

AMENDED IN SENATE APRIL 5, 2010

SENATE BILL

No. 1098

Introduced by Senator Corbett

February 17, 2010

An act to amend, repeal, and add Section 6106.7 of, ~~and~~ to add Chapter 2.5 (commencing with Section 18900) to, and to repeal Chapter 2.5 (commencing with Section 18895) of, Division 8 of, the Business and Professions Code, relating to athlete agents, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1098, as amended, Corbett. Athlete agents.

Existing law, the Miller-Ayala Athlete Agents Act, regulates specified activities of an athlete agent in representing or seeking to represent student athletes and professional athletes. Under this act, an agent is required to file with the Secretary of State specified information about his or her background, training, and experience and to advise an athlete of the availability of this information. The act also requires the athlete agent to establish a trust fund and deposit into it all funds received on behalf of the athlete. The act includes specified conflict-of-interest provisions pertaining to the activities of an athlete agent. The act imposes additional requirements pertaining to an athlete agent's transactions with a student athlete, specifying the circumstances under which an athlete agent may contact a student athlete or his or her family, and requiring the athlete agent to include a disclosure in a contract with a student athlete, warning the student that he or she may lose eligibility to compete in interscholastic or intercollegiate sports upon entering into the contract and allowing the student athlete to rescind the contract within 15 days. The act allows for a civil action to recover damages

resulting from its violation and makes void any contract that fails to comply with its requirements. The act also makes a violation of its provisions a misdemeanor offense.

This bill would delete the provisions of the Miller-Ayala Athlete Agents Act. The bill would enact the Uniform Athlete Agents Act, which would regulate the activities of an athlete agent in soliciting or contracting to represent a student or professional athlete. The bill would prohibit, subject to specified exceptions, a person from acting as an athlete agent without a certificate of registration issued by the Department of Industrial Relations. The bill would make void a contract to represent a student or professional athlete obtained in violation of these registration requirements, and would make voidable, at the athlete's election, an agency contract that does not conform to other provisions of the act. The bill would allow the acceptance of registration as an athlete agent from another state.

This bill would additionally require that a contract between an athlete agent and athlete contain specified provisions. A contract with a student athlete would be required to contain additional provisions, including the right of a student athlete to cancel the contract within 14 days of its execution and a warning that the student may lose his or her eligibility to compete as a student athlete. The bill would require both the agent and student to notify the educational institution in which the student is enrolled within 72 hours of entering into the contract or before the student's next athletic event, whichever occurs first.

This bill would provide for a civil action by an educational institution against an athlete agent for damages resulting from a violation of the requirements of the act. The bill would require an athlete agent to establish a trust fund and deposit into it any payment he or she receives on behalf of a professional athlete. The bill would *modify conflict-of-interest provisions with respect to agents representing professional athletes and would* incorporate other conflict-of-interest provisions that pertain to the activities of an athlete agent under existing law.

This bill would also prohibit other types of specified conduct by an athlete agent and would make their commission a misdemeanor offense. Because the bill would create new crimes, it would impose a state-mandated local program. The bill in addition would make the violation of its provisions grounds for the department to revoke or suspend the athlete agent's registration and to excuse payment of the athlete agent under specified contracts.

This bill would authorize the department to assess a civil penalty not exceeding \$25,000 against an athlete agent. The bill would provide for the imposition of a fee for registration and renewal. The bill would direct that the fees and civil penalties be deposited into the Athlete Agent Registration Fund, which would be created by the bill. Because the bill would authorize the department to expend the fees in the fund, it would make an appropriation.

The bill would declare that its provisions are taken from the Uniform Athlete Agents Act of 2000, drafted by the National Conference of Commissioners on Uniform State Laws, and that uniformity of the law shall be considered when construing the bill's provisions.

