

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

292M0432

SENATE BILL NO. 166

Introduced by: Senators Knudson and Bogue and Representatives O'Brien and Cutler

1 FOR AN ACT ENTITLED, An Act to adopt the Uniform Athlete Agents Act.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. This Act may be cited as the Uniform Athlete Agents Act.

4 Section 2. In this Act:

5 (1) "Agency contract," an agreement in which a student-athlete authorizes a person to
6 negotiate or solicit on behalf of the student-athlete a professional-sports-services
7 contract or an endorsement contract;

8 (2) "Athlete agent," an individual who enters into an agency contract with a student-
9 athlete or, directly or indirectly, recruits or solicits a student-athlete to enter into an
10 agency contract. The term includes an individual who represents to the public that the
11 individual is an athlete agent. The term does not include a spouse, parent, sibling,
12 grandparent, or guardian of the student-athlete or an individual acting solely on
13 behalf of a professional sports team or professional sports organization;

14 (3) "Athletic director," an individual responsible for administering the overall athletic
15 program of an educational institution or, if an educational institution has separately
16 administered athletic programs for male students and female students, the athletic



- 1 program for males or the athletic program for females, as appropriate;
- 2 (4) "Contact," a communication, direct or indirect, between an athlete agent and a
3 student-athlete, to recruit or solicit the student-athlete to enter into an agency
4 contract;
- 5 (5) "Endorsement contract," an agreement under which a student-athlete is employed or
6 receives consideration to use on behalf of the other party any value that the student-
7 athlete may have because of publicity, reputation, following, or fame obtained
8 because of athletic ability or performance;
- 9 (6) "Intercollegiate sport," a sport played at the collegiate level for which eligibility
10 requirements for participation by a student-athlete are established by a national
11 association for the promotion or regulation of collegiate athletics;
- 12 (7) "Person," an individual, corporation, business trust, estate, trust, partnership, limited
13 liability company, association, joint venture, government; governmental subdivision,
14 agency, or instrumentality; public corporation, or any other legal or commercial
15 entity;
- 16 (8) "Professional-sports-services contract" an agreement under which an individual is
17 employed, or agrees to render services, as a player on a professional sports team, with
18 a professional sports organization, or as a professional athlete;
- 19 (9) "Record," information that is inscribed on a tangible medium or that is stored in an
20 electronic or other medium and is retrievable in perceivable form;
- 21 (10) "Registration," registration as an athlete agent pursuant to this Act;
- 22 (11) "State," a state of the United States, the District of Columbia, Puerto Rico, the United
23 States Virgin Islands, or any territory or insular possession subject to the jurisdiction
24 of the United States;

1 (12) "Student-athlete," an individual who engages in, is eligible to engage in, or may be
2 eligible in the future to engage in, any intercollegiate sport. If an individual is
3 permanently ineligible to participate in a particular intercollegiate sport, the
4 individual is not a student-athlete for purposes of that sport.

5 Section 3. (a) By acting as an athlete agent in this state, a nonresident individual appoints
6 the secretary of state as the individual's agent for service of process in any civil action in this
7 state related to the individual's acting as an athlete agent in this state.

8 (b) The secretary of state may issue subpoenas for any material that is relevant to the
9 administration of this Act.

10 Section 4. (a) Except as otherwise provided in subsection (b), an individual may not act as
11 an athlete agent in this state without holding a certificate of registration under section 6 or 8 of
12 this Act.

13 (b) Before being issued a certificate of registration, an individual may act as an athlete agent
14 in this state for all purposes except signing an agency contract, if:

15 (1) A student-athlete or another person acting on behalf of the student-athlete initiates
16 communication with the individual; and

17 (2) Within seven days after an initial act as an athlete agent, the individual submits an
18 application for registration as an athlete agent in this state.

