Regulating sports agents in the NIL era: What colleges and agencies need to know

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Last month, the Federal Trade Commission (FTC) sent letters of inquiry to 20 colleges and universities seeking information about student-athletes' agents' compliance with the Sports Agent Responsibility and Trust Act (SPARTA). SPARTA is a consumer protection law designed to protect student-athletes from "unscrupulous sports agents." See 15 U.S.C. § 7807.

SPARTA prohibits agents from making false or misleading statements to athletes or offering something of value to athletes or their families to induce them to sign with the agent. SPARTA also requires agents to notify the athlete's school within 72 hours of entry into a contract between the agent and student-athlete. 15 U.S.C. § 7805(a).

The FTC's letters of inquiry appear to target agents' compliance with the notification requirement. But they may foreshadow greater activity by the FTC and other authorities in monitoring and enforcing SPARTA's requirements. The FTC's move signals growing federal enforcement interest in the rapidly evolving and increasingly lucrative college sports industry. The FTC's letters of inquiry demonstrate how federal enforcers — and potentially state enforcers — can leverage existing laws to examine the rapidly expanding marketplace for college athletics.

SPARTA has renewed importance as college athletics have evolved

When SPARTA was passed in 2004, the NCAA prohibited college athletes from accepting any compensation, including compensation for the use of their Name, Image, and Likeness (NIL), to protect the "amateurism" of college sports. Fast forward 20 years, and direct NIL compensation from educational institutions and other NIL payments from businesses, or boosters of those institutions, is not only permissible, but many participants consider it necessary for colleges to remain competitive.

By way of background, prior to 2021, the NCAA prohibited college athletes from accepting compensation for the use of their NIL. A group of college athletes brought an antitrust lawsuit against the NCAA and argued that the NCAA's strict limitations on universities' compensation of athletes was an agreement in restraint of trade in violation of the nation's antitrust laws. In 2021's *NCAA v. Alston et al.*, the Supreme Court found that the NCAA's limitations on athlete compensation violated antitrust law.

The NCAA issued a rule change shortly after the case was decided, and, for the first time, college athletes were permitted to accept compensation to endorse products or services. Further litigation by college athletes ensued, seeking rule changes to allow additional compensation on a similar restraint-of-trade theory.

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In June 2025, a federal court approved a settlement in *House v. NCAA*, further loosening the rules around compensation of student-athletes. Under the terms of the settlement, Division I schools can now make NIL payments directly to athletes, subject to a limit of approximately $20.5 million per school in the academic year 2025-2026. The money pouring into college sports has grown exponentially over the past five years, with some estimates placing the college sports industry's value well over $1 billion.

Sports agents can serve an important role in assisting athletes in identifying and negotiating contracts based on their familiarity with the industry. Agents who represent athletes in professional sports leagues face different regulations from those who represent college athletes. Sports agents who represent professional athletes are regulated — they are subject to union certification and collective bargaining

agreements, which establish standards and disciplinary authority.

Given the sudden and dramatic changes to college sports, there is not a similar regulatory regime for agents who represent college athletes. College sports lack such a mechanism because the NCAA and schools do not classify athletes as employees. The recent court resolutions of antitrust issues have focused on compensation of athletes by schools, boosters, and the sports marketplace, but have done nothing to regulate the college athletes' agents. As a result, agents of collegiate student-athletes operate in a market largely devoid of regulations or oversight.

Something old, something new: federal authority and SPARTA

Federal and state governments have an incentive to step into this gap —to protect student-athletes when dealing with agents. The FTC's recent letters of inquiry are innovative in using a pre-NIL law (i.e., SPARTA) to evaluate agents' conduct in the NIL marketplace.

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On their face, the FTC's letters will evaluate agents' compliance with SPARTA's requirement that agents provide the university with any agreement entered into between the agent and student-athlete. Indeed, the FTC's press release explicitly states that the FTC's inquiry seeks information about "whether sports agents who work with student-athletes have complied with requirements of [SPARTA], which requires specific disclosures to student-athletes and notice to schools" within 72 hours of contract signing. (https://bit.ly/4qgb8bc)

The deeper impact of the FTC's letters is the potential the universities' responses can be used to review the nature and financial terms of agreements between an agent and the student-athlete. In addition to requesting information about the timing and sufficiency of contract disclosures, the FTC also requests a copy of the agent contract, which is likely to contain such details (https://bit.ly/3ZOktMw)

Indeed, the FTC's template letter demand to universities is notably broad, requesting information for all contracts for athletes across all sports from July 1, 2021, to the date of the universities' response.

Despite being passed well before the NIL-era was underway, SPARTA is a relevant law and enforcement tool because it broadly regulates the conduct of agents in their dealings with student-athletes. The law gives enforcement power to the FTC and state attorneys general in the event of violations, and, in an environment where there are no firm limits on agents' compensation for helping student-athletes negotiate an NIL deal, SPARTA's focus on fraudulent dealings and misrepresentations by an agent has potential regulatory bite.

SPARTA also sets a regulatory floor. States can impose stricter requirements. Ultimately, the FTC — in conjunction with the U.S. Department of Justice (DOJ) — and State Attorneys General can bring civil enforcement actions in federal court, and educational institutions can bring civil actions against an agent that violates SPARTA in federal court. SPARTA also provides for a limited private right of action for educational institutions harmed by an agent's SPARTA violation.

Federal and state enforcement could put both agent and university practices in the spotlight. Enforcers can scrutinize agents' dealings with athletes, and compliance with notification obligations under SPARTA. And universities' practices may be further scrutinized to determine whether they engaged in practices that harmed student athletes.

State regulation: UAAA and RUAAA

Multiple states have enacted similar laws, and it is possible that states will launch additional inquiries. It is also possible that the FTC will refer any findings of misconduct to states where such laws have been enacted.

The Uniform Law Commission drafted the Uniform Athlete Agent Act (UAAA) to regulate agent-athlete relationships in the late 1990s. The UAAA requires agents to register with a state authority, disclose criminal and disciplinary history, and use written contracts containing a warning that signing could affect NCAA eligibility. Agents must also notify the athlete's institution upon signing.

The UAAA prohibits furnishing false information, offering anything of value before a contract is signed, and failing to maintain required records. Enforcement typically falls to state licensing agencies or attorneys general, and universities may sue for damages caused by eligibility loss or institutional harm. By 2005, more than 30 states had adopted the UAAA or similar laws.

In 2015, the Commission introduced the Revised Uniform Athlete Agents Act (RUAAA), which expanded the definition of "athlete agent," added civil remedies for institutions, required bonding or insurance, criminalized willful violations, and promoted data sharing across jurisdictions. It also modernized registration through electronic filing.

As of 2025, 42 states, the District of Columbia, and the U.S. Virgin Islands have enacted either the UAAA or RUAAA, though implementation varies. Despite these efforts to create

a uniform approach to regulation, the regulatory regime and enforcement of that regime varies by state.

Why this matters

The FTC's issuance of letters of inquiry is likely the beginning of a broader inquiry into the conduct of agents in the NIL market. Colleges and universities should anticipate increased scrutiny from regulators and prepare to demonstrate that they have monitored compliance with SPARTA and its corresponding state laws. Likewise, sports agencies must ensure that they have complied with the disclosure and notification requirements of SPARTA and state laws and may need to demonstrate that the terms and conditions of their contracts with college athletes are not the result of fraudulent dealing or false and misleading representations.

All participants should ensure their practices comply with specific laws like SPARTA and laws generally applicable to deceptive and unfair practices, which apply on both a federal and state level. In this evolving landscape, proactive compliance is not optional, it is essential.

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