This bill would provide that it shall become operative on July 1, 2011.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 6106.7 of the Business and Professions
2 Code is amended to read:
3 6106.7. (a) It shall constitute cause for the imposition of
4 discipline of an attorney within the meaning of this chapter for an
5 attorney to violate any provision of the Miller-Ayala Athlete
6 Agents Act (Chapter 2.5 (commencing with Section 18895) of
7 Division 8) or to violate any provision of the law of any other state
8 regulating athlete agents.
9 (b) This section shall become inoperative on July 1, 2011, and,
10 as of January 1, 2012, is repealed, unless a later enacted statute,
11 that becomes operative on or before January 1, 2012, deletes or
12 extends the dates on which it becomes inoperative and is repealed.
13 SEC. 2. Section 6106.7 is added to the Business and Professions
14 Code, to read:
15 6106.7. (a) It shall constitute cause for the imposition of
16 discipline of an attorney within the meaning of this chapter for an
17 attorney to violate any provision of the Uniform Athlete Agents
18 Act (Chapter 2.5 (commencing with Section 18900) of Division

1 8) or to violate any provision of the law of any other state
2 regulating athlete agents.

3 (b) This section shall become operative on July 1, 2011.

4 SEC. 3. Chapter 2.5 (commencing with Section 18895) of
5 Division 8 of the Business and Professions Code is repealed.

6 SEC. 4. Chapter 2.5 (commencing with Section 18900) is added
7 to Division 8 of the Business and Professions Code, to read:

8
9 CHAPTER 2.5. UNIFORM ATHLETE AGENTS ACT

10
11 Article 1. General Provisions

12
13 18900. This chapter shall be known and may be cited as the
14 Uniform Athlete Agents Act.

15 18901. The following definitions apply for the purposes of this
16 chapter:

17 (a) "Agency contract" means an agreement in which a student
18 or professional athlete authorizes a person to negotiate or solicit
19 on behalf of the student or professional athlete a professional sports
20 services contract or an endorsement contract.

21 (b) "Athlete agent" means an individual who enters into an
22 agency contract with a student athlete or, directly or indirectly,
23 recruits or solicits a student athlete to enter into an agency contract.
24 The term includes an individual who represents to the public that
25 the individual is an athlete agent. The term does not include a
26 spouse, parent, foster parent, sibling, grandparent, or guardian of
27 the student athlete or an individual acting solely on behalf of a
28 professional sports team or professional sports organization.
29 "Athlete agent" also includes individuals who enter into ~~a~~ *an*
30 *agency* contract with a professional athlete or directly recruit or
31 solicit a professional athlete to enter into an agency contract.
32 "Athlete agent" does not include a talent agency as defined in
33 subdivision (a) of Section 1700.4 of the Labor Code and licensed
34 by the Labor Commissioner pursuant to Chapter 4 (commencing
35 with Section 1700) of Part 6 of Division 2 of the Labor Code that
36 does not directly or indirectly recruit or solicit student athletes to
37 enter into agency contracts, endorsement contracts, or professional
38 sports services contracts, as defined in this chapter.

39 (c) "Athletic director" means an individual responsible for
40 administering the overall athletic program of an educational

1 institution or, if an educational institution has separately
2 administered athletic programs for male students and female
3 students, the athletic program for males or the athletic program
4 for females, as appropriate.

5 (d) “Contact” means a communication, direct or indirect,
6 between an athlete agent and a student or professional athlete, to
7 recruit or solicit the student or professional athlete to enter into an
8 agency contract.

9 (e) “Department” means the Department of Industrial Relations.

10 (f) “Endorsement contract” means an agreement under which
11 a student or professional athlete is employed or receives
12 consideration to use on behalf of the other party any value that the
13 student or professional athlete may have because of publicity,
14 reputation, following, or fame obtained because of athletic ability
15 or performance.

16 (g) “Intercollegiate sport” means a sport played at the collegiate
17 level for which eligibility requirements for participation by a
18 student athlete are established by a national association for the
19 promotion or regulation of collegiate athletics.

