

**THE LEGAL EVOLUTION OF NIL: ATHLETE MOBILITY,
ANTITRUST CHALLENGES, AND FINANCIAL MODELS**

CESARE P. DELUCA

ABSTRACT

The Name, Image, and Likeness (NIL) landscape in collegiate athletics continues to evolve, presenting significant legal, financial, and ethical challenges. This law note analyzes two recent court rulings and examines the broader implications for athlete mobility, NIL governance, and financial practices in college sports. The August 2024 Final Judgment in U.S. v. NCAA abolished the Transfer Eligibility Rule, increasing athlete mobility and striking down anticompetitive NCAA regulations. Additionally, the February 2024 preliminary injunction in Tennessee and Virginia v. NCAA lifted the NCAA's ban on NIL negotiations during recruitment, signaling a shift towards a more competitive NIL market. These legal rulings are analyzed alongside NIL financing models, which offer athletes upfront cash in exchange for future earnings but raise concerns about exploitation and long-term harm. The abolition of the National Letter of Intent (NLI) is also addressed, highlighting the increased leverage athletes now hold in NIL negotiations. This note underscores the urgent need for reforms to ensure fair compensation, transparency, and legal protections for athletes navigating this rapidly shifting landscape.

TABLE OF CONTENTS

I. INTRODUCTION	6
II. PRELIMINARY INJUNCTION ON NIL RECRUITING RESTRICTIONS	8
A. The NCAA’s NIL Recruiting Ban.....	9
B. Legal Challenge and Arguments.....	10
C. Court’s Findings.....	12
D. Key Provisions of the Preliminary Injunction	13
E. Broader Implications	15
F. Summary and Implications	16
III. U.S. v. NCAA FINAL JUDGMENT ON TRANSFER ELIGIBILITY AND ANTITRUST VIOLATIONS	17
A. The NCAA’s Transfer Eligibility Rule	18
B. Court’s Rulings	19
<i>Abolition of the Transfer Eligibility Rule</i>	<i>19</i>
<i>Rule of Restitution</i>	<i>19</i>
C. Broader Implications of the Ruling	20
<i>Increased Athlete Mobility.....</i>	<i>20</i>
<i>Impact on NIL Agreements.....</i>	<i>20</i>
<i>Restoration of Eligibility</i>	<i>21</i>

4 DELUCA SLB

D.	Antitrust Implications for the NCAA	21
E.	Congressional Intervention and the Future of NCAA Governance	22
F.	Key Outcomes and Impacts	23

IV. RECRUITMENT WITHOUT THE NATIONAL LETTER OF INTENT (NLI): LEGAL IMPLICATIONS AND ATHLETE

MOBILITY 23

A.	Legal Impact of NLI Removal.....	24
B.	Impact on NIL Agreements.....	25
C.	Potential for Exploitation.....	27
D.	Final Observations	28

V. NIL FINANCING MODELS: LEGAL RISKS AND

ATHLETE EXPLOITATION 29

A.	The Structure of NIL Financing Deals.....	30
B.	Exploitation of Young Athletes.....	31
C.	Regulatory Gaps and the Need for Reform	32
D.	Summary of Risks and Recommendations	33

VI. THE NCAA SETTLEMENT 34

A.	Revenue Sharing and the Redefinition of Amateurism	35
----	--	----

B.	Title IX Compliance and Competitive Balance	36
C.	Indirect Impact on College Baseball: Scholarships and Roster Limits	37
D.	The Role of NIL Agreements and Supplemental Compensation	38
E.	Practical Implications for Athletic Programs and Agents.	39
F.	Concluding Insights	40
VII.	CONCLUSION	41

I. INTRODUCTION

The world of collegiate athletics has undergone a seismic shift with the advent of Name, Image, and Likeness (“NIL”) rights, leading to far-reaching legal, financial, and governance changes. What began as an opportunity for athletes to profit from their personal brands has now expanded into a complex ecosystem involving court rulings, new financial models, and regulatory reforms that significantly impact the NCAA’s authority. Key developments such as the House v. NCAA settlement and the preliminary injunction in Tennessee and Virginia v. NCAA have altered the legal landscape, giving athletes greater control over their compensation and mobility.

The House v. NCAA settlement, approved in 2024, introduced a revenue-sharing model that represents a monumental departure from the NCAA’s long-standing amateurism principles. Beginning in 2025, athletes will receive direct financial compensation from their schools, marking the first time student-athletes will share in the revenue they generate. At the same time, the February 2024 preliminary injunction in Tennessee and Virginia v. NCAA lifted the NCAA’s ban on NIL negotiations during recruitment and transfer processes, further empowering athletes to maximize their earning potential as they navigate their academic and athletic futures.