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

21 Section 5. (a) An applicant for registration shall submit an application for registration to the
22 secretary of state in a form prescribed by the secretary of state. An application filed under this
23 section is a public record. The application must be in the name of an individual and, except as
24 otherwise provided in subsection (b), signed or otherwise authenticated by the applicant under

1 penalty of perjury and state or contain:

2 (1) The name of the applicant and the address of the applicant's principal place of
3 business;

4 (2) The name of the applicant's business or employer, if applicable;

5 (3) Any business or occupation engaged in by the applicant for the five years next
6 preceding the date of submission of the application;

7 (4) A description of the applicant's:

8 (A) Formal training as an athlete agent;

9 (B) Practical experience as an athlete agent; and

10 (C) Educational background relating to the applicant's activities as an athlete
11 agent;

12 (5) The names and addresses of three individuals not related to the applicant who are
13 willing to serve as references;

14 (6) The name, sport, and last known team for each individual for whom the applicant
15 acted as an athlete agent during the five years next preceding the date of submission
16 of the application;

17 (7) The names and addresses of all persons who are:

18 (A) With respect to the athlete agent's business if it is not a corporation, the
19 partners, members, officers, managers, associates, or profit-sharers of the
20 business; and

21 (B) With respect to a corporation employing the athlete agent, the officers,
22 directors, and any shareholder of the corporation having an interest of five
23 percent or greater;

24 (8) Whether the applicant or any person named pursuant to paragraph (7) has been

1 convicted of a crime that, if committed in this state, would be a crime involving
2 moral turpitude or a felony, and identify the crime;

3 (9) Whether there has been any administrative or judicial determination that the applicant
4 or any person named pursuant to paragraph (7) has made a false, misleading,
5 deceptive, or fraudulent representation;

6 (10) Any instance in which the conduct of the applicant or any person named pursuant to
7 paragraph (7) resulted in the imposition of a sanction, suspension, or declaration of
8 ineligibility to participate in an interscholastic or intercollegiate athletic event on a
9 student-athlete or educational institution;

10 (11) Any sanction, suspension, or disciplinary action taken against the applicant or any
11 person named pursuant to paragraph (7) arising out of occupational or professional
12 conduct; and

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

16 (b) An individual who has submitted an application for, and holds a certificate of,
17 registration or licensure as an athlete agent in another state, may submit a copy of the
18 application and certificate in lieu of submitting an application in the form prescribed pursuant
19 to subsection (a). The secretary of state shall accept the application and the certificate from the
20 other state as an application for registration in this state if the application to the other state:

21 (1) Was submitted in the other state within six months next preceding the submission of
22 the application in this state and the applicant certifies that the information contained
23 in the application is current;

24 (2) Contains information substantially similar to or more comprehensive than that

1 required in an application submitted in this state; and

2 (3) Was signed by the applicant under penalty of perjury.

3 Section 6. (a) Except as otherwise provided in subsection (b), the secretary of state shall
4 issue a certificate of registration to an individual who complies with section 5(a) of this Act or
5 whose application has been accepted under section 5(b) of this Act.

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

10 (1) Been convicted of a crime that, if committed in this state, would be a crime
11 involving moral turpitude or a felony;

12 (2) Made a materially false, misleading, deceptive, or fraudulent representation in the
13 application or as an athlete agent;

14 (3) Engaged in conduct that would disqualify the applicant from serving in a fiduciary
15 capacity;

16 (4) Engaged in conduct prohibited by section 14 of this Act;

17 (5) Had a registration or licensure as an athlete agent suspended, revoked, or denied or
18 been refused renewal of registration or licensure as an athlete agent in any state;

19 (6) Engaged in conduct the consequence of which was that a sanction, suspension, or
20 declaration of ineligibility to participate in an interscholastic or intercollegiate
21 athletic event was imposed on a student-athlete or educational institution; or

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

24 (c) In making a determination under subsection (b), the secretary of state shall consider:

- 1 (1) How recently the conduct occurred;
- 2 (2) The nature of the conduct and the context in which it occurred; and
- 3 (3) Any other relevant conduct of the applicant.

4 (d) An athlete agent may apply to renew a registration by submitting an application for
5 renewal in a form prescribed by the secretary of state. An application filed under this section is
6 a public record. The application for renewal must be signed by the applicant under penalty of
7 perjury and must contain current information on all matters required in an original registration.