20 (h) “Negotiate” means any manner of communication, direct
21 or indirect, by an athlete agent with a professional sports team or
22 organization or other potential employer on behalf of a professional
23 athlete with whom the athlete agent has an agency contract.
24 “Negotiate” also includes an athlete agent being present on behalf
25 of a professional athlete with whom he or she has an agency
26 contract during any discussion of a professional endorsement
27 contract or professional sports service contract with a representative
28 of the professional sports team or organization or the potential or
29 actual employer of the professional athlete.

30 (i) “Person” means an individual, corporation, business trust,
31 estate, trust, partnership, limited liability company, association,
32 joint venture, government, governmental subdivision, agency, or
33 instrumentality, public corporation, or any other legal or
34 commercial entity.

35 (j) “Professional athlete” means an individual who has entered
36 into a valid professional sports service contract, an agency contract
37 for the provision of professional sports services, or an endorsement
38 contract based on athletic ability or performance, or an individual
39 who is otherwise permanently ineligible to participate in a
40 particular intercollegiate sport. “Professional athlete” does not

1 include a student athlete as defined in this chapter, but does include
2 a former student athlete who has previously signed a valid
3 professional sports services, agency, or endorsement contract.

4 (k) “Professional sports services contract” means an agreement
5 under which an individual is employed, or agrees to render services,
6 as a player on a professional sports team, with a professional sports
7 organization, or as a professional athlete.

8 (l) “Record” means information that is inscribed on a tangible
9 medium or that is stored in an electronic or other medium and is
10 retrievable in perceivable form.

11 (m) “Registration” means registration as an athlete agent
12 pursuant to this chapter.

13 (n) “State” means a state of the United States, the District of
14 Columbia, Puerto Rico, the United States Virgin Islands, or any
15 territory or insular possession subject to the jurisdiction of the
16 United States.

17 (o) “Student athlete” means an individual who engages in, is
18 eligible to engage in, or may be eligible in the future to engage in,
19 any intercollegiate sport. If an individual is permanently ineligible
20 to participate in a particular intercollegiate sport, the individual is
21 not a student athlete for purposes of that sport.

22 Article 2. Registration of Athlete Agents

23 18910. (a) Except as otherwise provided in subdivision (b),
24 an individual may not act as an athlete agent in this state without
25 holding a certificate of registration under Section 18912 or 18914.

26 (b) Before being issued a certificate of registration, an individual
27 may act as an athlete agent in this state for all purposes except
28 signing an agency contract, if a student or professional athlete or
29 another person acting on behalf of the student or professional
30 athlete initiates communication with the individual, and within
31 seven days after an initial act as an athlete agent, the individual
32 submits an application for registration as an athlete agent in this
33 state.

34 (c) An agency contract resulting from conduct in violation of
35 this section is void, and the athlete agent shall return any
36 consideration received under the contract.

37 18910.5. (a) Upon making first contact with a student or
38 professional athlete or with a relative, cohabitant, or a
39
40

1 representative of the student or professional athlete, an athlete
2 agent shall provide that person with a notification in a record
3 stating the following:

4
5 “This athlete agent has current public disclosure information on
6 file with the Department of Industrial Relations, as required under
7 California law, which also contains other protections of athletes.
8 Filing of required information does not constitute approval by the
9 Department of Industrial Relations of the competence of this athlete
10 agent.”

11
12 (b) This notification shall also contain specific instructions on
13 the procedure to obtain disclosure information from the department.

14 18911. (a) An applicant for registration shall submit an
15 application for registration to the department in a form prescribed
16 by the department. The application shall be in the name of an
17 individual and, except as otherwise provided in subdivision (b),
18 signed or otherwise authenticated by the applicant under penalty
19 of perjury and state or contain the following information:

20 (1) The name of the applicant and the address of the applicant’s
21 principal place of business.

22 (2) The name of the applicant’s business or employer, if
23 applicable.

24 (3) Any business or occupation engaged in by the applicant for
25 the five years next preceding the date of submission of the
26 application.

27 (4) A description of the applicant’s formal training and practical
28 experience as an athlete agent and a description of the applicant’s
29 educational background relating to his or her activities as an athlete
30 agent.