These rulings intersect with the elimination of the National Letter of Intent (“NLI”), which previously restricted athlete mobility by binding student-athletes to one school for a minimum of one year. With the removal of the NLI, athletes now have more freedom to transfer without penalty, further reshaping the recruitment landscape. As a result, athletes can now capitalize on more competitive NIL deals and explore multiple options, putting pressure on schools to offer better compensation packages to attract top talent.

In addition to court rulings, the rise of NIL financing models—where athletes receive upfront cash in exchange for a percentage of their future earnings—introduces new legal and ethical concerns. While these financing models provide immediate financial relief, they pose risks of exploitation and long-term financial harm, particularly for younger athletes who may lack the resources to fully understand the terms of such contracts. The interaction between these models and the broader revenue-sharing structure created by the House settlement complicates the financial landscape, as athletes may find themselves locked into agreements that limit their ability to benefit from newly emerging compensation opportunities.

Moreover, the NCAA’s scholarship and roster rules, particularly in baseball, are also being reshaped as part of the broader financial and

legal shifts resulting from the House settlement. With the expansion of full scholarships and roster limits, wealthier Power Five schools are better positioned to attract top talent, deepening the divide between elite programs and mid-major schools. This competitive imbalance is further intensified by NIL opportunities, which disproportionately favor schools with stronger NIL infrastructures and financial resources.

This note provides an updated analysis of these shifting dynamics, examining how recent legal rulings, NCAA reforms, and NIL financing models overlap to create a new landscape for collegiate athletics. As athletes gain more freedom and financial opportunities, the need for transparency, financial education, and stronger regulatory protections becomes more urgent. This evolving framework will shape the future of college sports, presenting new challenges and opportunities for athletes, schools, and stakeholders alike.

II. PRELIMINARY INJUNCTION ON NIL RECRUITING RESTRICTIONS

The NCAA's stance on NIL rights has evolved dramatically since 2021, when it first allowed athletes to profit from their NIL. While this opened up significant opportunities for college athletes to

capitalize on their personal brands, the NCAA maintained strict recruiting restrictions to preserve the amateur nature of collegiate sports. Specifically, the NCAA prohibited NIL negotiations between athletes and boosters during the recruitment and transfer processes, fearing that NIL deals could become indirect pay-for-play arrangements, thus undermining the competitive balance of college sports. However, in February 2024, a significant legal development occurred when Judge Clifton Corker of the Eastern District of Tennessee issued a preliminary injunction that challenged the NCAA's restrictions. This case, brought forward by the states of Tennessee and Virginia, argued that the NCAA's NIL recruiting ban was an illegal restraint on trade. Though the ruling was issued in Tennessee, it applies nationwide due to the NCAA's national governance structure, making it a landmark decision with widespread implications for collegiate athletics.

A. THE NCAA'S NIL RECRUITING BAN

Historically, the NCAA's policy has treated NIL collectives—organizations created by boosters, alumni, and businesses to pool funds for offering NIL deals to athletes—as “boosters.” Under longstanding NCAA rules, boosters were prohibited from offering NIL deals or engaging in any form of negotiation with athletes during recruitment or prior to the athlete's official commitment to a

school. These rules were aimed at preventing NIL collectives from serving as inducements that could influence an athlete's decision to attend a particular school, thereby preserving the NCAA's amateurism model. The NCAA has consistently held that any NIL deal contingent upon an athlete's enrollment at a specific institution would violate this amateurism principle.

NIL collectives, however, have become a central feature of the NIL ecosystem, providing athletes with substantial opportunities to monetize their marketability. These collectives, often tied to specific schools, pool resources from donors and businesses to offer NIL deals that are sometimes a significant factor in an athlete's decision to commit. The NCAA's anti-recruitment rule, which prohibited any form of NIL-related discussions with recruits or transfer athletes, effectively blocked athletes from knowing their potential NIL value during the critical recruitment phase. This created an opaque market where athletes could only negotiate NIL deals after they had already committed to a school, limiting their leverage and opportunities.

B. LEGAL CHALLENGE AND ARGUMENTS

The lawsuit, initiated by the states of Tennessee and Virginia, argued that the NCAA's restrictions on NIL negotiations during recruitment violated Section 1 of the Sherman Antitrust Act. The

plaintiffs contended that the NCAA's policy unfairly restrained trade by preventing athletes from knowing their true market value during the recruitment process. According to the plaintiffs, this restriction denied athletes access to critical information that could impact their decision-making, effectively limiting competition in the NIL market for Division I athletes. The argument centered on the notion that athletes should be allowed to negotiate with NIL collectives before committing to a school, enabling them to make informed decisions about where they could maximize their NIL earnings potential.

