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The sports marketplace has permanently changed, and Stinson is prepared to help you navigate these new challenges. These articles discuss relevant topics to keep you in the game when it comes to esports, sports technology and wagering.

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THE FTC BLOWS THE WHISTLE: FIRST-EVER ENFORCEMENT INQUIRY INTO COLLEGE SPORTS AGENTS UNDER SPARTA

BRETT SHANKS AND NATHAN ISOM

In 1987, the National Collegiate Athletic Association (NCAA) imposed the so-called “death penalty” on Southern Methodist University, canceling SMU’s football season, all because boosters had the audacity to pay players. Today, those same payments are not only permissible, but they are also featured in press releases.

Welcome to the era of Name, Image, and Likeness (NIL). As money flows into increasingly lucrative NIL deals, a pressing question has emerged: who oversees the sports agents representing these athletes? On January 12, 2026, the Federal Trade Commission (FTC) launched its first inquiry into sports agent conduct under the Sports Agent Responsibility and Trust Act (SPARTA), sending letters to 20 NCAA Division I universities requesting information about compliance with SPARTA’s disclosure and notification requirements. This inquiry marks a potentially transformative shift in federal oversight of college sports.

THE NIL LANDSCAPE AND NCAA V. ALSTON

The college athletics landscape significantly shifted with *NCAA v. Alston*, 594 U.S. 69 (2021). The United States Supreme Court unanimously found the NCAA and its 1,100 member schools violated the antitrust laws by limiting education-related benefits. Justice Kavanaugh’s concurrence from the *Alston* case, which was critical of the concept of “amateurism” is widely cited in NIL policy debates.

In response, the NCAA modified its long-standing member school adopted rules, to allow college athletes to monetize NIL. Effectively allowing third-parties to directly compensate college athletes for use of their NIL. In June 2025, a federal court approved the colloquially known House settlement, named after one of the plaintiffs in *In re Coll. Athlete NIL Litig.*, 803 F. Supp. 3d 959 (N.D. Cal. 2025), which included approximately \$2.576 billion in damages and permits schools to directly compensate college athletes up to \$20.5 million annually, for use of NIL. These shifts have fundamentally reshaped college athletics and dramatically increased the stakes for agent-athlete relationships.

With college athletes now commanding, in some instances, significant compensation for use of NIL from third-parties and colleges and universities, sports agents have evolved from preparing athletes for professional careers to managing complex NIL business relationships while still in school, making effective regulation more urgent than ever.

HOW DOES SPARTA FIT INTO THE NEW NIL LANDSCAPE?

In the post-*Alston* era, the number of college sports agents has grown substantially, along with the scope and value of agent-athlete relationships. Unlike professional sports, where agents must obtain certification from players’ associations, no comparable regulatory regime exists for college athlete agents. While more than 40 states have adopted some version

of the Uniform Athlete Agents Act, enforcement has been uneven, and many state statutes contain eligibility-related requirements inconsistent with the current landscape. The FTC’s use of SPARTA signals that federal authorities may be preparing to fill this gap.

Enacted in 2004, SPARTA is a federal consumer protection statute designed to shield student-athletes from unscrupulous agents who used secret payments, unrealistic promises about draft potential, and considerable arm-twisting. Although the NIL changes have altered the nature of some concerns, improper agent conduct remains a significant risk, particularly given the large sums of money now at stake.

SPARTA prohibits four specific acts: (1) providing false or misleading information to recruit student-athletes; (2) furnishing anything of value to a student-athlete or anyone associated with the athlete before contract execution; (3) failing to provide required pre-contract disclosures; and (4) pre- or post-dating agency contracts. Agents must also notify the athlete’s school within 72 hours of executing an agency contract. Arguably, some provisions, particularly those requiring agents to warn athletes that they may lose eligibility upon signing with an agent, are now outdated post-*Alston* and *House*. Because signing with an agent was historically grounds for NCAA ineligibility, SPARTA has been effectively dormant since enactment. The FTC’s current inquiry,

therefore, represents a significant departure, signaling that the agency views SPARTA as a viable enforcement tool for regulating agent conduct in the NIL era.

DOES THIS INQUIRY SIGNAL FUTURE FTC INVOLVEMENT?

