different code for accountant-agents, and yet another code for planner-agents, etc. A completely different code altogether would apply to "nobody-agents"). If this truly was the case, it could degenerate into an atmosphere that would breed "forum-shopping" at its worst; "Why should I choose agent X who is an attorney and must tow the line, when I can choose agent Y who is a nobody and will bend and break, every rule, with impunity, to get me the very best deal that we can swindle out of management, who are running dogs anyhow?" Certainly, a distressing scenario.

IV. OHIO DRAWS A LINE IN THE SAND

Ohio is the first state that has attempted to solve this conundrum by, in essence, using the argument of \textit{In re Dwight} for attorneys \textit{qua} planners and expanding it to cover attorneys \textit{qua} sports agents. In \textit{Cuyahoga County Bar Association v. Glenn},\textsuperscript{28} the Cuyahoga County Bar Association of Ohio charged respondent, Everett Glenn, an Ohio-licensed attorney who resided in California, with professional misconduct involving violations of \textit{inter alia}, DR 1-102 (A) (1) (violation of a Disciplinary Rule), 1-102 (A)(4) (conduct involving dishonesty, fraud, deceit, or misrepresentation), 1-102(A)(6) (conduct adversely reflecting on fitness

\textsuperscript{27} Dee, \textit{supra} note 10, at 113. If the activities of an attorney and agent are indeed indistinguishable, and if an ethical code accompanies an attorney to the new "promised land," then how would that assist in regulating the ordinary citizen \textit{qua} agent? If the primary ethical umbrella available to protect athletes are the penumbras of other professional codes, then what would save beleaguered jocks from the now emancipated nobodies masquerading as sports agents? And if the argument is "Oh, don't worry about them, they'll be dealt with by the unions, the states or the NCAA," then why, if that's the case, subject the attorney-agents, and accountant-agents, and financial planner-agents to an extra layer of ethical controls, when in fact, they are no longer in the conceived orbit of the attorney, or accountant, or planner? They have metamorphized into something truly different. \textit{Id.}

\textsuperscript{28} 649 N.E.2d 1213 (1995).
to practice law), 9-102 (A)(2) (failure to preserve identity of funds or property belonging to client), and 9-102 (B)(4) (failure to promptly return or deliver client's property to client).

A panel of the Board of Commissioners on Grievances and Discipline of the Supreme Court found that Glenn had violated DR 1-102(A) (1), (4) and (6) because he requested and retained $20,000 of proceeds from the renegotiation of certain terms in a NFL standard player's contract between his client, Richard Dent, and the Chicago Bears Football Club, without his client's consent. Glenn had represented Dent in negotiation for his 1984 contract and had also renegotiated his 1989 contract. In January 1992, after arranging for his client to be paid the present value of $200,000 in reporting bonuses anticipated for upcoming years, Glenn represented to the Bears' treasurer that Dent had authorized his receipt of $20,000, or 10% of the undiscounted amount. The treasurer, who had a history of dealing with Glenn, wired this money with the understanding that he would subsequently return the signed authorization form faxed to Glenn at the same time of the wire.29

But, Glenn never obtained Dent's signature on the authorization form; moreover, he did not repay the $20,000 after Dent objected to the payment. Nor could Glenn explain why he did not immediately forward the promised authorization form for Dent's signature. Thus, although Glenn claimed he was owed this money and more for past services and that Dent had agreed to the payment, the panel credited Dent's testimony that he never authorized Glenn's receipt of the $20,000. The Chicago Bears subsequently refunded to Dent the difference between the present value of his advanced reporting bonuses and the $20,000 wired to Glenn.30

The panel also found that Glenn had violated DR 9-102 (A)(2) and (B)(4) because he negotiated a $10,000 settlement check for damages to an automobile that Dent allegedly owned. This misconduct occurred during the approximately three-year period that Dent was a client of the law firm of Benesch, Friedlander, Coplan and Aronoff. Dent, who Glenn brought with him as a client to the firm, purchased a Porsche as president of a company that he had formed with Derrick Crawford and had apparently guaranteed the loan for the car personally. Crawford was involved in a collision while driving the car with permission, and his insurance company wrote a check to Crawford and the Alabama lawyer that Glenn's firm had retained to protect Dent's interests. The Alabama

