CHAPTER 13

Sports and Entertainment Legal Issues

13.1 Laws
13.2 Labor Unions
13.3 Agents and Contracts

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Winning Strategies

A Perfect Match
Can a securities firm known for handling investments for wealthy clients have anything in common with a sports agency that represents athletes? Securities firms are generally known for being very conservative, traditional thinkers—far from the image of the high-flying, flashy sports and entertainment world. But, when Sanders Morris Harris Group, a securities firm, paid $5 million for a 50 percent interest in Select Sports Group, a privately held sports agency, a seemingly unlikely union took place.

Select Sports Group represented 45 NFL players, including Derrick Johnson of the San Francisco 49ers, N. D. Kalu of the Philadelphia Eagles, Tommy Maddox of the Pittsburgh Steelers, and Jason Webster of the Atlanta Falcons. It has negotiated in excess of $300 million in contracts for NFL players.

Considering that athletes are recruited into professional sports just out of high school or college and are propelled into careers where they make higher yearly salaries than 90 percent of the people in the United States will make in a lifetime, they have a great need for financial planning advice. The merger between Sanders Morris Harris Group and Select Sports Group helped meet this need. The union was a perfect match, bringing together a number of very wealthy clients with a need for help in managing and budgeting their newfound wealth. Additionally, the securities firm provided Select Sports Group a new source of capital to fund a move to seek clients in Major League Baseball and the National Basketball Association. The winning combination of the two services—salary/contract negotiations and financial planning—has the potential to propel Select Sports Group into a major role as a sports agency.

Think Critically
1. Do you think young athletes who are suddenly making millions of dollars need financial planning advice? Why or why not?
2. What additional help might young, suddenly wealthy athletes need?
Lesson 13.1

Laws

- Discuss how laws impact sports and entertainment marketing.
- Explain copyright law.

Terms
- franchise
- broadcast flags
- copyright laws
- intellectual property
- royalty

Opening Act

Most high school students know that it is against the law to copy illegally downloaded music. The music industry views it as stealing from the musicians who created the music. However, some students seem unaware that it is also illegal to make copies of a purchased CD or DVD to share with friends.

A Los Angeles Times/Bloomberg poll found that 69 percent of teens ages 12 to 17 believed they could legally copy a CD from a friend who purchased the original. Fifty-eight percent thought they could legally copy a purchased DVD or videotaped movie. The motion picture and music industry consider copying and sharing purchased movies or music to be a much larger problem than illegal downloading.

Work with a group. Discuss how the industry can educate teens about the consequences of illegal copying of movies and music. Should teens be concerned about the laws? Why or why not?

THE LAW

In 1966, Congress bought what Pete Rozelle, then commissioner of the National Football League, was selling. Rozelle wanted to merge the NFL with the newly formed American Football League. Additionally, he wanted to form a cartel of the owners of the merged leagues. Both moves required exemption from the Sherman Antitrust Act by Congress. When Congress approved it, the stage was set for NFL football to dominate the sport and become big business.

Governing Sports and Entertainment

A glance at the sports section of a newspaper or a quick Internet search confirms that there are an overwhelming number of laws governing sports and entertainment. The laws have a major impact on marketing these products. Live sports and entertainment events are considered perishable, but technology allows them to be captured, duplicated, and distributed easily through various media. Protecting players, celebrities, producers, promoters, and investors is the purpose of most of the laws governing sports and entertainment. Laws are also designed to encourage and protect competition and increase the safety of consumers, viewers, and fans.
Federal laws governing television services require cable service providers to obtain a franchise, or authorization to sell the services in a given area, from local governmental agencies. Where multiple companies want to offer cable service within the same area, local governments sometimes want to receive cash or special services from the selected company in exchange for choosing it over the competition. Franchise agreements were originally meant to provide some protection to the first service provider because it had to make a large investment in the infrastructure required to “cable” a community. However, when a company is the sole provider, its prices tend to be high. Competition tends to drive prices down and improve the quality of service for consumers.

The Broadcast Flag Rule
The United States Court of Appeals for the District of Columbia ruled against the Federal Communication Commission (FCC) in 2005, striking down the broadcast flag rule. Digital bits, called broadcast flags, can be imbedded in digital programming to prevent programs from being recorded and redistributed. The overturned FCC administrative rule required HDTV sets built after June 2005 to restrict viewers’ ability to record broadcasts flagged by the program provider. The programming providers wanted the rule, stating they were protecting programming from copyright infringement. The federal court ruled that the FCC could not regulate equipment, only communications. The major television networks are working to have the ruling reinstated and to add the use of broadcast flags into pending federal laws.