The FTC has requested information spanning all agency contracts from July 1, 2021 to the present, covering athletes across all sports. The letters request details about agent disclosures and notification timing, as well as copies of the contracts themselves, potentially exposing financial terms and conditions of agent-athlete relationships to federal scrutiny for the first time.

SPARTA treats violations as unfair or deceptive acts, with civil penalties of up

to \$53,088 per violation. States may also bring civil enforcement actions in federal court, and schools may pursue private claims against agents whose violations result in institutional harm, though student-athletes themselves lack a private right of action under SPARTA. If the FTC's inquiry reveals widespread noncompliance, the agency could pursue enforcement actions against individual agents or recommend that Congress modernize SPARTA for the NIL era.

The FTC's renewed interest in SPARTA may also prompt state regulators to revisit their own sports agent statutes and could generate referrals to enforcement authorities. Whatever the outcome, this inquiry shows that federal regulators intend to play a more active role in the NIL landscape.

PRACTICAL TAKEAWAYS FOR SPORTS LAW PROFESSIONALS

For sports attorneys advising agents, this inquiry should prompt an immediate compliance audit. Agents should review disclosure practices, confirm notifications to institutions are made within the 72-hour window, and maintain comprehensive records of all athlete contracts and related communications. Counsel for universities should assess whether compliance offices have adequate protocols to receive and track agent notifications. Finally, practitioners should monitor the outcome of the FTC's inquiry and any legislative efforts to modernize SPARTA: a statute drafted for a pre-NIL era that is now being tested against the realities of today's college athletics marketplace.

THE PRIVACY PLAYBOOK: HOW SPORTS, MEDIA, ENTERTAINMENT, AND APPAREL COMPANIES BECAME LITIGATION TARGETS

MEGAN MCCURDY AND ALEX GUNNING

Online privacy litigation continues to surge—and professional sports is one of its most visible battlegrounds. In the past two years, the NBA fought a data-sharing lawsuit, the Chicago Cubs faced biometric privacy claims over facial recognition at Wrigley Field, and FuboTV settled a viewing-data class action for over \$3 million. These are not outliers. Sports franchises, streaming platforms, media companies, and sportswear brands are squarely in

the crosshairs as plaintiffs apply older privacy statutes to modern digital practices.

Three statutory frameworks have done the heaviest lifting: the California Invasion of Privacy Act (CIPA), Cal. Penal Code §§ 631, 637.2, 638.51, the federal Video Privacy Protection Act (VPPA), 18 U.S.C. § 2710, and state biometric privacy laws led by the Illinois Biometric Information Privacy

Act (BIPA), 740 ILCS 14/1 et seq. These acts have spawned copycat laws in numerous other states. Each carries its own remedial scheme and complications for companies collecting data at scale—and the cases show how quickly a novel legal theory becomes real financial risk.

The VPPA has produced the highest-profile sports privacy cases to date. Enacted in 1988 after a reporter

published Supreme Court nominee Robert Bork's video rental history, 18 U.S.C. § 2710 prohibits video tape service providers from disclosing personally-identifiable information without consent, with liquidated damages of \$2,500 per violation. Plaintiffs have seized on its broad definitions to target companies sharing viewing data with third parties, and *Salazar v. National Basketball Association*, 118 F.4th 533 (2d Cir. 2024) has become a potential bellwether. In *Salazar*, the Second Circuit reversed a lower court dismissal, holding the plaintiff plausibly alleged he was a "consumer" under VPPA by exchanging personal information for NBA newsletter access that was then allegedly shared with third parties. *Id.* at 536. Critically, the *Salazar* court noted "[t]he VPPA is no dinosaur statute," and Congress did not intend the law "to gather dust next to our VHS tapes." *Id.* at 553. The Supreme Court denied certiorari in December 2025. However, in another class action filed by the same exact plaintiff, the Sixth Circuit reached the opposite decision, narrowly interpreting VPPA and holding that the same plaintiff could not plausibly raise a claim. *Salazar v. Paramount Global, et al.*, 133 F.4th 642, 651 (6th Cir. 2025). The U.S. Supreme Court accepted certiorari in the Sixth Circuit matter in January 2026, and the case is set for oral argument later this year. *Salazar v. Paramount Global, et al.*, 2026 WL 189831 (Mem) (U.S. Jan. 26, 2026) (accepting cert). In the humble opinion of these authors, SCOTUS's grant of certiorari suggests it is preparing to bring VPPA firmly into the digital era, likely rejecting the Sixth Circuit's narrow view.

