Donald in Sports Business Journal: Lawsuit Involving High-Profile Athlete Should Worry Athletes, Colleges, Coaches and Collectives

By CJ Donald | September 6, 2024

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Haynes Boone Associate CJ Donald authored an article for *Sports Business Journal* discussing a recent NIL lawsuit, explaining how coaches, collectives, institutions, and student athletes can avoid litigation risk.

Read an excerpt below.

"It was the best of times, it was the worst of times" may describe the current college sports landscape.

Revenue is higher than ever, due in large part to lucrative media deals. Coach and athletic director salaries have exploded. Conferences have shuffled (and reshuffled). Women's sports have grown tremendously. The NCAA now permits student athletes to make money using their name, image and likeness. Sometimes these are "True NIL deals" — when a company pays a student athlete to market a product or service (think Caitlin Clark for Gatorade or Angel Reese for Beats by Dre). Other times, these are "Artificial NIL deals" — when alumni, boosters and fans donate to an organization created to pay student athletes in exchange for attendance at a particular school (a "collective"). Due to a singular confluence of eligibility extensions and substantial NIL deals, high-profile student athletes are choosing to stay in college longer. A pending settlement in the House v. NCAA class action may result in each D-I college and university sharing about $20 million per year with its student athletes. College sports has never seen such turbulence.

With growth comes risk. For two years, the industry has focused on creating NIL opportunities, but less attention has been paid to avoiding bad deals.

Jaden Rashada v. Hugh Hathcock; William "Billy" Napier; Marcus Castro-Walker; and Velocity Automotive Solutions, LLC
Jalen Rashada was a star high school quarterback. He drew interest from various institutions, including Florida and Miami. Rashada committed to attend Miami partly because boosters promised to pay him $9.5 million. After Rashada committed to Miami, boosters for Florida contacted him. Per Rashada's complaint, these boosters promised $13.85 million if he committed to Florida, with $5.35 million from one booster's software company and the rest from a collective. As Rashada's representatives negotiated with the collective and National Signing Day approached, Florida football coach Billy Napier assured Rashada the offer was serious. Napier said that, as a show of good faith, Rashada would receive $1 million shortly after signing his letter of intent to attend Florida. A Florida staff member suggested that if Rashada refused to sign, Napier might withdraw the scholarship offer. Less than an hour later, Rashada signed the letter of intent, but he never received the $1 million. The next month was full of delays, unfulfilled promises and attempts to re-trade the deal. The deal was never consummated, so Rashada enrolled at Arizona State instead.

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Rashada sued Florida, Napier, a school official, a booster and that booster's company for fraudulent misrepresentation and fraudulent inducement, among several other claims.

What's next for Florida and Rashada?

The defendants could eventually disprove the allegations, but it might come at substantial time and expense. To avoid such lawsuits, here are three issues collectives, institutions and student athletes should consider.

To read the full article from *Sports Business Journal*, click here.

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