31 (5) The names and addresses of three individuals not related to
32 the applicant who are willing to serve as references.

33 (6) The name, sport, and last known team for each individual
34 for whom the applicant acted as an athlete agent during the five
35 years next preceding the date of submission of the application.

36 (7) If a corporation is employing the athlete agent, the names
37 and addresses of all persons who are officers or directors, and the
38 name and address of any shareholder of the corporation having an
39 interest of 5 percent or greater.

1 (8) If the athlete agent's business is other than a corporation,
2 the names and addresses of all persons who are the partners,
3 members, officers, managers, associates, or profit sharers of the
4 business.

5 (9) Whether the applicant or any person named pursuant to
6 paragraph (7) or (8) has been convicted of a crime that, if
7 committed in this state, would be a crime involving moral turpitude
8 or a felony, and identify the crime.

9 (10) Whether there has been any administrative or judicial
10 determination that the applicant or any person named pursuant to
11 paragraph (7) or (8) has made a false, misleading, deceptive, or
12 fraudulent representation.

13 (11) Any instance in which the conduct of the applicant or any
14 person named pursuant to paragraph (7) or (8) resulted in the
15 imposition of a sanction, suspension, or declaration of ineligibility
16 to participate in an interscholastic or intercollegiate athletic event
17 on a student athlete or educational institution.

18 (12) Any sanction, suspension, or disciplinary action taken
19 against the applicant or any person named pursuant to paragraph
20 (7) or (8) arising out of occupational or professional conduct.

21 (13) Whether there has been any denial of an application for,
22 suspension or revocation of, or refusal to renew, the registration
23 or licensure of the applicant or any person named pursuant to
24 paragraph (7) or (8) as an athlete agent in any state.

25 (b) An individual who has submitted an application for, and
26 holds a certificate of, registration or licensure as an athlete agent
27 in another state may submit a copy of the application and certificate
28 in lieu of submitting an application in the form prescribed pursuant
29 to subdivision (a). The department shall accept the application and
30 the certificate from the other state as an application for registration
31 in this state if the application to the other state meets the following
32 criteria:

33 (1) It was submitted in the other state within six months next
34 preceding the submission of the application in this state, and the
35 applicant certifies that the information contained in the application
36 is current.

37 (2) It contains information substantially similar to or more
38 comprehensive than that required in an application submitted in
39 this state.

40 (3) It was signed by the applicant under penalty of perjury.

1 18912. (a) Except as otherwise provided in subdivision (b),
2 the department shall issue a certificate of registration to an
3 individual who complies with subdivision (a) of Section 18911 or
4 whose application has been accepted under subdivision (b) of
5 Section 18911.

6 (b) The department may refuse to issue a certificate of
7 registration if the department determines that the applicant has
8 engaged in conduct that has a significant adverse effect on the
9 applicant's fitness to act as an athlete agent. In making the
10 determination, the department may consider whether the applicant
11 has:

12 (1) Been convicted of a crime that, if committed in this state,
13 would be a crime involving moral turpitude or a felony.

14 (2) Made a materially false, misleading, deceptive, or fraudulent
15 representation in the application or as an athlete agent.

16 (3) Engaged in conduct that would disqualify the applicant from
17 serving in a fiduciary capacity.

18 (4) Engaged in conduct prohibited by Section 18930.

19 (5) Had a registration or licensure as an athlete agent suspended,
20 revoked, or denied or been refused renewal of registration or
21 licensure as an athlete agent in any state.

22 (6) Engaged in conduct the consequence of which was that a
23 sanction, suspension, or declaration of ineligibility to participate
24 in an interscholastic or intercollegiate athletic event was imposed
25 on a student athlete or educational institution.

26 (7) Engaged in conduct that significantly adversely reflects on
27 the applicant's credibility, honesty, or integrity.

28 (c) In making a determination under subdivision (b), the
29 department shall consider how recently the conduct occurred, the
30 nature of the conduct and the context in which it occurred, and
31 any other relevant conduct of the applicant.

32 (d) The term of a certificate of registration is two years from
33 the date of its issuance.