On the other hand, the NCAA's defense was rooted in its long-standing commitment to preserving the amateur status of collegiate sports. The organization argued that allowing NIL negotiations during recruitment would blur the lines between collegiate and professional athletics, potentially leading to a pay-for-play system. The NCAA asserted that the restrictions were necessary to maintain competitive balance in college sports, ensuring that financial incentives did not overshadow the educational and athletic missions of its member institutions. According to the NCAA, the existing rules protected athletes from entering into agreements that might exploit their lack of experience or understanding of long-term financial implications.

C. COURT'S FINDINGS

In its ruling, the court found that the plaintiffs had a strong likelihood of success on the merits of their claim. Judge Corker concluded that the NCAA's NIL recruiting restrictions were likely anticompetitive because they suppressed the ability of athletes to discover their true NIL market value during the recruitment process. By preventing discussions of NIL deals between athletes and collectives until after athletes had committed to a school, the NCAA was effectively restraining competition in the market for NIL services. The court drew parallels to other cases involving the Sherman Antitrust Act, noting that the NCAA's rules limited price discovery in the same way that restrictions on salary negotiations would in other industries. The suppression of price discovery through these rules, the court concluded, constituted an unreasonable restraint on trade, violating antitrust laws.

Additionally, the court found that the athletes would suffer irreparable harm if the injunction was not granted. Recruitment and transfer periods are short and time-sensitive, and without the ability to negotiate NIL deals during these critical windows, athletes would lose significant negotiating leverage. The court reasoned that this loss of leverage was irreparable because it could not be restored after the recruitment period had ended. Once athletes commit to a school, they lose the bargaining power that comes with being

uncommitted, meaning any suppression of their ability to negotiate during recruitment would have long-term effects on their NIL earnings potential. Furthermore, the court rejected the NCAA's argument that preserving amateurism justified these restrictions, stating that the prohibition on NIL negotiations was not necessary to maintain the distinction between collegiate and professional sports.

The court also addressed the public interest, finding that the injunction would benefit the public by fostering a more competitive and transparent NIL market. By allowing athletes to negotiate NIL deals during recruitment, the market would become more efficient, providing athletes with better opportunities to capitalize on their NIL rights. The court emphasized that promoting competition in the NIL marketplace was in line with public interest goals, particularly in ensuring fair compensation for athletes within the bounds of collegiate sports.

D. KEY PROVISIONS OF THE PRELIMINARY INJUNCTION

The preliminary injunction issued by Judge Corker included several key provisions that immediately impacted the NCAA's ability to enforce its NIL recruiting ban. First, the NCAA is temporarily prohibited from enforcing any rules that prevent athletes from negotiating NIL deals with boosters or collectives during

recruitment. This includes both high school athletes considering their first college commitment and athletes in the transfer portal. The ruling allows NIL negotiations to occur freely during these periods, giving athletes the ability to explore their NIL value before making decisions about their academic and athletic futures.

Another significant provision of the injunction is that athletes in the transfer portal are now explicitly allowed to negotiate NIL deals with schools or collectives tied to the schools they are considering. This change has broad implications for athlete mobility, as transfer athletes can now fully explore the NIL opportunities available to them before committing to a new institution. The ruling effectively removes the fear of NCAA sanctions for athletes or collectives engaging in NIL discussions during the recruitment or transfer processes, fundamentally shifting the power dynamics between athletes, schools, and boosters.

Although the ruling was issued in Tennessee, the scope of the injunction applies nationwide. Because the NCAA governs college athletics across the entire country, the court's decision has national implications, meaning that all NCAA-regulated schools are subject to this ruling, regardless of their location.

E. BROADER IMPLICATIONS

The February 2024 ruling is poised to significantly transform the NIL market during recruitment. With athletes now free to negotiate NIL deals before committing to a school, the recruitment process is likely to become more competitive, as athletes gain greater leverage in their negotiations. Schools with active and well-funded NIL collectives may be able to offer more attractive deals to prospective athletes, potentially creating a more robust market for athlete services. Athletes, in turn, will have more information and negotiating power, allowing them to make decisions that align both with their athletic careers and their financial interests.

However, the ruling also raises concerns about the growing disparities between programs. Wealthier schools, particularly those with well-organized booster networks, may be able to out-compete smaller, less well-funded programs in recruiting top athletes. The ability to offer substantial NIL deals could further widen the gap between elite programs and those with fewer resources, potentially undermining competitive balance in college sports. This dynamic may lead to increased concentration of talent at a few top schools, further exacerbating the existing inequalities within collegiate athletics.

Additionally, there are concerns about the potential for pay-for-play scenarios to develop under the new system. While the NCAA's rules

still prohibit direct payments to athletes for athletic performance, the ruling allows NIL deals to be negotiated during recruitment, which could blur the line between legitimate NIL opportunities and financial inducements to commit to a specific school. This ambiguity may lead to further litigation or necessitate future adjustments to NCAA regulations to prevent abuse of NIL negotiations as a tool for recruiting top athletes.

