

A Traveling Epidemic

By Joseph M. Hanna

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# The NCAA Bribery Scandal

Since its inception, the NCAA’s mission has rested on the bedrock principle of amateurism. Although the principle of amateurism remains central to our understanding of college athletics as well as to NCAA policies, recent

events may signal the need for change in college athletics. On September 26, 2017, federal investigators in New York arrested 10 high-profile individuals with significant connections to college athletics. Each of these arrests was made in connection with three separate but related cases, all of which were publicized on this date; and all involved allegations of cash bribes and other crimes that, if proved, will undermine the principles and policies that have historically protected amateurism in college sports.

According to Acting U.S. Attorney Joon H. Kim in a press conference on September 26, 2017, the arrests are connected with concerted efforts by the FBI and federal prosecutors to investigate the “dark underbelly of college basketball.” He noted that the previously covert investigation remains ongoing as the FBI conducts additional interviews. Kim told reporters that “[t]he picture of college basketball painted by the charges is not a pretty one—coaches

at some of the nation’s top programs taking cash bribes, managers and advisers circling blue-chip prospects like coyotes, and employees of a global sportswear company funneling cash to families of high school recruits.” Reporters were quick to identify the “global athletic company,” or “Company-1,” at the center of the investigation as Adidas. Kim declined to name any company, school, or individual not charged, but he remarked that “the internet is an amazing thing.”

In these three previously sealed complaints, Manhattan federal prosecutors charged Adidas marketing executive Jim Gatto, four NCAA coaches at top-tier schools, and five additional individuals with participation in schemes to sway high school athletes to attend and play at certain college schools. According to the complaints, these schemes involved luring young and skilled players to attend and play for Adidas-sponsored institutions in exchange for compensation. Additionally,



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the students were induced to hire particular agents and financial advisers once they entered the NBA.

The complaint against Gatto, the Adidas head of global sports marketing for basketball, accuses him of paying the families of two sought-after high school players six-figure amounts as encouragement to the players to sign with two universities partnered with Adidas. The complaint doesn't name either institution. However, the University of Louisville has confirmed its involvement in the investigation, while a reference in the complaint to "a private research university in Florida with 16,000 students and 15 varsity sports" points to the University of Miami, which has offered no comment to date. Along with Gatto, Merl Code—affiliated with Adidas' high school and college basketball programs, and Jonathan Brad Augustine—director of an Adidas-sponsored high school basketball program, were also charged.

With regard to the four coaches involved, the complaint indicates that they accepted bribes from financial advisers in exchange for persuading players to send their business to those same advisers upon entering the NBA. The coaches charged included Oklahoma State assistant Lamont Evans, Auburn assistant Chuck Person, USC assistant Tony Bland, and University of Arizona's assistant Emanuel "Book" Richardson. According to the pertinent complaint, Evans, Bland, and Richardson allegedly participated in honest services fraud and bribery affecting the federally funded colleges. These three coaches, facing a combined 11 charges in all, are being accused of accepting cash in exchange for pushing promising young athletes eventually to hire either the sports agency athlete recruiter Christian Dawkins, the investment advisor Munish Sood, or an unnamed cooperator.

Meanwhile, Chuck Person is being accused of accepting \$91,500 in exchange for persuading the athletes to hire the unnamed cooperator and clothing store owner Rashan Michel, who dealt in "bespoke suits" for the athletes. Among his six total charges, Person also allegedly gifted \$18,500 to the families of two athletes. In the complaint, Person was quoted as telling one player,

The most important part is that you... don't say nothing to anybody... don't share with your sisters, don't share with any of the teammates, that's very important cause this is a violation... of rules, but this is how the NBA players get it done, they get early relationships, and they form partnerships, they form trust[.]

As alluded to above, one particular undercover cooperator was crucial in assisting with these investigations, which began back in 2015. This witness has since been identified as Louis Martin Blazer, a Pittsburgh-based former financial investor who was previously charged with siphoning over \$2 million of client money into music and movie ventures without authorization. Blazer was further accused of compensating NCAA athletes to encourage them to hire Blazer once they became professionals. Blazer ultimately reached a plea deal, admitting to five federal criminal charges. In exchange, Blazer worked secretly with federal authorities throughout their probe, being referred to in the complaints as "Cooperating Witness-1," or "CW-1." Under this cooperation agreement, the prosecutors have agreed to vouch for Blazer's assistance in front of his sentencing judge.

### Fallout

While not technically a party in any of these prosecutions, the NCAA is finding itself right in the middle of the entire fiasco. As a result, NCAA President Mark Emmert remarked that all of these charges brought by the federal government are deeply disturbing, noting that "[c]oaches hold a unique position of trust with student athletes and their families and these bribery allegations, if true, suggest an extraordinary and despicable breach of trust."

Since these complaints were publicized, one heavily Adidas-supported school has already made headlines. Not only was the University of Louisville one of the key schools referred to in the complaints, it had already found itself under NCAA scrutiny as a result of a 2015 sex scandal and had partially suspended head basketball coach Rick Pitino for the upcoming season. Next, on October 16, 2017, the University of Louisville Athletics Association officially voted to fire Pitino "with just cause" amid this

federal investigation. Since then, Adidas terminated its personal services agreement with Pitino in light of his removal.