34 18913. (a) An athlete agent may apply to renew a registration
35 by submitting an application for renewal in a form prescribed by
36 the department. The application for renewal shall be signed by the
37 applicant under penalty of perjury and contain current information
38 on all matters required in an original registration.

39 (b) An individual who has submitted an application for renewal
40 of registration or licensure in another state, in lieu of submitting

1 an application for renewal in the form prescribed pursuant to
2 subdivision (a), may file a copy of the application for renewal and
3 a valid certificate of registration or licensure from the other state.
4 The department shall accept the application for renewal from the
5 other state as an application for renewal in this state if the
6 application to the other state meets the following criteria:

7 (1) It was submitted in the other state within six months next
8 preceding the filing in this state, and the applicant certifies the
9 information contained in the application for renewal is current.

10 (2) It contains information substantially similar to or more
11 comprehensive than that required in an application for renewal
12 submitted in this state.

13 (3) It was signed by the applicant under penalty of perjury.

14 (c) The term of the renewal of a certificate of registration is two
15 years from the date of its renewal.

16 18914. The department may issue a temporary certificate of
17 registration while an application for registration or renewal of
18 registration is pending.

19 18915. An application for a certificate of registration and an
20 application for renewal of a certificate of registration are public
21 records for the purposes of the California Public Records Act
22 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
23 Title 1 of the Government Code).

24 18916. (a) The department may suspend, revoke, or refuse to
25 renew a registration for conduct that would have justified denial
26 of registration under subdivision (b) of Section 18912.

27 (b) The department may deny, suspend, revoke, or refuse to
28 renew a certificate of registration or licensure only after proper
29 notice and an opportunity for a hearing. The proceedings under
30 this subdivision shall be conducted in accordance with Chapter 5
31 (commencing with Section 11500) of Part 1 of Division 3 of Title
32 2 of the Government Code.

34 Article 3. Agency Contracts

35
36 18920. (a) An agency contract shall be in a record, signed or
37 otherwise authenticated by the parties.

38 (b) An agency contract shall state or contain the following:

39 (1) The amount and method of calculating the consideration to
40 be paid by the student or professional athlete for services to be

1 provided by the athlete agent under the contract and any other
2 consideration the athlete agent has received or will receive from
3 any other source for entering into the contract or for providing the
4 services.

5 (2) The name of any person not listed in the application for
6 registration or renewal of registration who will be compensated
7 because the student or professional athlete signed the agency
8 contract.

9 (3) A description of any expenses that the student or professional
10 athlete agrees to reimburse.

11 (4) A description of the services to be provided to the student
12 or professional athlete.

13 (5) The duration of the contract.

14 (6) The date of execution.

15 (c) Every agency contract in which a student athlete is a party
16 shall contain, in close proximity to the signature of the student
17 athlete, a conspicuous notice in boldface type in capital letters
18 stating the following:

19
20
21 “WARNING TO STUDENT ATHLETE

22
23 IF YOU SIGN THIS CONTRACT:

24 (1) YOU MAY LOSE YOUR ELIGIBILITY TO COMPETE
25 AS A STUDENT ATHLETE IN YOUR SPORT.

26 (2) IF YOU HAVE AN ATHLETIC DIRECTOR, WITHIN 72
27 HOURS AFTER ENTERING INTO THIS CONTRACT OR
28 BEFORE YOUR NEXT SCHEDULED ATHLETIC EVENT,
29 WHICHEVER OCCURS FIRST, BOTH YOU AND YOUR
30 ATHLETE AGENT MUST NOTIFY YOUR ATHLETIC
31 DIRECTOR. FAILURE TO DO SO MAY RESULT IN
32 SIGNIFICANT CIVIL LIABILITY.

33 (3) YOU MAY CANCEL THIS CONTRACT WITHIN 14
34 DAYS AFTER SIGNING IT. CANCELLATION OF THIS
35 CONTRACT MAY NOT REINSTATE YOUR ELIGIBILITY.”