F. SUMMARY AND IMPLICATIONS

The preliminary injunction in *Tennessee and Virginia v. NCAA* marks a significant turning point in the governance of NIL negotiations within college athletics. By lifting the restrictions on NIL discussions during recruitment and transfer processes, the court has empowered athletes with greater autonomy and bargaining power. Athletes now have the ability to negotiate NIL deals before making critical decisions about their academic and athletic futures, a shift that could lead to more competitive and transparent markets. However, this newfound freedom also raises concerns about competitive disparities and the potential misuse of NIL deals as recruitment inducements, which could lead to further legal and regulatory challenges.

While the ruling is temporary, its implications for the future of NIL governance are profound. It highlights the increasing complexity of

balancing the commercial aspects of college sports with the principles of amateurism. Moving forward, stakeholders will need to address these challenges to ensure that the evolving NIL system benefits athletes equitably while maintaining the integrity and competitive balance of collegiate athletics. As the legal landscape continues to shift, the preliminary injunction in *Tennessee and Virginia v. NCAA* may serve as a foundation for more permanent changes in how NIL rights are integrated into college sports.

III. *U.S. v. NCAA* FINAL JUDGMENT ON TRANSFER ELIGIBILITY AND ANTITRUST VIOLATIONS

The case *U.S. and Plaintiff States v. NCAA* marks another pivotal chapter in the ongoing legal challenges against the NCAA governance. In this lawsuit, the United States and several states argued that the NCAA's Transfer Eligibility Rule violated Section 1 of the Sherman Antitrust Act by imposing unreasonable restrictions on athlete mobility. The plaintiffs claimed that the rule unfairly limited competition in the market for student-athlete services by preventing athletes from transferring freely between NCAA Division I institutions without sitting out a year. The case culminated in a significant decision when Judge John Preston Bailey of the Northern District of West Virginia issued a Final Judgment and Permanent Injunction in August 2024, abolishing the

Transfer Eligibility Rule and prohibiting the NCAA from enforcing the Rule of Restitution. This ruling represents a major shift in college athletics, enhancing athlete mobility and further questioning the NCAA's regulatory authority.

A. THE NCAA'S TRANSFER ELIGIBILITY RULE

The Transfer Eligibility Rule (Bylaw 14.5.5.1) had long been a central component of the NCAA's efforts to maintain competitive balance in collegiate athletics. Under this rule, athletes transferring between Division I institutions were required to sit out for one academic year before they could compete for their new school unless they received a waiver. The NCAA contended that this rule was necessary to prevent athletes from frequently switching schools in pursuit of short-term gains and to protect both academic integrity and competitive fairness. However, this regulation came under fire as athletes increasingly voiced concerns that it limited their freedom to transfer and seek better opportunities, particularly in the growing NIL market.

The plaintiffs in this case, including the United States and multiple states, argued that the Transfer Eligibility Rule was anticompetitive and violated the Sherman Act. They claimed the rule unreasonably restrained athlete mobility and restricted competition for student-athlete services by forcing athletes to remain at their original

institutions unless they were willing to lose a year of eligibility. This artificial limitation, they argued, reduced the market's efficiency and deprived athletes of opportunities to fully realize their NIL potential during recruitment and transfers.

B. COURT'S RULINGS

Abolition of the Transfer Eligibility Rule

In its final ruling, the court found that the NCAA's Transfer Eligibility Rule violated Section 1 of the Sherman Act by suppressing athlete movement and limiting competition in the market for student-athlete services. Judge Bailey concluded that the rule was an unreasonable restraint of trade, as it restricted athletes' ability to freely compete in the marketplace and prevented them from maximizing their opportunities. The court noted that the rule failed to yield sufficient procompetitive benefits to justify its existence, particularly in light of the growing importance of NIL rights and the changing dynamics of college sports. As a result, the judgment permanently enjoined the NCAA from enforcing the Transfer Eligibility Rule, allowing athletes to transfer between Division I institutions without the penalty of sitting out for a year.

Rule of Restitution

The court also addressed the NCAA's Rule of Restitution (Bylaw 12.11.4.2), which allowed the NCAA to penalize athletes and their

schools even if they complied with a court injunction, should the injunction later be reversed. This rule was found to be similarly anticompetitive, as it discouraged athletes and schools from seeking legal remedies to challenge the NCAA's rules. The Final Judgment prohibits the NCAA from enforcing this rule, ensuring that athletes and institutions can rely on court rulings without fear of future penalties should the NCAA's appeals succeed.