Federal Laws
Some long-standing federal laws have had a major impact on the sports and entertainment industry, including the following:

Sherman Antitrust Act (1890)
- Declared restraint of trade, as well as price fixing, illegal
- Set monopolizing trade as a felony

Clayton Act (1914)
- Established the right to sue and receive threefold damages plus other costs and interest for monopoly and other commercial violations
- Granted right to organized labor to confront violations of Sherman Act

National Labor Relations Act (1935)
- Granted right to organized labor to collectively bargain and strike
- Prohibited employers from discriminating against employees taking part in unions and from interfering in union-related matters
Because of a 1922 U.S. Supreme Court ruling, baseball was not affected by the laws governing interstate commerce. It was thought of as a game rather than a business, and so was exempted from all antitrust laws. In October of 1998, Congress passed the Curt Flood Act to change a section of the ruling. The changes gave baseball players protection from league limits on their movement from team to team, similar to that of other professional athletes.

What are two general purposes for laws governing sports and entertainment?

Musicians, athletes, and artists make money by selling their product, which happens to be their talent. When pricing their product, artists and athletes take into consideration that the work is protected by copyright law and is theirs alone to sell. For example, the price of a music CD includes not only the cost of the materials to make the CD but also an amount to pay the writer and performer of the music.

Copyright laws protect the unique work of the originator within the geographic boundaries to which the laws apply. The unique works of writers, artists, and musicians that can be protected under copyright law are often referred to as intellectual property. Before 1978, works were copyrighted for 28 years. Expiring copyrights could be renewed for 28 more years, for a total of 56 years. Since 1978, works may be copyrighted for the lifetime of the artist plus 70 years.

Owners of a copyright have the exclusive right to reproduce, sell, perform, or display the work. For the life of a copyright, the owner must give permission for the copyrighted work to be used in any significant way. Usually, the owner of the copyright is paid for the use of the copyrighted work. This payment is known as a royalty. After a copyright expires, the work can be used by anyone without cost or permission.

Many types of works can be copyrighted. Some common copyrighted items are books, songs, and computer programs. In order for a work to be copyrighted, it must be fixed and original. Fixed means that the work must be recorded on a permanent medium, such as written or printed on paper or digitally recorded on a disk. All material available over the Internet is protected by copyright law.

U.S. Laws

U.S. copyright laws are not enforceable in other countries except where the United States is part of an international copyright convention. The United States and China have had battles over piracy of intellectual property such as music. In the mid-1990s, the United States threatened trade sanctions.
against China because 90 percent of the compact discs made in China were believed to be illegal copies. The two countries reached an agreement that included closing 15 of 30 factories that produced illegal compact discs.

The revenue from Russian pirated music, films, and software is estimated to be more than $4 billion, well above the revenue from the legal market in Russia. Russia is currently the world’s second biggest producer of pirated music, behind only China.

The marketability of a celebrity’s name, likeness, voice, or image can be a major source of income. A celebrity has the right to grant or deny permission to use these attributes for commercial purposes. Piracy can consume the majority of profits and threaten the existence of businesses within the sports and entertainment industries.

Think Critically
How should NBC and other networks protect their intellectual property from illegal use on the Internet?
Legal Listening

The entertainment industry continues to worry about new technology that makes it easy for consumers to make quality duplicates of audio and video performances. The Recording Industry Association of America (RIAA) regards file sharing as theft and has begun to aggressively prosecute violators. Universities are being legally required to assist the RIAA in identifying copyright violators. High usage of network resources at a university is generally investigated and blocked if shown to be used for illegal activity. Because of the aggressive policies of the RIAA, schools are providing students with information about how to comply with copyright laws. Schools are also working to make legal downloading available at an affordable price.

While the RIAA battles against illegal downloads, the technical revolution of the music industry continues. The ability to access specific music anywhere at any time is widely available. Apple Computer, Inc., was the first to strike a deal with the RIAA to offer legal online music without extensive restrictions. Apple’s iTunes Music Store has made legal downloading conveniently available to consumers.

Prior to iTunes, the RIAA had offered downloadable music with many restrictions. Limits included the number of times the music could be transferred to a CD and the number of days the CD could be used. The restrictions were so burdensome that few people bought the products and many continued to illegally download. Consumer-oriented companies like Apple Computer are helping the music industry rethink its distribution channels and find ways to please customers while protecting profits.