The NBA is not alone. In *Burdette v. FuboTV Inc.*, Case No. 23C10351, 2024 WL 2831466 (N.D. Ill. June 4, 2024), Fubo reportedly settled a VPPA class action for over \$3 million after the court denied Fubo's motion to dismiss. In *Coppedge, et al. v. The Athletic, et al.*, Case No. 1:24CV12312 (D. Mass. June 9, 2025), the New York Times-owned sports media platform faces VPPA and New York Video Consumer Protection Act (N.Y. Gen. Bus. Law §§ 670-675) claims for allegedly sharing viewing histories without authorization. That action is now pending in arbitration.

CIPA has carved out its own fast-growing line of attack. Originally enacted to address Cold War-era surveillance, some courts have expanded it to digital privacy disputes. Plaintiffs argue that website tracking constitutes unauthorized interceptions under California Penal Code sections 631, 637.2, and 638.51, with exposure of \$5,000 per violation. In *Camplisson v. Adidas America Inc.*, Case No. 25-cv-603-GPC-KSC (S.D. Cal. Nov. 18, 2025), plaintiffs allege Adidas installed TikTok Pixel and Microsoft Bing tracking on its website, collecting IP addresses and device details without meaningful consent. In denying Adidas' motion to dismiss, the court found these pixels could plausibly constitute pen registers and that the data collection could amount to concrete injury. The case remains active.

On the biometric front, Illinois' BIPA, 740 ILCS 14/15 requires informed written consent before collecting biometric identifiers such as face geometry scans, with damages of

\$1,000 per negligent violation and \$5,000 per intentional one. Stadiums, where thousands pass through entry points daily, are particularly high-risk environments. In *Berta, et al. v. Chicago Cubs Baseball Club LLC, et al.*, 25-CV-11138 (N.D. Ill. Sep. 15, 2025), plaintiffs alleged the Cubs used facial recognition at Wrigley Field without BIPA-compliant consent; the case resolved when plaintiffs withdrew their complaints. However, *Dowling v. Sterling Mets L.P.*, 1:24-CV-07092 (E.D.N.Y. Oct. 8, 2024) raises analogous claims under New York law and remains ongoing.

The major sports gaming companies have largely avoided CIPA, VPPA, and BIPA exposure, with their litigation centering on data breaches and deceptive practices. Whether that holds as the gaming industry's digital footprint grows remains to be seen.

The through line is clear: pervasive data collection, aggressive plaintiffs' strategies, and judicial willingness to apply older statutes to new technologies have created a litigation environment every sports, media, apparel, and entertainment company must take seriously. With states increasingly enforcing comprehensive privacy laws, the compliance burden will only intensify—and the stakes, measured in statutory damages that compound by the user, are enormous.

SEE NEXT PAGE FOR KEY TAKEAWAYS.

WHAT SHOULD YOUR GAME PLAN BE?

If you're operating in sports, media, or entertainment, a few practical steps go a long way:

- **Audit your tracking stack**
Know exactly what your site and apps are collecting—and where it's going.
- **Revisit your consent flows**
“Buried in the footer” is not going to cut it anymore.
- **Scrutinize third-party tools**
Pixels, analytics, ad tech—these are often where exposure starts.
- **Stay ahead of state law developments**
The regulatory map is expanding quickly and inconsistently.
- **Loop in counsel early**
Especially if you receive a demand letter—these cases tend to follow predictable playbooks.