C. BROADER IMPLICATIONS OF THE RULING

Increased Athlete Mobility

With the abolition of the sit-out requirement, the ruling dramatically enhances athlete mobility within Division I sports. Athletes can now transfer freely between schools without sacrificing a year of eligibility, mirroring trends in professional sports where player movement is often encouraged through free agency. This change is expected to create a more dynamic and competitive environment within college athletics, as athletes will have greater freedom to pursue opportunities at institutions that offer the best combination of academic, athletic, and financial support through NIL deals.

Impact on NIL Agreements

The increased freedom to transfer without penalty will also have significant implications for NIL agreements. Athletes will now have more flexibility to pursue lucrative NIL deals in different markets,

potentially moving from one school to another to capitalize on better opportunities. This development could complicate the NCAA's efforts to regulate NIL recruitment inducements, as athletes may seek to transfer to schools with more attractive NIL packages. Additionally, this increased mobility could lead to disputes over existing NIL agreements tied to specific institutions, as athletes may leave for better opportunities at other schools, raising questions about the enforceability of NIL deals upon transfer.

Restoration of Eligibility

As part of the Final Judgment, the court also mandated that athletes deemed ineligible under the Transfer Eligibility Rule since the 2019-2020 academic year be granted an additional year of eligibility. This provision restores lost opportunities for those athletes who were unable to compete due to the transfer rule and provides them with a chance to complete their collegiate careers without the penalty imposed by the now-abolished regulation.

D. ANTITRUST IMPLICATIONS FOR THE NCAA

The court's decision in *U.S. v. NCAA* adds to the mounting antitrust scrutiny facing the NCAA and its policies. By striking down the Transfer Eligibility Rule, the ruling aligns with previous landmark cases, such as *Alston v. NCAA* (2021), where the courts have

increasingly viewed the NCAA's regulatory framework as anticompetitive. The ruling highlights the erosion of the NCAA's authority over athlete compensation and mobility, raising further questions about the future of amateurism in college sports. As courts continue to dismantle rules that restrict athlete movement and compensation, the NCAA will face growing pressure to reform its governance structure or risk losing its central role in overseeing collegiate athletics.

E. CONGRESSIONAL INTERVENTION AND THE FUTURE OF NCAA GOVERNANCE

The NCAA has long argued that without federal legislation, the organization will face an unmanageable patchwork of state laws and antitrust lawsuits that threaten its financial viability and ability to govern effectively. The ruling in *U.S. v. NCAA* amplifies the urgency of these concerns. The Final Judgment places renewed emphasis on the NCAA's calls for Congress to establish a federal NIL framework that would unify regulations across states and provide the NCAA with protections from antitrust litigation. If the NCAA is unable to secure such legislation, it may face increased legal vulnerability and potentially lose its position as the primary regulatory body for college athletics.

F. KEY OUTCOMES AND IMPACTS

The August 2024 Final Judgment in *U.S. v. NCAA* has fundamentally reshaped the landscape of college sports by eliminating the Transfer Eligibility Rule and enhancing athlete mobility. By allowing athletes to transfer freely between Division I institutions without penalty, the ruling has returned significant power to student-athletes, enabling them to better navigate both their athletic careers and NIL opportunities. However, this shift also further undermines the NCAA's authority, as its traditional rules governing athlete movement and eligibility continue to fall under legal scrutiny. As courts continue to strike down these regulations, the future of the NCAA's role in college athletics remains uncertain, with congressional intervention increasingly seen as the only potential solution to preserve some form of centralized governance.

IV. RECRUITMENT WITHOUT THE NATIONAL LETTER OF INTENT (NLI): LEGAL IMPLICATIONS AND ATHLETE MOBILITY

The NCAA's decision to eliminate the National Letter of Intent marks another critical shift in the landscape of college sports. Since its inception in 1964, the NLI served as a binding agreement between student-athletes and their chosen schools, requiring

athletes to commit to attending the institution for one academic year. However, the NCAA Division I Council's decision to eliminate the NLI reflects broader changes in recruitment practices, allowing more flexibility for athletes and further transforming the relationship between schools and athletes in light of new NIL opportunities. Going forward, athletes will sign financial aid and scholarship agreements rather than the binding NLI contract, which may lead to greater athlete mobility and legal ramifications surrounding recruitment and NIL negotiations.¹

A. LEGAL IMPACT OF NLI REMOVAL

The removal of the NLI significantly alters the legal landscape of athlete recruitment, particularly with respect to contractual obligations and flexibility. Previously, athletes who signed the NLI were bound to their chosen school for at least one year, limiting their ability to transfer without penalty. With the NLI gone, athletes will now sign less restrictive financial aid and scholarship agreements, which give them more freedom to transfer schools without facing

¹ See Pete Nakos, *NCAA Eliminating National Letter of Intent*, On3 (Oct. 9, 2024) <https://www.on3.com/news/ncaa-announces-elimination-national-letter-of-intent-nli/>.

the penalties that were traditionally associated with breaking the NLI. This increased flexibility could lead to greater fluidity in college sports recruitment, as athletes can now change schools with fewer restrictions.