Intermission

What do copyright laws protect?
Understand Marketing Concepts

Circle the best answer for each of the following questions.

1. The legal issue of greatest concern to artists in the music industry is
   a. cartels
   b. copyright protection
   c. new laws regulating commerce
   d. broadcast flags

2. The National Football League (NFL) is a legal cartel because of exemption from the
   a. copyright laws
   b. Clayton Act
   c. Sherman Antitrust Act
   d. National Labor Relations Act

Think Critically

Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. Explain reasons for copyright laws as they relate to intellectual property of celebrities and musicians. Why is this protection needed?

4. History  Conduct research online or in your school library and write a brief history of what led to the passage of the Sherman Antitrust Act.
Lesson 13.2

**Labor Unions**

**Goals**
- Explain the need for salary caps.
- Describe the financial and public relations impacts that strikes may cause to a sport.
- Discuss owner-labor relations and the impacts of labor unions.

**Terms**
- collective bargaining
- collective bargaining agreement
- salary cap

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**Opening Act**

Fans do not want to choose between the owners and the players during prolonged major league sports strikes. The fans enjoy the games as a source of entertainment. They do not like to think of their favorite professional sport as a business with problems. Fan loyalty can quickly disappear when a sport is shut down due to a players’ strike or an owners’ lockout.

**Form three teams.** One team will develop an argument for players to receive an additional percentage of the revenues received from ticket sales. Ticket prices for fans may increase as a result. A second team will take the owners’ side of the issue. The third team will represent the fans. Make lists of reasons to support your team’s view, and then discuss them as a group.

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**Organized Labor**

Since the early 1950s, athletes in major professional sports have organized themselves into labor unions called *players' associations*. Each sports team has a collective bargaining agreement with the players’ association. **Collective bargaining** happens when a group of employees join together as a single unit to negotiate with employers.

**Bargaining Rights**

The players’ association negotiates a contract called a **collective bargaining agreement** (CBA). The CBA covers all players in the league. It includes a minimum salary and a maximum salary, grievance procedures, contract lengths, and the rules under which teams
will operate. CBAs are considered to be legal and in compliance with anti-trust laws.

Attorneys for the owners usually negotiate with the association’s attorneys. Each side must know all of the laws that govern collective bargaining and have a plan and strategy for the negotiations that will take place. The people who are selected to conduct the actual contract negotiations must be skilled communicators. Their goals are to avoid players’ strikes and owners’ lockouts and achieve the objectives they have outlined for the new contract.

Players usually want higher salaries and a higher percentage of the revenues from the games. Owners want to limit their monetary commitment to protect the financial standing of the teams. Salaries are a significant operating expense of sports teams. When salary demands exceed a team’s ability to make a profit, the team must find other ways to finance the business, including raising the price of tickets and increasing the cost of TV broadcasting rights. Ultimately, the increased costs are passed along to the fans.

**Topping the Salary**

Most professional sports leagues, with the exception of baseball, have salary caps. A **salary cap** is a maximum amount that a team can spend on players’ salaries. The purpose of a salary cap is to help keep the teams competitive. Otherwise, teams with the most money would attract the best players. Eventually, one team would dominate the sport. There would be no suspense about who would win, and fans’ interest would fade.

**Intermission**

How do players’ salaries influence the financing of professional sports?
OWNERS VERSUS PLAYERS

Between contract negotiations, when the relationship between the owners and the players is going well, the sports commissioner and the head of the players’ union often appear together at media events. They want to seem congenial and cooperative. But when negotiations fail, the conflict becomes public and everyone loses.

The National Basketball Players’ Association (NBPA) was locked out throughout most of the 1998–1999 basketball season. NBA owners considered the league in jeopardy of pricing itself out of business with astronomical salaries and debt-ridden clubs. The players blamed the owners for the league’s financial problems. The lockout left fans disheartened and disgusted. Other damage included loss of revenue for advertisers, concession sellers, ushers, and maintenance crews.

The National Hockey League (NHL) lost an entire season to a player lockout in 2004. The image of super-wealthy owners and players refusing to find common ground does not gain sympathy from most fans. When strikes occur, players and owners hope that fans will soon forget the controversy surrounding the lost season and return to the games after the strikes are over.

