

## Lawsuit: NCAA Limits on Scholarships Violate Antitrust Laws

SEATTLE – A highly recruited college quarterback whose scholarship was revoked after a coaching change is challenging the National Collegiate Athletic Association (NCAA) in court, claiming that the organization's limits on scholarships violate federal antitrust laws.

The 30-page lawsuit, filed July 25, 2012, in U.S. District Court in Indiana, alleges that the NCAA's prohibition of multi-year scholarships and limits on the number and amount of athletic scholarships is an illegal restraint that limits the ability of student-athletes to market their services in a free and open market.

"Student athletes perform an economic service for their schools, generating billions of dollars of revenue through lucrative T.V. deals and merchandizing opportunities," said Steve Berman, managing partner of Hagens Berman and the attorney representing a proposed class of student athletes in the lawsuit. "Schools recognize that service by providing scholarships, but we allege that the NCAA is abusing its monopoly position, artificially reducing scholarships in order to enrich the NCAA and its member institutions."

The student named in the lawsuit, John Rock of Springboro, Ohio, was an accomplished high school football player. As a starting quarterback for Springboro High School, he led his team to the school's first league title and was named conference player of the year his senior year.

Rock was recruited by a number of Division I schools, and ultimately decided to attend Gardner-Webb University in North Carolina after the school offered a football scholarship. The coach at Gardner-Webb allegedly promised Rock that as long as he remained eligible for competition and kept his grades up, he would get to keep his scholarship. The coach also promised that if the school replaced its coaching staff, it would continue to honor his scholarship, court documents assert.

At Gardner-Webb, Rock earned the role of starting quarterback and team captain. As a political science major, he was required to complete an internship before he could graduate, so he agreed to intern with the North Carolina General Assembly during the spring semester of 2010. According to the lawsuit, he cleared the internship with his coach, who supported the decision and assured him that he would not lose his spot on the team.

However, shortly after Rock agreed to take the internship, Gardner-Webb replaced its football coach. The new coach questioned Rock's commitment to the team and expressed dissatisfaction with his choice to accept the internship, which would necessitate missing some practice sessions, the complaint states.

Ultimately, Rock's scholarship was revoked. When he arrived at the team's annual spring game, he found his locker empty and his nameplate removed, according to the complaint. After the game, he allegedly approached the new coach and asked "where do we go from here?" to which he claims the coach replied: "I don't know where you go but I'm going to watch film."

"Student athletes like John should not have to worry about their scholarships so long as they keep up their end of the bargain," said Steve Berman. "His story speaks to a wider problem; the NCAA is using its monopoly position to lock student athletes into scholarships at a lower value than an open market for their services would command."

The NCAA recently agreed to lift restrictions on multi-year scholarships for student athletes, although many schools continue to decry multi-year scholarships claiming they will be forced to offer the scholarships in order to remain competitive in attracting recruits.

For instance, Indiana State University charged that institutions would be "locked into a 5 year contract potentially with someone that is of no 'athletic' usefulness to the program."

"The NCAA will tell you that restrictions on scholarships are meant to preserve amateurism in college athletics," said Steve Berman. "The reality is that far from valuing academic achievement, they want to have the ability to discard

student athletes who fail to fit into the schema of a new coach or athletic director, without concern for the students' academic future.”

The lawsuit seeks to represent anyone who, while enrolled at an NCAA member institution, received an athletics-based scholarship for at least one year and had their scholarship reduced or not renewed, forcing them to pay tuition at a college, university or other institution of higher learning. If you have information you believe is important to the case, please contact Hagens Berman at 206-623-7292 or by e-mail at [ncaa\\_antitrust@hbsslaw.com](mailto:ncaa_antitrust@hbsslaw.com).

The NCAA includes 1,096 active member schools. These schools are divided into three divisions. Division I – the elite level of college sports – includes 337 schools with extensive athletic programs. Divisions II and III include schools with relatively less extensive athletic programs, the suit states.

Annual revenues for the NCAA's 2007-2008 fiscal year were \$614 million. The organization's financial operations are also highly profitable. The direct expenses for operating the actual games amounted to just \$59 million, making it possible for NCAA executives to treat themselves to perks normally associated with Fortune 500 companies, according to the lawsuit.

More information is available at <http://www.hbsslaw.com/ncaaantitrust1>.

### **[About Hagens Berman](#)**

Seattle-based Hagens Berman Sobol Shapiro LLP represents whistleblowers, investors and consumers in complex litigation. The firm has offices in ten cities and has been named one of the top Plaintiffs' firms in the country by the National Law Journal five times. More about the law firm and its successes can be found at [www.hbsslaw.com](http://www.hbsslaw.com). Visit the firm's class-action law blog at [www.classactionlawtoday.com](http://www.classactionlawtoday.com).

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