One of the most notable legal changes involves the expanded use of the transfer portal. With the removal of the NLI, athletes may take advantage of the transfer portal without having to sit out for a semester, which was previously a penalty for switching schools under the NLI system. This newfound mobility could have significant implications for both recruitment and scholarship retention, as schools will need to account for the possibility of athletes transferring more frequently. Additionally, NIL deals tied to specific schools may become more complex as athletes exercise their increased freedom to switch institutions.²

B. IMPACT ON NIL AGREEMENTS

The elimination of the NLI also impacts how athletes negotiate NIL deals, giving them increased bargaining power. Without being bound by the NLI to one institution, athletes now have greater leverage in NIL negotiations, as they can more easily transfer to

² *Id.*

schools or programs offering more lucrative NIL opportunities. This flexibility places athletes in a stronger position when dealing with schools, boosters, and collective organizations, as the possibility of transferring adds an additional layer of competition for their services. Schools may feel pressured to offer better NIL deals to retain top talent, further transforming the college sports recruitment landscape.³

However, the increased mobility brought about by the removal of the NLI also introduces new legal challenges for athletes engaged in NIL deals. For example, if an athlete signs an NIL agreement with a booster collective tied to one school, transferring to another school could result in legal disputes over whether the athlete must continue fulfilling their obligations to the original collective. These disputes may center around contract terms, such as non-compete clauses or exclusivity provisions, which could restrict an athlete's ability to sign new NIL deals after transferring. These complications could create legal risks for athletes who are not fully aware of the long-

³ *Id.*

term consequences of transferring for a more lucrative NIL opportunity.⁴

C. POTENTIAL FOR EXPLOITATION

With the elimination of the NLI, there is also a heightened risk of athletes being exploited through the recruitment process and NIL negotiations. The increased freedom to transfer schools and pursue more attractive NIL deals could lead to situations where athletes are lured by short-term financial gains without fully understanding the legal implications of their contracts. For instance, athletes may be drawn to lucrative NIL offers at a new school but fail to recognize the restrictive terms of their original NIL deal, such as non-compete clauses, that could limit their future earning potential. This could leave athletes in precarious legal situations, especially if they are enticed into making decisions that are not in their long-term best interest.

Additionally, the absence of the NLI could lead to recruitment practices that prioritize NIL deals over the athlete's academic and athletic development. Without the binding commitment of the NLI, schools and boosters may focus more on offering competitive NIL

⁴ *Id.*

packages to attract talent, potentially sidelining the athlete's overall educational and career goals. This shift raises ethical concerns about whether the elimination of the NLI will lead to a more exploitative recruitment environment, particularly for young athletes who may not fully understand the long-term consequences of their decisions.⁵

D. FINAL OBSERVATIONS

The elimination of the National Letter of Intent by the NCAA marks a pivotal change in college sports recruitment. By removing the binding commitment of the NLI, athletes now have greater freedom to transfer schools and negotiate more favorable NIL deals. However, this increased mobility introduces legal complexities surrounding scholarship agreements, NIL contracts, and potential exploitation risks. As athletes gain more flexibility in their college sports careers, schools and legal advisors must remain vigilant in protecting them from exploitative practices and ensuring that they fully understand the legal and financial implications of their decisions. Comprehensive reforms and legal protections will be

⁵ *Id.*

necessary to ensure that athletes can take full advantage of these changes while safeguarding their long-term interests.⁶

V. NIL FINANCING MODELS: LEGAL RISKS AND ATHLETE EXPLOITATION

As the NIL era transforms college sports, athletes now have the ability to earn money based on their personal brand. However, NIL financing models—where companies offer upfront cash in exchange for a portion of an athlete’s future NIL earnings—have raised serious legal and ethical concerns. One example is Nilly, a company co-founded by former NBA player Kendrick Perkins. Nilly offers cash advances to athletes in return for exclusive rights to their NIL for up to seven years. This type of arrangement has prompted consumer finance experts to question whether these deals exploit athletes, especially those who may be financially vulnerable. Some experts have even likened these deals to high-interest loans, raising red flags about the potential long-term harm they could cause.⁷

⁶ *Id.*

⁷ See Dan Murphy, *New NIL Company Raises Red Flags for Consumer Finance Experts*, ESPN (Oct. 8, 2024), <https://www.espn.com/college->