Picking Up the Pieces

Sponsorships and advertising are sold six months in advance of games being played. Work stoppages prevent the payment of sponsorships and mean a loss of revenue for all parties. However, if enough support is generated for the third-party victims, such as the maintenance crews and concession vendors, Congress might take action. Congress can design laws to control the loss of wages by third-party victims.
Winning Back the Fans
After the long NHL lockout of 2004, the NHL and media such as ESPNHL worked hard to bring back fans and sponsors by using special promotions and coverage. After the NBA’s six-month lockout, the league gave away tickets and provided promotional prizes to increase attendance. But after six months of inactivity, the quality of play suffered and fan interest was low. Basketball lost some of its appeal, and it took a number of years to regain its popularity.

Why do labor conflicts hurt the promotion of a sport?

LABOR RELATIONS
As interest in sports in the United States broadens from football, basketball, and baseball, new professional leagues are forming. New owners are taking a cue from the experienced owners to help structure the new leagues.

Soccer Success
Soccer is one of the newest professional U.S. sports leagues. Major League Soccer (MLS) is structured as a single-entity league, with the owners as investors in the league itself. The owners are considered business partners rather than competitors. Their power includes selection of players and determination of player salaries. The business structure has been a driving force in the financial success of the league and its continued existence. This structure was designed to keep teams with big audiences from dominating teams in smaller markets. The structure also caps team salaries at $2 million.

Almost everyone can name a favorite actor, but not all actors are rich and famous. There are far more small parts than starring roles in a typical Hollywood movie. The Screen Actors Guild (SAG) is a labor union founded in 1933 to protect performers. It represents over 120,000 film actors in the United States. SAG negotiates and enforces collective bargaining agreements to establish fair pay, good benefits, and safe working conditions for performers. Access thomsonedu.com/school/sports and click on the link for Chapter 13. Browse the SAG web site (especially the many FAQs).
How can an actor become eligible to join SAG? Do you think SAG is more helpful to unknown actors just starting their careers or to popular actors with established careers? Explain your answer.
Soccer team owners believe the structure is necessary to financially support the league and to prevent major inequality among teams. The current salary cap makes the teams financially viable, but also prevents them from paying the extreme salaries demanded by internationally competitive soccer players. The players’ association needs power to negotiate with owners. Power often comes from players who are widely recognized and have the support of the fans. Valued players can supply their union with the strength to face the owners.

**Getting Along**

Labor and management must cooperate if a business is to succeed. Players and owners need each other, and fans want them to unite and act as a team. A unified team is much easier to market and more likely to financially succeed. Pleasing fans is the major consideration of sports teams, since without fan support the leagues would soon disappear.

**Entertainment Labor**

Celebrities did not always make huge amounts of money for starring in movies. Studios often employed actors under long-term, low-paying contracts. Lew Wasserman was a powerful agent in early Hollywood who is credited with changing that system.

The Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) have collective bargaining agreements that regulate the levels of compensation, benefits, and working conditions for actors. SAG and AFTRA collectively bargain through a joint board. Members believe that they receive better compensation and working conditions due to the unions’ power.

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How do strikes and lockouts financially affect a sports team?
Understand Marketing Concepts
Circle the best answer for each of the following questions.

1. The structure of Major League Soccer (MLS) is designed to
   a. make owners partners rather than competitors
   b. keep teams with big audiences from dominating teams in smaller markets
   c. make soccer a strong competitor to football
   d. both a and b
   e. all of the above

2. The purpose of salary caps in sports is to
   a. keep owners happy
   b. hold down players' salaries
   c. keep teams more competitive
   d. all of the above

Think Critically
Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. How can disputes between management and labor stop without government intervention? Does the government have a place in mediating sports or entertainment disputes? Explain.

   __________________________________________________________________________

   __________________________________________________________________________

   __________________________________________________________________________

4. Communication  How are fans partly responsible for the high salaries of owners and players? Can these salaries ever be reduced? Is there really a ceiling for salaries? Explain your answers in three paragraphs.

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   __________________________________________________________________________

   __________________________________________________________________________
Lesson 13.3

Agents and Contracts

Goals
- Discuss athlete agents, handlers, and advisers.
- Describe contract law.