8 (e) An individual who has submitted an application for renewal of registration or licensure
9 in another state, in lieu of submitting an application for renewal in the form prescribed pursuant
10 to subsection (d), may file a copy of the application for renewal and a valid certificate of
11 registration or licensure from the other state. The secretary of state shall accept the application
12 for renewal from the other state as an application for renewal in this state if the application to
13 the other state:

- 14 (1) Was submitted in the other state within six months next preceding the filing in this
15 state and the applicant certifies the information contained in the application for
16 renewal is current;
- 17 (2) Contains information substantially similar to or more comprehensive than that
18 required in an application for renewal submitted in this state; and
- 19 (3) Was signed by the applicant under penalty of perjury.

20 (f) A certificate of registration or a renewal of a registration is valid for two years.

21 Section 7. (a) The secretary of state may suspend, revoke, or refuse to renew a registration
22 for conduct that would have justified denial of registration under section 6(b) of this Act.

23 (b) The secretary of state may deny, suspend, revoke, or refuse to renew a certificate of
24 registration or licensure only after proper notice and an opportunity for a hearing. The

1 Administrative Procedures Act applies to this Act.

2 Section 8. The secretary of state may issue a temporary certificate of registration while an
3 application for registration or renewal of registration is pending.

4 Section 9. An application for registration or renewal of registration must be accompanied
5 by a fee in the following amount:

6 (1) One hundred dollars for an initial application for registration;

7 (2) Fifty dollars for an application for registration based upon a certificate of registration
8 or licensure issued by another state;

9 (3) Twenty-five dollars for an application for renewal of registration; or

10 (4) Twenty-five dollars for an application for renewal of registration based upon an
11 application for renewal of registration or licensure submitted in another state.

12 All moneys received pursuant to this section shall be deposited in the state general fund.

13 Section 10. (a) An agency contract must be in a record, signed or otherwise authenticated
14 by the parties.

15 (b) An agency contract must state or contain:

16 (1) The amount and method of calculating the consideration to be paid by the student-
17 athlete for services to be provided by the athlete agent under the contract and any
18 other consideration the athlete agent has received or will receive from any other
19 source for entering into the contract or for providing the services;

20 (2) The name of any person not listed in the application for registration or renewal of
21 registration who will be compensated because the student-athlete signed the agency
22 contract;

23 (3) A description of any expenses that the student-athlete agrees to reimburse;

24 (4) A description of the services to be provided to the student-athlete;

1 (5) The duration of the contract; and

2 (6) The date of execution.

3 (c) An agency contract must contain, in close proximity to the signature of the student-
4 athlete, a conspicuous notice in boldface type in capital letters stating:

5 **WARNING TO STUDENT-ATHLETE**

6 **IF YOU SIGN THIS CONTRACT:**

7 (1) **YOU MAY LOSE YOUR ELIGIBILITY TO COMPETE AS A STUDENT-
8 ATHLETE IN YOUR SPORT;**

9 (2) **IF YOU HAVE AN ATHLETIC DIRECTOR, WITHIN 72 HOURS AFTER
10 ENTERING INTO THIS CONTRACT, BOTH YOU AND YOUR ATHLETE
11 AGENT MUST NOTIFY YOUR ATHLETIC DIRECTOR; AND**

12 (3) **YOU MAY CANCEL THIS CONTRACT WITHIN 14 DAYS AFTER SIGNING
13 IT. CANCELLATION OF THIS CONTRACT MAY NOT REINSTATE YOUR
14 ELIGIBILITY.**

15 (d) An agency contract that does not conform to this section is voidable by the student-
16 athlete. If a student-athlete voids an agency contract, the student-athlete is not required to pay
17 any consideration under the contract or to return any consideration received from the athlete
18 agent to induce the student-athlete to enter into the contract.

19 (e) The athlete agent shall give a record of the signed or otherwise authenticated agency
20 contract to the student-athlete at the time of execution.