36
37 (d) An agency contract that does not conform to this chapter is
38 voidable by the student or professional athlete. If a student or
39 professional athlete voids an agency contract, the student or
40 professional athlete is not required to pay any consideration under

1 the contract or to return any consideration received from the athlete
2 agent to induce the student or professional athlete to enter into the
3 contract.

4 (e) The athlete agent shall give a record of the signed or
5 otherwise authenticated agency contract to the student or
6 professional athlete at the time of execution.

7 18921. (a) Within 72 hours after entering into an agency
8 contract or before the next scheduled athletic event in which the
9 student athlete may participate, whichever occurs first, the athlete
10 agent shall give notice in a record of the existence of the contract
11 to the athletic director of the educational institution at which the
12 student athlete is enrolled or the athlete agent has reasonable
13 grounds to believe the student athlete intends to enroll.

14 (b) Within 72 hours after entering into an agency contract or
15 before the next athletic event in which the student athlete may
16 participate, whichever occurs first, the student athlete shall inform
17 the athletic director of the educational institution at which the
18 student athlete is enrolled that he or she has entered into an agency
19 contract.

20 18922. (a) A student athlete may cancel an agency contract
21 by giving notice of the cancellation to the athlete agent in a record
22 within 14 days after the contract is signed.

23 (b) A student athlete may not waive the right to cancel an agency
24 contract.

25 (c) If a student athlete cancels an agency contract, the student
26 athlete is not required to pay any consideration under the contract
27 or to return any consideration received from the athlete agent to
28 induce the student athlete to enter into the contract.

30 Article 4. Offenses and Enforcement

31
32 18930. (a) An athlete agent, with the intent to induce a student
33 or professional athlete to enter into an agency contract, may not
34 engage in any of the following conduct:

35 (1) Give any materially false or misleading information or make
36 a materially false promise or representation.

37 (2) Furnish anything of value to a student or professional athlete
38 before the student or professional athlete enters into the agency
39 contract.

1 (3) Furnish anything of value to any individual other than the
2 student or professional athlete or another registered athlete agent.

3 (b) An athlete agent may not intentionally engage in any of the
4 following conduct:

5 (1) Initiate contact with a student or professional athlete unless
6 registered under this chapter.

7 (2) Refuse or fail to retain or permit inspection of the records
8 required to be retained by Section 18950.

9 (3) Fail to register when required by Section 18910.

10 (4) Provide materially false or misleading information in an
11 application for registration or renewal of registration.

12 (5) Predate or postdate an agency contract.

13 (6) Fail to notify a student athlete before the student athlete
14 signs or otherwise authenticates an agency contract for a particular
15 sport that the signing or authentication may make the student
16 athlete ineligible to participate as a student athlete in that sport.

17 (7) Fail to submit a first contact notification as required by
18 Section 18910.5.

19 (8) *Cause a student athlete to engage in any conduct that may*
20 *result in sanctions, penalties, or disciplinary action imposed by a*
21 *national association for the promotion or regulation of college*
22 *athletics against the student athlete or educational institution.*

23 18931. An athlete agent who violates Section 18930 is guilty
24 of a misdemeanor punishable by a fine not to exceed twenty-five
25 thousand dollars (\$25,000), by imprisonment in a county jail not
26 to exceed one year, or by both that fine and imprisonment. A court
27 may suspend or revoke the registration of any person convicted
28 of a criminal violation of this section.

29 18932. (a) An educational institution has a right of action
30 against an athlete agent for damages caused by a violation of this
31 chapter. In an action under this section, the court may award to
32 the prevailing party costs and reasonable attorney's fees.

33 (b) Damages of an educational institution under subdivision (a)
34 include losses and expenses incurred because, as a result of the
35 conduct of an athlete agent, the educational institution was injured
36 by a violation of this chapter or was penalized, disqualified, or
37 suspended from participation in athletics by a national association
38 for the promotion and regulation of athletics, by an athletic
39 conference, or by reasonable self-imposed disciplinary action taken
40 to mitigate sanctions likely to be imposed by such an organization.