Terms
- agent
- handlers
- advisers
- contracts
- agent contract
- noncompete clause

Opening Act

High school students seeking to participate in collegiate sports must register with the National Collegiate Athletic Association’s (NCAA) Initial-Eligibility Clearinghouse. Likewise, sports agents must all be registered with the NCAA and leagues where they are recruiting players. The Uniform Athlete Agents Act (UAAA) is a model law adopted by 35 states to regulate athlete agents. Failure to follow NCAA rules results in legal trouble for the agent, as well as the represented player and the college team. Teams whose players fail to follow the rules can lose their bowl game eligibility or forfeit funds received for playing in bowl games. NCAA rules prohibit a collegiate player from reaching an oral or written agreement with an agent. Failure to follow the rules can cost the player his or her eligibility to play college sports beginning at the time the agreement was reached.

Work with a group. Discuss why the NCAA would support a uniform law that regulates athlete agents. Why would the NCAA be concerned about the eligibility of players?

SHOW ME THE MONEY

An agent is the legal representative of an athlete or celebrity. The celebrity pays the agent to manage his or her career, including negotiating contracts with a team, filmmaker, or concert producer. An agent will also negotiate contracts for a celebrity’s endorsement opportunities. Since professional athletes won the right as free entities to move from one team to another, depending on which team is the highest bidder, promotion of the players’ interests have been handled by firms who serve as the players’ agents.

Since the release of the movie Jerry Maguire, the public has become much more aware of the role of agents in an athlete’s life. Entertainers also have agents who represent them when they are considering accepting roles or signing legal documents. Some agency firms have a single agent-owner, while others may have dozens of agents. Some agents represent individual clients, such as a sports personality like Lance Armstrong. Others represent businesses or organizations in order to expand their name recognition.
Legally Speaking
Most agents for big-name celebrities are either attorneys or accountants or both. The complexity of contracts requires knowledge of laws as well as negotiation skills. The agent is paid a percentage of the celebrity’s negotiated earnings. Agents can be credited—or blamed—for the high salaries of top celebrities and athletes.

Celebrities may choose the agent they wish to represent them. Agents, likewise, may choose the celebrities they will and will not represent. Sports agents with integrity are listed with Select Sports Group (SSG). In its promotional materials, SSG indicates its agents have an excellent reputation not only because they do an excellent job for the players, but also because they will only represent players with good character.

With strategic help from a sports agency, a player’s position in the professional team draft can be improved. An agent can place the player in contact with trainers and make sure the teams and the media are receiving the right message about the player. Being selected in the first rounds of the player draft can provide the player with bargaining power to increase his or her potential salary and bonuses. SSG agents have taken players who were not expected to be drafted and propelled them into first-round draft picks. SSG knows how to market athletes.

Athlete agents must be very careful to follow federal and state laws regarding the management of athletes. Additionally, care must be taken to follow NCAA and other collegiate-level rules and regulations for athletes coming out of the college sports programs. Many states and most leagues require agents to be registered with the league as an agent. For example, all NFL player-contract advisers are fully regulated by the National Football League Players Association (NFLPA) and cannot do business without NFLPA certification and approval.

The state of Florida requires potential athlete agents to complete an application, pay fees, and pass an examination that covers the applicant’s ability to practice as an agent, including an understanding of the rules and laws governing player-agent relations. Members of The Florida Bar who have passed the examination to practice law in the State of Florida are exempt from the athlete agent’s examination requirements.
Handlers

Unlike celebrities who may take decades to become rich and famous, many professional athletes are suddenly propelled into wealth and fame. Most of them need the assistance of professionals if they are to avoid a life plagued with financial problems.

Many sponsors pay handlers to work closely with athletes who are unable or unwilling to police themselves. For athletes to remain valuable to their sponsors, they must behave. Henry Gaskins served Philadelphia 76er Allen Iverson as almost a foster parent. For six years, Gaskins, who has a master's degree in business administration with a focus in marketing, was employed to act as a full-time mentor, companion, and off-court coach to Iverson. Iverson’s former agent, David Falk, knew that preventing problems was in the best financial interest of both Iverson and Reebok, whose products Iverson endorsed. Neither the company nor the athlete could afford negative publicity. The success of the sponsor’s product is affected by the athlete’s image.

Advisers

Most advisers are financial and business counselors rather than behavioral monitors. Agents only refer players to financial advisers who are registered with the league and have completed training provided by the league. They help celebrities know how to manage their newfound wealth. Athletes’ professional careers can be relatively short lived, so their high, short-term earnings must be invested wisely for the future.

