

**Senate Bill No. 1401**

**CHAPTER 858**

An act to amend Section 6106.7 of, and to add Sections 18897.27, 18897.8, and 18897.9 to, the Business and Professions Code, relating to athlete agents.

[Approved by Governor September 23, 1996. Filed  
with Secretary of State September 24, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1401, Ayala. Athlete agents.

Existing law regulates athlete agents, as defined, and prohibits any person from engaging in the occupation of an athlete agent without first registering with the Labor Commissioner and paying a filing fee.

This bill would provide that an attorney may be disciplined for violation of specified provisions of law governing athlete agents. The bill would prohibit an athlete agent from having certain financial interests in any entity in the same sport as a person with whom the athlete agent has entered into an agent contract or is representing, as specified. The bill would render an agent contract void and unenforceable, and any money or other consideration received by the athlete agent refundable, if the athlete agent fails to comply with specified provisions of law. The bill would give any professional athlete or student athlete, an elementary or secondary school, college, university, other educational institution, or group of these institutions the right to bring a civil action to recover damages from an athlete agent if that person or institution is adversely affected by the acts of the agent in providing benefits to a student athlete, as specified. The bill would create a presumption that an educational institution has been adversely affected if an athlete agent has contact with a student athlete or person connected with the student athlete, as specified.

This bill would become operative only if AB 1987 of the 1995–1996 Regular Session is enacted and takes effect on or before January 1, 1997.

*The people of the State of California do enact as follows:*

SECTION 1. Section 6106.7 of the Business and Professions Code is amended to read:

6106.7. It shall constitute cause for the imposition of discipline of an attorney within the meaning of this chapter for an attorney to violate any provision of the Miller-Ayala Athlete Agents Act (Chapter 2.5 (commencing with Section 18895) of Division 8), or to



violate any provision of Chapter 1 (commencing with Section 1500) of Part 6 of Division 2 of the Labor Code, prior to January 1, 1997, or to violate any provision of the law of any other state regulating athlete agents.

SEC. 2. Section 18897.27 is added to the Business and Professions Code, to read:

18897.27. No athlete agent shall have an ownership or financial interest in any entity that is directly involved in the same sport as a person with whom the athlete agent has entered into an agent contract, or for whom the athlete agent is attempting to negotiate an endorsement contract, financial services contract, or professional sports service contract, or for whom the athlete agent provides advice concerning potential or actual employment as a professional athlete.

SEC. 3. Section 18897.8 is added to the Business and Professions Code, to read:

18897.8. (a) Any professional athlete, or any student athlete, or any elementary or secondary school, college, university, or other educational institution, or any league, conference, association, or federation of the preceding educational institutions, or any other person may bring a civil action for recovery of damages from an athlete agent, if that professional athlete, that student athlete, that institution, any member of that league, conference, association, or federation, or that other person is adversely affected by the acts of the athlete agent or of the athlete agent's representative or employee in violation of this chapter. A student athlete is presumed to be adversely affected by the acts of an athlete agent, representative or employee in violation of this chapter if, because of those acts, the student athlete is suspended or disqualified from participation in one or more interscholastic or intercollegiate sports events by or pursuant to the rules of a state or national federation or association for the promotion and regulation of interscholastic or intercollegiate sports, or suffers financial damage, or suffers both suspension or disqualification and financial damage. An educational institution is presumed to be adversely affected by the acts of an athlete agent or of an athlete agent's representative or employee in violation of this chapter if, because of those acts, the educational institution, or one or more student athletes admitted to or enrolled in the educational institution, is suspended or disqualified from participation in one or more interscholastic or intercollegiate athletic events by or pursuant to the rules of a state or national federation or association for the promotion and regulation of interscholastic or intercollegiate sports, or suffers financial damage, or suffers both suspension or disqualification and financial damage.

(b) A plaintiff that prevails in a civil action brought under this section may recover actual damages, or fifty thousand dollars (\$50,000), whichever is higher; punitive damages; court costs; and



reasonable attorney's fees. An athlete agent found liable under this section also shall forfeit any right of repayment for anything of benefit or value provided to a student athlete, and shall refund any consideration paid to that athlete agent by or on behalf of the student athlete.

(c) It is the intent of the Legislature in enacting this section to encourage enforcement of this chapter through private civil actions.

SEC. 4. Section 18897.9 is added to the Business and Professions Code, to read:

18897.9. (a) Any agent contract that is negotiated by an athlete agent who fails to comply with this chapter, or has failed to comply with Chapter 1 (commencing with Section 1500) of Part 6 of Division 2 of the Labor Code, as repealed by Assembly Bill 1987 of the 1995-96 Regular Session, is void and unenforceable.

(b) No person shall owe an athlete agent any money or other consideration pursuant to an endorsement contract, financial services contract, or professional sports services contract negotiated by the athlete agent if the athlete agent fails to comply with this chapter, or has failed to comply with Chapter 1 (commencing with Section 1500) of Part 6 of Division 2 of the Labor Code, as repealed by Assembly Bill 1987 of the 1995-96 Regular Session. The athlete agent shall refund any money or other consideration paid pursuant to that contract.

SEC. 5. This bill shall become operative only if Assembly Bill 1987 is enacted at the 1995-96 Regular Session and takes effect on or before January 1, 1997.