21 Section 11. (a) Within seventy-two hours after entering into an agency contract or before the
22 next scheduled athletic event in which the student-athlete may participate, whichever occurs
23 first, the athlete agent shall give notice in a record of the existence of the contract to the athletic
24 director of the educational institution at which the student-athlete is enrolled or the athlete agent

1 has reasonable grounds to believe the student-athlete intends to enroll.

2 (b) Within seventy-two hours after entering into an agency contract or before the next
3 athletic event in which the student-athlete may participate, whichever occurs first, the student-
4 athlete shall inform the athletic director of the educational institution at which the student-
5 athlete is enrolled that he or she has entered into an agency contract.

6 Section 12. (a) A student-athlete may cancel an agency contract by giving notice of the
7 cancellation to the athlete agent in a record within fourteen days after the contract is signed.

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

9 (c) If a student-athlete cancels an agency contract, the student-athlete is not required to pay
10 any consideration under the contract or to return any consideration received from the athlete
11 agent to induce the student-athlete to enter into the contract.

12 Section 13. (a) An athlete agent shall retain the following records for a period of five years:

- 13 (1) The name and address of each individual represented by the athlete agent;
14 (2) Any agency contract entered into by the athlete agent; and
15 (3) Any direct costs incurred by the athlete agent in the recruitment or solicitation of a
16 student-athlete to enter into an agency contract.

17 (b) Records required by subsection (a) to be retained are open to inspection by the secretary
18 of state during normal business hours.

19 Section 14. (a) An athlete agent, with the intent to induce a student-athlete to enter into an
20 agency contract, may not:

- 21 (1) Give any materially false or misleading information or make a materially false
22 promise or representation;
23 (2) Furnish anything of value to a student-athlete before the student-athlete enters into
24 the agency contract; or

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

3 (b) An athlete agent may not intentionally:

4 (1) Initiate contact with a student-athlete unless registered under this Act;

5 (2) Refuse or fail to retain or permit inspection of the records required to be retained by
6 section 13 of this Act;

7 (3) Fail to register when required by section 4 of this Act;

8 (4) Provide materially false or misleading information in an application for registration
9 or renewal of registration;

10 (5) Predate or postdate an agency contract; or

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

15 Section 15. An athlete agent who violates section 14 of this Act is guilty of a Class 6 felony.

16 Section 16. (a) An educational institution has a right of action against an athlete agent or a
17 former student-athlete for damages caused by a violation of this Act. In an action under this
18 section, the court may award to the prevailing party costs and reasonable attorney's fees.

19 (b) Damages of an educational institution under subsection (a) include losses and expenses
20 incurred because, as a result of the conduct of an athlete agent or former student-athlete, the
21 educational institution was injured by a violation of this Act or was penalized, disqualified, or
22 suspended from participation in athletics by a national association for the promotion and
23 regulation of athletics, by an athletic conference, or by reasonable self-imposed disciplinary
24 action taken 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 educational institution
2 discovers or by the exercise of reasonable diligence would have discovered the violation by the
3 athlete agent or former student-athlete.

4 (d) Any liability of the athlete agent or the former student-athlete under this section is
5 several and not joint.

6 (e) This Act does not restrict rights, remedies, or defenses of any person under law or equity.

7 Section 17. The secretary of state may assess a civil penalty against an athlete agent not to
8 exceed twenty-five thousand dollars for a violation of this Act. All moneys received pursuant
9 to this section shall be deposited in the state general fund.

10 Section 18. In applying and construing this Uniform Act, consideration must be given to the
11 need to promote uniformity of the law with respect to its subject matter among states that enact
12 it.

13 Section 19. The provisions of this Act governing the legal effect, validity, or enforceability
14 of electronic records or signatures, and of contracts formed or performed with the use of such
15 records or signatures conform to the requirements of section 102 of the Electronic Signatures
16 in Global and National Commerce Act, Pub. L. No. 106-229, 114 Stat. 464 (2000), and
17 supersede, modify, and limit the Electronic Signatures in Global and National Commerce Act.

18 Section 20. If any provision of this Act or its application to any person or circumstance is
19 held invalid, the invalidity does not affect other provisions or applications of this Act which can
20 be given effect without the invalid provision or application, and to this end the provisions of this
21 Act are severable.