Under the guidance of Nike’s Howard White, Michael Jordan became the nation’s richest athlete and spokesperson. White is credited with keeping Jordan with Nike since 1984. Advisers who act in this capacity keep the athlete and sponsor together for the benefit of both. Part of the job is to

Judgment Call

HBO decided to finish its hit series The Sopranos with 20 shows that would run over two years. HBO was very careful to describe the time period as a “season.” HBO’s definition of a season has been vague due to the long shooting schedule needed for its shows. Further, HBO contracts allow the show’s writers to kill off a character when needed. Cast members argued that the “season” was eight shows longer than normal and wanted new contracts to cover the additional episodes. HBO hoped to avoid negotiating new contracts for the last eight episodes, according to Joe Flint, writing for The Wall Street Journal. The supporting cast members, who generally receive much lower pay than the stars, also wanted additional money and a cut of the revenues from syndication, video-on-demand, and DVD sales.

Think Critically

Work with a partner. Discuss how a balance can be achieved between the need to hold down production costs and the need for actors to receive fair pay. If some actors receive higher pay, others may be written off the show to hold down costs. If you were an agent representing cast members, how would you handle the negotiations?
make athletes feel the sponsor cares about them as human beings, not just as income-producing faces.

What are some of the responsibilities of a sports agent?

LEGAL AGREEMENTS

When celebrities and athletes agree to perform, they expect to be paid and have other conditions met. Most athletes and celebrities do not have experience negotiating and dealing with the legalities involved in contracts, so they rely on their agents to determine what is put in writing.

Contracts That Bind

Contracts are agreements enforceable by law that detail the transaction of business. Anyone involved in the marketing of sports or entertainment must become familiar with contract law. A contract should be worded so that it is not subject to multiple interpretations. Examples of contracts in sports and entertainment are player/performer contracts, concessions/vendor agreements, sponsorships, broadcast rights, and facilities contracts. An agent contract is usually an agreement in which an athlete allows a person or agency to represent the athlete in marketing the athlete’s ability and name.

In many states, a written contract between a student-athlete hoping to enter professional sports and an agent is required to indicate the fees and percentages to be paid to the agent. Additionally, near where the student must sign the contract, a statement must be written in ten-point, boldfaced type stating that by signing, the student will likely immediately lose his or her eligibility to compete in intercollegiate athletics. To avoid criminal prosecution, the student
athlete must notify the athletic director or president of the college within 72 hours of signing the contract. Contracts are enforceable by law when they involve a promise in exchange for something of value. For example, salaries are paid to professional athletes in exchange for the promise that they will play for the team. Promising someone a gift is not a contract since nothing of value is received in return. The law firm of Steinberg & Moorad, made famous in the movie Jerry Maguire, at one point had a third partner named David Dunn. The partners had a contract with each other that included a noncompete clause. A noncompete clause prohibits a person from working in a competing business for a specific period of time. Two years after signing a five-year contract, Dunn left the firm and opened Athletes First, taking 50 NFL clients with him. Steinberg and Moorad successfully sued Dunn for violating the terms of the contract and were awarded $44.66 million in damages.

Intermission

Whom do contracts protect?

Take a Bow

Kristen Kuliga

When Doug Flutie chose a new agent, he wanted someone he could trust. He chose Kristen Kuliga, who delivered for him the richest deal ever for a backup quarterback. Kuliga is one of only 30 women registered with the NFLPA as an agent, and she was the first woman to negotiate a multimillion-dollar contract for an NFL quarterback.

Kuliga is the founder and principal of K Sports & Entertainment, now a division of Paid, Inc. Kuliga considers it a challenge to develop the NFL agents’ side of the business, which was once thought to be for males only.

After graduating from Suffolk University Law School and practicing law in the media and entertainment industries, she was asked by Flutie to handle his contracts. He placed trust in her because of her honesty and integrity. Kuliga quickly passed the NFL Players Association exam and negotiated a deal for Flutie. She now handles contracts for a number of NFL players and has negotiated complex sponsorships and endorsement contracts with Nike, Reebok, MCI, Coca-Cola, Pepsi, ESPN, and McDonald’s. Kuliga represents the changing face of the athlete agent business, where players need an honest adviser as well as a contract negotiator.

Think Critically

Use the Internet to find additional examples of women who are registered agents with the NFLPA. What characteristics and talents do these women bring to their work? Explain why they are successful in a male-dominated business.
Understand Marketing Concepts
Circle the best answer for each of the following questions.