AN INCOME TAX PLAY FOR PROFESSIONAL ATHLETES

CHARLIE HUTCHISON AND JAY SIMPSON

This April in America brought a confluence of two monoliths of popular culture: sports and effective income tax planning. In the “big four” professional leagues, the MLB was in full swing, the NHL and NBA playoff races were heating up, and the NFL draft followed the standard free agency shuffle. On the tax side, the federal income tax deadline arrived once again like clockwork, reminding us that those envelopes marked “IMPORTANT TAX RETURN DOCUMENT ENCLOSED” may have deserved a second look. It was a lively time, and it provided a natural moment to review the state of taxation in sports. In particular, this article focuses on the tax implications for professional athletes when changing teams via trade or free agency, and provides a

suggestion for mitigating potentially adverse income tax consequences.

Professional athletes who compete in team sports are generally considered employees of the team that holds the player's contract. As such, the salaries paid by teams to the players are considered “W-2 wages” subject to standard federal payroll taxes, like FICA and FUTA, and also state-level income taxes based on the location of the services provided by the player. Famously, in 1991, the state of California demanded payment from the members of the Chicago Bulls for California income taxes owed on the proportional amount of the Bulls' players' salaries earned while playing games in California. This was the first meaningful attempt

by a state to impose a “jock tax” on professional athletes who play for out-of-state teams, and its success opened the floodgates for other states to do the same. While most states have general non-resident income tax provisions imposing income taxes on income earned within the state by a non-resident, many states have enacted explicit jock tax rules applying specifically to professional athletes who may only be present in the state for a short period of time, i.e., imposing taxes based on “duty days.” Other states have carved professional athletes out of the general non-resident filing thresholds, creating a functional but not explicit jock tax. The most recent example of this type of regime is in the state of Washington, which has enacted a “millionaires tax” imposing a 9.9%

tax on income earned in excess of \$1 million within the state, with a general non-resident filing threshold of five days but an explicit jock tax carveout applying the tax on athletes who make in excess of \$1 million even if only performing duties within the state for a single day (for example, NFL Sunday).

The proliferation of the jock tax has led some commentators to wonder whether certain non-income tax states like Texas or Florida could have an inside track on signing free agents due to the relative benefit to players who perform most of their services in those states. This may be true in certain cases, as a player's effective salary could be worth hundreds of thousands of dollars more or less depending on the effective income tax rates applied to salary payments. Not only would this fluctuate based on the home-state of the player's team, but also the home-states of the most common opponents that a player would compete against. For example, a team in a West Coast division might play more games in California and Washington versus a team in the Midwest, and its players would likely owe higher state taxes as a result. In the case of a free agent signing with a new team, the player has the opportunity to make an informed

decision about the team for which he or she will play, and the relative tax cost could be taken into account in contract negotiations in the form of a salary gross up.

But what if a player is traded (and the player's contract assigned) to a new team without the player having any say in the matter? In this case, a player could be relocated from a no-income tax state to a high-income tax state overnight, or if traded to a Canada-based team potentially subject to federal income tax in both the U.S. and Canada. What can the players do, if anything, to mitigate these potentially adverse tax implications? Using MLB players as an example, the standard Uniform Player Contract (UPC) under the current collective bargaining agreement, both of which are publicly available on the MLBPA website, says little about taxes. It does, however, provide that teams and players may mutually agree upon any special covenant regarding the method of payment of a player's salary (including deferred compensation), and provides that teams and players may agree to limit or eliminate the right of the team to assign the player's contract (a "no trade clause").

This freedom of contract is most typically utilized by a player to avoid being traded to teams with poor records of on-field performance. It seems unlikely that a player would include a high-tax state team like the LA Dodgers in a no-trade clause purely to avoid higher taxes, forgoing the opportunity to play for a contender. What if, instead, the player includes a special covenant limiting the team's ability to assign the player's contract to another team if that assignment would result in the player being subjected to higher income taxes and a lower effective salary? The covenant could also require the assigning team to make a gross-up payment (as a special bonus or deferred compensation amount) to the player of an amount that covers the player's increased tax liability. Nothing in the standard UPC appears to limit that freedom of contract or restrict the ability to require a variable payment based on the occurrence of a particular event (in fact, those payments are contemplated in the form of "performance bonuses" or "award bonuses").

However unlikely it is that tax considerations win the day in negotiations, we'll be rooting for it.