A. THE STRUCTURE OF NIL FINANCING DEALS

NIL financing deals are structured to provide athletes with immediate cash, sometimes ranging from \$25,000 to several hundred thousand dollars. In exchange, companies like Nilly secure a percentage of the athlete's future NIL earnings, often between 10% and 50%, for a period of up to seven years. On the surface, these deals seem to offer financial relief to athletes who need it the most, but there are significant downsides. Locking athletes into long contracts severely limits their ability to negotiate better deals as their careers progress, effectively trapping them in a long-term commitment that could cost them far more than they gain upfront.⁸ From a legal standpoint, many experts argue that these arrangements resemble high-interest loans. For example, if an athlete's earnings increase dramatically during the contract, they may end up paying the company back several times more than the amount they initially received. This creates a situation where the deal disproportionately benefits the company, leaving athletes at a

[sports/story/_/id/41664466/nilly-nil-company-college-athletes-kendrick-perkins-consumer-protection-experts](https://www.consumerprotection.com/story/_/id/41664466/nilly-nil-company-college-athletes-kendrick-perkins-consumer-protection-experts).

⁸ *Id.*

disadvantage. Some have raised concerns that these deals could fall under lending laws like the Truth in Lending Act (TILA), which requires clear disclosure of loan terms and interest rates. Although Nilly claims these are not loans but licensing agreements, the similarities are hard to ignore, and legal challenges could arise if these contracts are deemed predatory or in violation of lending regulations.⁹

B. EXPLOITATION OF YOUNG ATHLETES

One of the most troubling aspects of NIL financing deals is their potential to exploit young, financially vulnerable athletes. Many athletes come from low-income backgrounds and face immediate financial pressures. In some cases, they may be supporting their families or covering basic living expenses, which makes the offer of upfront cash incredibly appealing. Kendrick Perkins, co-founder of Nilly, has openly acknowledged that these deals target athletes in financial need, framing them as a solution to reduce financial stress. However, this raises ethical concerns about whether these companies are preying on desperate athletes who may not fully

⁹ *Id.*

understand the long-term implications of signing away a significant portion of their future earnings.¹⁰

Another issue is the lack of financial literacy among many young athletes. These athletes often do not have the education or resources to properly evaluate complex financial contracts, which puts them at even greater risk of being exploited. Financial experts have compared these NIL deals to payday loans, where individuals are enticed by immediate cash but end up trapped in agreements that cost them far more in the long run. Without proper guidance or education, athletes may unknowingly enter into deals that severely limit their financial potential down the road.¹¹

C. REGULATORY GAPS AND THE NEED FOR REFORM

Currently, there are few regulations governing NIL financing models, either from the NCAA or at the state level. While NIL deals themselves are permitted, there are no specific rules in place to protect athletes from the risks posed by upfront payments tied to future earnings. This regulatory gap leaves athletes vulnerable to

¹⁰ *Id.*

¹¹ *Id.*

exploitation, with little oversight to ensure that these deals are fair and transparent.¹²

Reforms are needed to address these issues. One key proposal is to implement transparency requirements, similar to those found in financial loan agreements, to ensure that athletes fully understand the terms of their contracts. This would include clear disclosures on how much of their future earnings they are giving up and what the long-term costs of the deal could be. Another recommendation is to limit the length of NIL contracts, capping them at one or two years to give athletes more flexibility as their careers evolve. Additionally, providing athletes with financial education or requiring them to consult with a certified financial advisor before entering into NIL deals would go a long way in helping them make informed decisions.¹³

D. SUMMARY OF RISKS AND RECOMMENDATIONS

While NIL financing models like those offered by Nilly provide immediate financial relief, they come with significant risks that can ultimately harm athletes in the long run. The legal and ethical

¹² *Id.*

¹³ *Id.*

concerns surrounding these deals, particularly their resemblance to high-interest loans and the potential for exploitation of vulnerable athletes, highlight the need for stricter regulations. Without proper safeguards in place, athletes may find themselves locked into long-term contracts that severely limit their financial potential. Reforms focused on transparency, contract limitations, and financial education are essential to protect athletes from these predatory practices and ensure that they can benefit fully from their NIL opportunities.¹⁴

VI. THE NCAA SETTLEMENT

The House v. NCAA settlement, approved in 2024, marks a pivotal moment in the history of college athletics, fundamentally altering the financial landscape by allowing athletes to receive a share of the revenue generated by their schools. The \$2.8 billion settlement mandates that schools begin sharing revenue with players as early as the 2025–26 academic year, thereby challenging the traditional amateurism model that has defined collegiate sports for decades. While the primary focus of the settlement is financial compensation,

¹⁴ *Id.*

it also indirectly influences several other aspects of NCAA governance, including scholarship limits and roster management.

A. REVENUE SHARING AND THE REDEFINITION OF
AMATEURISM

The core of the House settlement lies in its establishment of a revenue-sharing model, which represents a significant departure from the NCAA's historical stance on amateurism. Starting in the 2025–26 academic year, schools, particularly those in Power Five conferences, will be required to allocate a portion of their athletic revenue to athletes. This revenue distribution could reach \$22 million per year per school, and the amount is expected to grow as schools generate more revenue from high-profile sports like football and basketball.