1. An agent serves all of the following roles for a professional athlete except
   a. legal adviser
   b. sponsor
   c. financial adviser
   d. manager

2. A contract
   a. should be in writing
   b. details the agreement between two or more parties
   c. is enforceable by law
   d. all of the above

Think Critically
Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. Think about athletes who are financially successful after their sports careers have ended. Think about celebrities who end up in the poorest of circumstances after having made millions of dollars. Describe reasons for the different outcomes.

   ____________________________________________
   ____________________________________________
   ____________________________________________
   ____________________________________________
   ____________________________________________

4. Why are most athlete agents also lawyers? Why are knowledge of the law and negotiation skills important for this job?

   ____________________________________________
   ____________________________________________
   ____________________________________________
   ____________________________________________
   ____________________________________________
   ____________________________________________
Review Marketing Concepts

Write the letter of the term that matches each definition. Some terms will not be used.

1. The legal representative of an athlete or celebrity
   a. advisers
   b. agent
   c. agent contract
   d. broadcast flags
   e. collective bargaining
   f. collective bargaining agreement (CBA)
   g. contracts
   h. copyright laws
   i. franchise
   j. handlers
   k. intellectual property
   l. noncompete clause
   m. royalty
   n. salary cap

2. Financial and business counselor

3. A maximum amount that a team can spend on players’ salaries

4. An agreement negotiated between a labor union and owners/management

5. Payment to the owner of a copyright for the use of the copyrighted work

6. Agreements enforceable by law that detail the transaction of business

7. Authorization by local governments to sell services, such as cable, in a given area

8. When a group of employees join together as a single unit to negotiate with employers

9. The unique works of writers, artists, and musicians that can be protected under copyright law

10. An agreement in which an athlete allows a person or agency to represent the athlete in marketing the athlete’s ability and name

11. Individuals who work closely with athletes who are unable or unwilling to police themselves

Circle the best answer.

12. A noncompete clause
   a. promotes competition
   b. prevents a person from working for a competitor
   c. is illegal
   d. none of the above

13. Digital codes that can be imbedded in digital television programming to prevent recording and redistribution are called
   a. HDTV locks
   b. broadcast flags
   c. distribution codes
   d. none of the above

14. A players’ association
   a. has collective bargaining rights
   b. is an illegal cartel
   c. is a way for fans to learn about their favorite players
   d. does not negotiate with the league’s owners or their attorneys
Think Critically

15. The cable provider in your community has an exclusive franchise granted by the local government. The provider invested millions of dollars to put the needed infrastructure in place. A competitor now wants the opportunity to offer services to your community. The issue has been put on the local ballot. Which way will you vote and why?

16. What is your opinion of the statement, “Success in business requires a partnership between labor and management”? What does the statement mean? Is it a true statement? Why or why not?

17. If you were advising a young athlete who has just signed with a professional team for a multiyear, multimillion-dollar contract, what would your advice include? How can the athlete maximize his athletic skill and health, manage his personal life, and turn his financial assets into long-lasting financial security?

18. What personal characteristics, knowledge, education, and skills should an athlete want in an agent?
Make Connections

19. **Problem Solving** Write a promotional plan for a sports team to use in the first two weeks after a lengthy strike or lockout in which many games were missed. Include ideas for advertising, publicity, sales promotion, and personal selling. Your plan has two goals: Bring back angry fans and increase the number of new fans.

20. **Government** Use the Internet or other resources to determine the current status of the broadcast flag rule. Is there current or pending legislation that would limit the rights of viewers to record television broadcasts for their personal use? Write a paragraph about the current status and include your opinion of the use of broadcast flags.

21. **Research** Use the Internet to research the purpose of contracts. Write a two-page summary about the types of contracts related to sports and entertainment. Be sure to cite your sources.
22. **Technology**  The Internet has made it easier for people to make illegal copies of music and movies. Research legal alternatives that will give you access to music and movies online. Create a list called “The Top Five Ways to Get Music and Movies via the Internet.” Criteria may include price, selection, and user-friendliness of web site.

23. **Marketing Math**  A stadium has 8,000 “cheap seats” that sell for $8 each per game. The team would like to raise the price to $10 each for these seats, but it believes the fans will not pay the increased price. It has decided to look for other ways to increase its revenue. How much money does the team need to earn from other sources to make up for the loss of selling tickets at $8 versus $10? In order to make the money, how many jerseys would the team need to sell per game if the profit earned from the sale of each jersey is $5.00? Suggest three other ways to increase revenues quickly.