1 (c) A right of action under this section does not accrue until the
2 educational institution discovers or by the exercise of reasonable
3 diligence would have discovered the violation by the athlete agent.

4 (d) This chapter does not restrict rights, remedies, or defenses
5 of any person under law or equity.

6 18933. The department may assess a civil penalty against an
7 athlete agent not to exceed twenty-five thousand dollars (\$25,000)
8 for a violation of this chapter. The provisions of paragraphs (1),
9 (2), (4), and (5) of subdivision (b) of Section 125.9 apply to the
10 assessment of a civil penalty made under this section.

11 12 Article 5. Revenue 13

14 18940. An application for registration or renewal of registration
15 shall be accompanied by a fee, the amount of which shall be
16 established by regulation promulgated by the department. This fee
17 shall be an amount that is sufficient to fund the costs of
18 administering this chapter and to repay the loan authorized pursuant
19 to Section 18942.

20 18941. All fees collected pursuant to Section 18940 and all
21 civil penalties collected pursuant to Section 18933 shall be
22 deposited into the Athlete Agent Registration Fund, which is hereby
23 created. Notwithstanding Section 13340 of the Government Code,
24 the department may expend for the purposes of this chapter, the
25 moneys deposited into this fund pursuant to Section 18940. Any
26 other expenditure from this fund may be made only upon
27 appropriation by the Legislature.

28 18942. In order to implement this chapter, the Director of
29 Finance shall approve a loan from the General Fund to the
30 department for startup costs, which shall be repaid from the fee
31 revenue collected pursuant to Section 18940. Funds loaned
32 pursuant to this section shall be repaid on or before July 1, 2014,
33 together with interest calculated at a rate that is equal to that earned
34 by moneys invested in the Pooled Money Investment Account.

35 36 Article 6. Miscellaneous 37

38 18950. (a) An athlete agent shall retain the following records
39 for a period of five years:

1 (1) The name and address of each individual represented by the
2 athlete agent.

3 (2) Any agency contract entered into by the athlete agent.

4 (3) Any direct costs incurred by the athlete agent in the
5 recruitment or solicitation of a student or professional athlete to
6 enter into an agency contract.

7 (b) Records required by subdivision (a) to be retained are open
8 to inspection by the department during normal business hours.

9 18951. By acting as an athlete agent in this state, a nonresident
10 individual appoints the department as the individual's agent for
11 service of process in any civil action in this state related to the
12 individual's acting as an athlete agent in this state.

13 18952. The department may issue subpoenas for any material
14 that is relevant to the administration of this chapter.

15 18953. This chapter modifies, limits, and supersedes the federal
16 Electronic Signatures in Global and National Commerce Act (15
17 U.S.C. Sec. 7001, et seq.), but does not modify, limit, or supersede
18 Section 101(c) of that act (15 U.S.C. Sec. 7001(c)) or authorize
19 electronic delivery of any of the notices described in Section 103(b)
20 of that act (15 U.S.C. Sec. 7003(b)).

21 18954. The provisions of this chapter are taken from the
22 Uniform Athlete Agents Act of 2000, drafted by the National
23 Conference of Commissioners on Uniform State Laws. In applying
24 and construing the provisions of this chapter, consideration shall
25 be given to the need to promote uniformity of the law with respect
26 to its subject matter among states that enact it.

27 18955. The department may, in accordance with Chapter 3.5
28 (commencing with Section 11340) of Part 1 of Division 3 of Title
29 2 of the Government Code, adopt, amend, and repeal any
30 regulations reasonably necessary for the purpose of administering
31 this chapter and consistent with this chapter.

32 18956. (a) The athlete agent shall establish a trust fund if the
33 athlete agent is the recipient of a professional athlete's salary. An
34 athlete agent who receives any payment on behalf of a professional
35 athlete shall immediately deposit the payment in a trust fund
36 account maintained by the athlete agent in a state or federally
37 chartered financial institution. The department may require an
38 athlete agent who receives any payment on behalf of a professional
39 athlete to post a surety bond in an amount established by regulation.