29. Id.
30. Id.
attorney signed the settlement check and forwarded it to Glenn, who endorsed the check, apparently with Crawford's authorization, and deposited it in his own account on December 1, 1990, as payment for professional services he claimed to have provided for Crawford. Glenn further claimed that he told Dent about having accepted the settlement check as payment for Crawford's fees and that Dent did not object for over a year, until Glenn pursued arbitration proceedings before the NFLPA over a fee dispute between them.\(^{31}\)

However, Dent considered the settlement check as his, to be applied to the legal fees he paid for the Alabama attorney to represent Crawford and to the amount of the car loan. The panel agreed; it again credited Dent's testimony that Glenn was at first evasive about having received the check and that Dent only suspected Glenn of having converted to check when he realized in 1992 that Glenn had paid himself $20,000 from the advanced reporting bonuses.\(^{32}\)

After deciding that Glenn was guilty of misconduct, the panel recommended that Glenn receive a one-year suspension from the practice of law, with the last six months stayed upon the condition that Glenn provides full restitution to either Dent or the Chicago Bears, as is necessary to completely reimburse them for the misappropriated funds. The Supreme Court of Ohio affirmed the decision of the panel and agreed that Glenn violated DR 1-102 (A)(1), (4) and (6), and 9-102 (A)(2) and (B)(4). But, the Court deemed the panel's recommended sanction to be insufficient to redress misconduct of this severity; accordingly, the Court ordered that Glenn be suspended from the practice of law in Ohio for one year. Furthermore, the Court ordered that Glenn may not be readmitted to the Ohio Bar without proof of having made full restitution to Dent and the Bears, with interest at the judgment rate; costs taxed to Glenn.\(^{33}\)

V. Conclusion

Both the Glenn and Henley decisions appear to give disciplinary boards the power to discipline attorneys for misconduct that emanates from the agent-athlete relationship. However, the Glenn case dealt with very typical forms of attorney misconduct, co-mingling of funds and misrepresentation of a claim, that have been historically adjudged to be a
part of the disciplinary board's traditional jurisdiction. By combining *Glenn, Henley* and *Dwight*, it appears that most courts would agree that the Code of Professional Responsibility follows an attorney wherever his or her career paths may lead.

However, *Glenn* is an inappropriate scenario in which to build a common law tabernacle. His misconduct, co-mingling and misrepresentation, is the preeminent form of ethical violation for attorneys. In *Glenn*, his sins had little to do with the unique responsibilities and duties that are part and parcel of the life of a sports agent.

The conundrum is essentially a product of the nascent stature of the field of sports agency. It is just a baby still in its infancy and it is only natural that its bigger and older siblings (law, accounting and financial planning) would foist their views and morals on the baby of the family. This is certainly natural, and perhaps even necessary, but there will inevitably come a time when that sibling is no longer a child. That baby will grow and evolve, and develop rules and codes and penalties of its own; a common law of shared experiences, if you will. This ethical and practical framework will reflect this profession's uniqueness. Sports agency is not merely an auxiliary sub-specialty to law, or accounting, or financial planning. It is a field of its own. It is no more a unit within the legal profession than portrait painting is to house painting, regardless of the obvious similarities and comparisons.

Since it is still immature and not fully developed, the field itself is by definition amorphous and ill-formed. Whereas the legal profession is thoroughly evolved. The lawyer's code of ethics are absolutely essential to the very existence of the profession. This ethical code of a well-established profession then, may not perfectly fit to the emerging, evolving and dynamic relationships that are inherent to the sports arena. The field of sports agency, like boxing management, must ultimately develop its own uniform standards of professional conduct and not attempt to borrow the ethical codes of semi-related professions.

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34. *Id.* *Glenn* was a *per curiam* rote affirmation, except in regard to the severity of the sentence, of the board's decision. There was no mention of how the court would handle actions that dealt with misconduct that was anything different from the run-of-the-mill genre of ethical violations that Glenn committed here. It can be safely culled from the court's apparent lack of interest and cursory approach to Glenn's status as a sports agent, that the Court would find no difference between Glenn's duties as an attorney and his duties as an agent. It can be further theorized that the Court would categorize Glenn's misconduct as DR violations, no matter how blatantly his actions were agent-oriented. It appears, at least in the mind of this Court, that the legal profession's ethical rules are more than sufficient to cover the intricacies of an attorney *qua* agent.

35. Boxing management itself may be an oxymoron.