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**PROJECT EXTRA INNINGS**

You have been hired by Major League Baseball (MLB) to research the pros and cons of adding a salary cap to MLB teams. Your salary is being paid by both the league and the player’s association, so you are open to listening to both sides. You are being asked to decide whether or not a salary cap should be implemented and to defend your decision.

Work with a group and complete the following activities.

1. What is the history behind the lack of a salary cap in MLB?
2. Why do other major leagues have salary caps, but not baseball?
3. What teams would be affected the most by implementation of a salary cap? How would they be affected?
4. How would salary caps affect individual players? How might the decision affect fans?
5. Choose a position on the issue of salary caps and defend your position to the class.
INDIAN MASCOTS UNDER SCRUTINY

Florida State University, the University of Illinois, and Southeastern Oklahoma State University are just a few of the schools considering possible legal action to keep their current mascots without being penalized. These schools and 15 others are responding to the National Collegiate Athletic Association’s (NCAA) ruling that bans “hostile and offensive” mascots during postseason play. The ruling bars any college or university with nicknames, mascots, or symbols that could be considered offensive to Native Americans from hosting or participating in postseason tournaments and events. The decision has mixed reviews, with activists cheering and many schools vowing not to make changes without a fight.

Does Money Talk?

There is a great amount of money at stake, from souvenir sales to hosting postseason tournaments, for many of the schools in question. Schools do not want to lose the identities on which they have built their athletic programs, but money can be a motivating factor. However, many schools are speaking up to justify their positions. The ironic twist is that the publicized discussions could raise awareness of the offensiveness of some of the mascots.

Florida State University (FSU) has the official backing of the Seminole Tribe of Florida. The tribe’s longstanding relationship with the university has resulted in a resolution supporting FSU’s use of the “Seminole” name and the Chief Osceola image. Before the start of each home game at Florida State, a student representing Osceola dresses in traditional clothing and war paint and rides a horse down the middle of the field. He hurls a flaming spear into the ground to the delight of the crowd.

The use of American Indian nicknames, mascots, and images by universities has been classified as insensitive and even racist. After years of debate about the complicated and emotionally charged topic, the NCAA has taken steps to alter college nostalgia.

Schools have made rocky decisions to change their mascots in order to become politically correct. Since 1994, the Marquette Warriors became the Golden Eagles, and St. John’s dropped the nickname Redmen for the Red Storm. Miami (Ohio) changed from the Redskins to the RedHawks. The NCAA is aware of schools’ self-governing rights and has weighed the economic (merchandise, alumni, and booster contributions) repercussions and emotional ties to long-held traditions.

Think Critically

1. Why have some longstanding college mascots become controversial?
2. Why do schools not want to give up their Indian mascots?
3. How is the Florida State University mascot issue unique?
4. Why are universities willing to take the mascot issue to court?
EXTEMPORANEOUS SPEECH EVENT

The best public speakers are capable of producing an interesting speech in a limited amount of time. Frequently, these individuals are called upon to speak at business and social events without much time to prepare their presentations. The extemporaneous speech event requires participants to arrange, organize, and effectively present information without prior knowledge of the selected topic.

You will draw two different sports and entertainment marketing topics from which you will select one topic for the development of an extemporaneous speech. Possible topics include:
- Ethics in Sports
- Safety Issues at Large Sports and Entertainment Events
- Elements for a Successful Concert
- Big Time College Sports
- Attracting the Olympics to a Major City
- Performance-Enhancing Drugs
- The Cost of Winning
- Entertaining the Baby Boomers

You will have ten minutes to develop your topic. You will be allowed to write notes on cards provided by the event coordinator, but no other materials or previously prepared notes will be allowed into the preparation or presentation room with you. You will not be allowed to communicate with your teacher/adviser during the ten-minute preparation time.

The length of the speech should be no less than three minutes and no more than five minutes. You will speak before a panel of judges and a timekeeper. No audience will be allowed to observe the speech. Flashcards will be used to make contestants aware when there are two minutes remaining and when there is one minute remaining during the speaking time.

Performance Indicators Evaluated
- Demonstrate effective communication skills.
- Demonstrate skills in developing a speech that includes an introduction, body, and conclusion.
- Use appropriate tempo and pitch.
- Utilize nonverbal gestures as appropriate.
- Achieve the purpose of the speech.

Go to the BPA web site for more detailed information.

Think Critically
1. Why is extemporaneous speaking a valuable skill in the business world?
2. How are amateur, college, and professional sports business issues?
3. Why is the introduction to the speech important?
4. Why should the conclusion of the speech be related to the introduction?

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