

Agents Beware: Representation Agreement May Not Be Enforceable If It Violates State Sports Agent Laws

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A North Carolina law designed to protect student-athletes may determine the enforceability of Prime Sports Marketing's contract with former Duke University star Zion Williamson. While Williamson is preparing to become a member of the New Orleans Pelicans after his name is announced as the No. 1 selection in the 2019 NBA Draft, he is also preparing for a legal battle in a different court...the U.S. District Court for the Middle District of North Carolina.

Williamson has filed suit against the Florida-based company and its president, Gina Ford, to have the marketing contract he signed with Prime Sports declared null and void. After signing a five-year agreement with Prime Sports and an accompanying letter of authorization reaffirming his desire to have Gina Ford begin representing him as his Global Marketing Agent, Williamson changed his mind.

Williamson alleges the agreement was entered into in violation of North Carolina's Uniform Athlete Agent Act (UAAA) and should be declared void.

In his complaint, Williamson alleges that Prime Sports and Gina Ford violated the specific provisions of the North Carolina law that forbids a person from acting as an agent in the state unless that person has previously registered with the North Carolina Secretary of State's office. **The law applies to any agency contract, including employment agreements and marketing agreements.**

In addition, the law mandates any agent to follow a series of procedural requirements to protect student-athletes from unknowingly forfeiting their remaining NCAA eligibility. Any contract between a registered agent and a student-athlete must contain a specific, capitalized notice in boldface print cautioning the athlete of the rights he will be giving up by entering into the contract. Among the many required notices, the contract must state the following:

WARNING TO THE STUDENT-ATHLETE IF YOU SIGN THIS CONTRACT

- **YOU SHALL LOSE YOUR ELIGIBILITY TO COMPETE AS A STUDENT-ATHLETE IN YOUR SPORT;**
- **YOU MAY CANCEL THIS CONTRACT WITHIN 14 DAYS AFTER SIGNING IT. CANCELLATION OF THIS CONTRACT SHALL NOT REINSTATE YOUR ELIGIBILITY.**

The agreement Williamson signed with Prime Sports did not contain any of these required notices mandated by the North Carolina law.

Of particular significance will be a judicial determination as to whether Williamson remained a student-athlete when he signed the agreement with Prime Sports and still protected by the North Carolina law. Williamson declared himself eligible to be drafted by an NBA team on April 15, arguably ending his status as an NCAA-eligible athlete. He signed the agreement with Prime Sports on April 20, when he had arguably given up his amateur status and was no longer protected by the state law. While a student-athlete's declaration for the draft was irreversible at one time, current NCAA bylaws allow a student-athlete to "test the waters" regarding potentially

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becoming draft-eligible and withdraw his name from consideration as late as May 29 without risking the loss of any remaining eligibility. Here, Williamson lost the option to exercise his rights pursuant to NCAA bylaws and return to Duke University when he signed the contract with Prime Sports.

As the federal court considers Williamson's complaint and the anticipated defenses and potential counterclaims to be asserted by Prime Sports (which has alleged the potential for \$100 million in damages in a pre-complaint letter to Williamson's attorney), **the significance of Gina Ford's failure to register as an agent with the State of North Carolina before her initial meeting with Williamson could be of crucial importance in determining the enforceability of the agreement between Williamson and Prime Sports.**

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