While Pitino was not named directly in the complaints and maintains his innocence, the key recruit at the heart of these federal charges is believed to be freshman forward Brian Bowen, a five-star recruit to Louisville. While unnamed in the com-

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plaints, media reports indicate that a Louisville assistant coach planned on sending Bowen's family a \$100,000 payment in exchange for attending and playing for Louisville. Pending this investigation, Bowen has been suspended indefinitely.

Along with Louisville and Miami, Adidas also sits in the FBI's crosshairs. Since the announcement, Adidas has placed



James Gatto on leave and opened its own investigation into his actions. Meanwhile, it remains to be seen exactly how Adidas will rise from the dark cloud of this scandal. While the possibility certainly exists for involved schools to separate themselves from the partnership immediately, this would likely result in either buyouts or a costly legal battle, neither of which

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would presumably be the economically savvy option. The more realistic outcome is that the schools will sincerely take into consideration whether to extend partnerships beyond the expiration of their current deals. Whether this separation ultimately takes place will likely depend on two key unknowns: how quickly and convincingly Adidas is able to separate itself from one seemingly bad egg, and how much financial incentive it can offer in future sponsorship agreements.

### **Amateurism Aftereffect**

The popular narrative that is likely to circulate throughout this fallout is that the investigation signals the end of amateurism in college athletics as we know it. The rationale makes sense. After all, were a pay-to-play system in place already, the players would not have sought the under-the-table cash that the allegedly devious individuals involved were ostensibly hemorrhaging. However, this leaves an opening for an obvious counterquestion: Even if play-

ers were to receive a salary to play college athletics, what's to stop them from earning this "dirty" money, too?

As large as this scandal may prove to be, the aftereffect may be relatively minor—at least as it pertains to the students. All options are currently on the table, and we could see some form of pay-to-play implemented, giving players the rights to their name, image, and likeness while in college. We could also see the NCAA working with the NBA to allow students to forgo the one year of school requirement and enter the NBA straight out of high school.

If you step back and look at the forest around the single burning tree, pay-to-play quickly reveals itself as a poor fix. If an economics student cheats to pass a chemistry exam, is the reasonable solution to give up the answers? Or is it better to ask whether the economics major really needed to take the class in the first place? While this reasoning obviously runs afoul of the principle that athletes deserve to earn a "proper" education while playing their sport, one must question whether the value of the mandated single year in college meets the standard so often cited to justify the rule. For these reasons, if any sweeping change is seen throughout college athletics as it relates to the students, giving them their name, image, and likeness rights, as well as eliminating the one year of school rule, seems the better answer than essentially paying off the problem.

However, these hypothetical solutions do nothing for the affected players who stand to lose their NCAA eligibility, and more importantly, who could face charges of bribery or conspiracy, or both. Student athletes, such as Bowen, whose involvement are established could in theory be looking at charges similar to the ones that the current defendants are dealing with, although their full cooperation with the FBI could help skirt this path. So far, prosecutors have not alluded to charging any young athletes involved, and it remains to be seen how this portion of the fallout will develop.

### **NCAA Reaction and Outlook**

There remains the central issue of what to do about the deeply involved, corrupt individuals throughout these col-

lege programs. As an initial reaction to these federal criminal charges, the NCAA announced on October 11, 2017, that it would form a special Commission on College Basketball, chaired by former U.S. Secretary of State Condoleezza Rice, to investigate the influence of shoe companies, sports agents, and the NBA on college basketball. This new commission is scheduled to convene in November and deliver its findings in April 2018.

The focus of this commission is three-fold. First, it will find ways to promote how students and their families can obtain legitimate financial and career planning advice without running afoul of the NCAA's regulations, including the interplay among shoe and apparel companies along with agents and other advisors. Second, it will delve into the NCAA's relationship with the NBA, mainly discussing the "one and done" college enrollment rule currently imposed. Finally, it will evaluate how the NCAA's enforcement program attempts to avoid this type of corruption in the first place.

Based on the results of this commission, perhaps the most telling outcome of the entire ordeal will be how the NCAA handles similar violations in the future. Hypothetically, if the discretion of the NCAA were removed and a more severe punishment were the standard, such as a multi-year or even life ban, hopefully the clearly established, more detrimental penalty for such nefarious actions would significantly deter future involvement in shady dealings similar to those currently alleged in Acting U.S. Attorney Kim's charges. At the same time, it also took an FBI probe to uncover the extensive corruption that allegedly has taken place, which raises yet another question: Would the NCAA even be capable of monitoring and bringing these "black market" transactions to a screeching halt?

While there are many routes that this epidemic can travel, the one certainty seems to be that any change will be an incremental rather than immediate. Changes in the NCAA are on the horizon, and this may be an opportunity to reconsider the principles of college athletics. These new allegations will keep the amateurism discussion relevant, but it is unlikely that any drastic changes to the NCAA model will happen in the near future.