1 (b) The department may require proof of the validity of the trust
2 fund. The department may promulgate regulations defining the
3 standards to comply with this requirement.

4 18957. (a) (1) No athlete agent shall have an ownership or
5 financial interest in any entity that is directly involved in the same
6 sport as a ~~person with whom the athlete agent has entered student~~
7 *athlete whom the agent directly or indirectly recruits or solicits*
8 *to enter into an agency contract, or for whom the athlete agent is*
9 *attempting to negotiate an endorsement contract, or professional*
10 *sports service contract, or for whom the athlete agent provides*
11 *advice concerning potential or actual employment as a professional*
12 *athlete.*

13 (2) *An athlete agent shall disclose to a professional athlete the*
14 *agent's ownership or financial interest in any entity that is directly*
15 *involved in the same sport as the professional athlete with whom*
16 *the athlete agent has entered into an agency contract, or for whom*
17 *the athlete agent is attempting to negotiate an endorsement*
18 *contract, or professional sports service contract, or for whom the*
19 *athlete agent provides advice concerning potential or actual*
20 *employment as a professional athlete.*

21 (b) If an athlete agent or athlete agent's representative or
22 employee provides financial services to a professional athlete or
23 student athlete or advises the athlete concerning investment of
24 funds, the athlete agent shall disclose to the athlete any ownership
25 interest the athlete agent, representative, or employee has in any
26 entity regarding which the athlete agent, representative, or
27 employee is providing financial services or giving advice, and any
28 commission the athlete agent, representative, or employee will
29 receive from the athlete's investment.

30 (c) No athlete agent shall divide fees with, or receive
31 compensation from, a professional sports league, team, or other
32 organization or its representatives or employees, ~~or which fees or~~
33 *compensation are directly related to a professional sports services*
34 *contract or other representation of the league, team, or*
35 *organization as it directly relates to the employment of athletes*
36 *for professional sports services. No athlete agent shall offer or*
37 *allow any full-time employee of a union or players' association*
38 *connected with professional sports to own or participate in any of*
39 *the revenues of the athlete agent.*

1 (d) No athlete agent or athlete agent's representative or
2 employee shall offer or provide money or anything of benefit or
3 value, including, but not limited to, free or reduced price legal
4 services, to any elementary or secondary school, college, university,
5 or other educational institution, or any representative or employee
6 of any of these educational institutions in return for the referral of
7 any clients.

8 (e) All forms of advertising used by an athlete agent within the
9 state shall include the name and business address of the athlete
10 agent.

11 18958. No athlete agent shall knowingly secure employment
12 for a person in any place where a strike, lockout, or other labor
13 trouble exists, without notifying the person of those conditions.

14 18959. (a) No athlete agent shall knowingly enter into a
15 contract containing any term or condition that, if complied with,
16 would be in violation of law, or attempt to fill an order for help to
17 be employed in violation of the law.

18 (b) No person shall owe an athlete agent any money or other
19 consideration pursuant to a professional sports services contract,
20 an endorsement contract, or a financial services contract negotiated
21 by the athlete agent if the athlete agent fails to comply with any
22 provision of this chapter. The athlete agent shall refund any money
23 or other consideration he or she received pursuant to that contract.

24 18960. The provisions of this chapter are severable. If any
25 provision of this chapter or its application is held invalid, that
26 invalidity shall not affect other provisions or applications that can
27 be given effect without the invalid provision or application.

28 SEC. 5. This act shall become operative on July 1, 2011.

29 SEC. 6. No reimbursement is required by this act pursuant to
30 Section 6 of Article XIII B of the California Constitution because
31 the only costs that may be incurred by a local agency or school
32 district will be incurred because this act creates a new crime or
33 infraction, eliminates a crime or infraction, or changes the penalty
34 for a crime or infraction, within the meaning of Section 17556 of
35 the Government Code, or changes the definition of a crime within
36 the meaning of Section 6 of Article XIII B of the California
37 Constitution.