THE LINE UP

AALOK SHARMA

01 \$1.2 BILLION. Churchill Downs Inc. (CDI), a publicly-traded company with annual revenue of \$1.2 billion is attempting to accept wagers from Texas residents on out-of-state horse races. CDI's decision was prompted when the Sixth Circuit Court of Appeals held in December 2025 that the Interstate Horseracing Act preempts any necessary approval from state regulators in the bettor's home state. According to that court, the Interstate Horseracing Act only requires approval from the host race track, the host racing commission, and the out-of-state racing commission. It does not require the consent of the jurisdiction where the bettor is located. CDI utilizes a parimutuel hub in Oregon for its advanced deposit wagering system. Texas and the Texas Racing Commission have now sued CDI, arguing that the company is violating Texas law by allowing its residents to place bets on horse races. CDI has countered that the Interstate Horseracing Act provides a national framework for regulating interstate wagering that supersedes state-level restrictions.

02 \$3 MILLION. Philadelphia Phillies third baseman Alec Bohm sued his parents, alleging that Bohm's parents siphoned millions from financial accounts they managed for him. Bohm claims that his parents forced him to accept their control over his finances as part of a fraud scheme. Bohm states he was initially reluctant, but eventually agreed when his parents promised their help would come free of charge. The complaint alleges that Bohm's parents used his nonprofit, the Alec Bohm Foundation, to divert the cash to themselves. Bohm filed the lawsuit after he began to review his personal and financial affairs in recent months. Bohm's parents deny the allegations and their attorney called the lawsuit "trash." The suit seeks at least \$3 million in damages and asks Bohm's parents to relinquish control of the accounts and hire an accountant to audit funds transferred from Bohm's personal accounts.

03 40 HOSPITALIZATIONS. A Massachusetts federal judge dismissed claims against Walgreens in a suit where a mother claimed her son died after eating part of an excessively-spicy chip. The judge, however, allowed design defect and other claims against the chip manufacturer and others to go forward. Lois Lama-Wolobah sued Walgreens, which sold the "One Chip Challenge" chip to a friend of her son. In dismissing the action, the Court noted that Lama-Wolobah failed to allege her son saw the warnings already on the chip or that Walgreens had an independent duty to restrict access to a product not otherwise subject to age restrictions, like alcohol or cigarettes. In addition, the court noted that the complaint acknowledged that teenage boys, such as her son and the friend who bought the chip, often acted recklessly and saw labels like "[k]eep out of reach of children," and, "[i]ntended for adult consumption," as enticing, rather than as warnings. The viral One Chip Challenge involved people eating the chip, made with Carolina Reaper and Naga Viper peppers, without drinking water or otherwise counteracting the effects. Lama-Wolobah alleged that her son, who had an underlying heart condition, ingested the One Chip Challenge chip with friends and died after eating the chip. Prior to the lawsuit, there were at least 40 instances of children that required hospitalization because of the "One Chip Challenge."

04 \$1 MILLION. The University of Cincinnati claims that star quarterback Brendan Sorsby violated his NIL agreement with the school when he transferred to Texas Tech in January. According to Cincinnati, Sorsby owes the school at least \$1 million. Sorsby, who earned second-team All-Big 12 honors in 2025, left Cincinnati less than a year into a two-season NIL agreement he signed in July 2025, according to the university's complaint filed in Ohio federal court. Cincinnati alleges that the agreement included a liquidated damages clause that required Sorsby to pay the school \$1 million within 30 days of transferring if he transferred before the end of the contract. Since the NCAA's new NIL rules went into effect in July 2025, at least two other universities have sued football players over alleged breaches of their NIL agreements.

05 THREE YEARS. Russian chess officials are facing a three-year suspension from sanctioned international play after the Court of Arbitration for Sport (CAS) ordered Moscow to stop scheduling matches in occupied Ukrainian territories. The ruling superseded a 45,000 euro penalty from the International Chess Federation. The dispute arose after Russia scheduled chess tournaments in Crimea and other regions that it currently occupies, but are internationally recognized as belonging to Ukraine. The CAS determined that monetary sanctions were insufficient based on the gravity of the violations and gave Russia 90 days to cease scheduling chess tournaments in the disputed territories. In 2023, Ukraine's chess federation accused Russia of consolidating regional chess groups in occupied territories to commandeer the staging of international tournaments.

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