This revenue-sharing model allows athletes to receive compensation directly from their institutions for their participation in athletics, moving closer to a professionalized system where athletes are paid for their services. For athletes in revenue-generating sports, this represents a substantial new source of income, supplementing any existing NIL deals they might already have. This financial compensation is designed to give athletes a more equitable share of the revenue pie, acknowledging the significant economic contributions they make to their schools.

From a legal standpoint, this shift challenges the NCAA's previous reliance on amateurism as a defense against antitrust claims. The introduction of direct payments to athletes could invite further scrutiny regarding the status of college athletes, potentially leading to debates about whether they should be classified as employees, which would entitle them to additional labor rights and benefits.

B. TITLE IX COMPLIANCE AND COMPETITIVE BALANCE

The settlement's introduction of revenue sharing raises important questions regarding Title IX compliance. Schools must ensure that male and female athletes receive equitable compensation, despite the fact that most revenue is generated by men's sports like football and basketball. This could lead to legal challenges if schools fail to distribute funds in a way that complies with Title IX, the federal law mandating gender equity in education programs, including athletics. Schools will need to carefully balance revenue distribution to ensure that female athletes receive fair treatment, even in sports that do not generate the same level of revenue as their male counterparts. Furthermore, the revenue-sharing model could widen the gap between wealthier programs and mid-major schools. Power Five schools, with their larger financial resources, will likely have an easier time complying with the settlement's financial obligations while continuing to attract top talent through superior compensation

packages. Mid-major schools, which generate significantly less revenue, will face a greater challenge in keeping up, potentially exacerbating existing competitive imbalances in college athletics.

C. INDIRECT IMPACT ON COLLEGE BASEBALL:

SCHOLARSHIPS AND ROSTER LIMITS

While the House settlement is primarily focused on revenue sharing, it has indirect implications for college baseball, particularly regarding scholarship limits and roster sizes. Starting in the 2025–26 academic year, Division I baseball programs will see the elimination of the long-standing 11.7 scholarship limit, allowing schools to offer up to 34 full scholarships—an expansion that was triggered as part of broader NCAA reforms following the House case.

This change in scholarship policy has significant implications for college baseball. For decades, baseball programs have operated under the 11.7 limit, forcing coaches to divide scholarships among a larger number of players. With the expansion to 34 full scholarships, larger programs—particularly those in Power Five conferences—will have the financial capacity to fully fund their rosters, making it easier to attract top talent.

However, this scholarship expansion presents a major challenge for mid-major programs. Schools that struggle to fully fund 11.7

scholarships may find it nearly impossible to fund 34 scholarships, especially when Title IX requires proportional increases in scholarships for women's sports. Many mid-major programs will have to rely heavily on fundraising to cover the costs of additional scholarships, which could further separate them from the larger, wealthier schools.

For athletes and their representatives, the increase in available scholarships will create new opportunities but will also intensify the competition for roster spots. Schools with larger budgets will be able to offer full scholarships to more athletes, while mid-majors may have to spread their scholarships thinly across multiple players or offer NIL deals to supplement partial scholarships. This change could lead to a consolidation of talent at wealthier programs, making it harder for mid-major schools to compete at the highest levels.

D. THE ROLE OF NIL AGREEMENTS AND SUPPLEMENTAL COMPENSATION

While the House settlement focuses on direct revenue sharing, it also reinforces the importance of NIL agreements as a critical source of supplemental compensation for athletes. NIL deals, which allow athletes to earn money from sponsorships, endorsements, and other commercial opportunities, remain a key component of the

overall financial package available to student-athletes. The settlement does not restrict NIL agreements, meaning that athletes can continue to pursue these deals independently of the revenue-sharing structure.

For athletes in non-revenue sports, such as baseball, NIL deals will likely play an even more important role in supplementing scholarship income. With roster spots and scholarships becoming more competitive, athletes may need to rely on third-party NIL agreements to cover the costs of attendance that are not covered by scholarship offers. This is especially true for mid-major programs, which may not be able to offer the same level of financial support as Power Five schools.

E. PRACTICAL IMPLICATIONS FOR ATHLETIC PROGRAMS AND AGENTS

The *House v. NCAA* settlement introduces significant changes that will affect athletic programs across all sports, as well as the agents and representatives working with athletes. For schools, the settlement requires a careful balancing act between meeting the financial obligations of revenue sharing, complying with Title IX, and managing scholarship budgets. The increased availability of scholarships in sports like baseball will create new recruitment

dynamics, with larger programs gaining an edge in attracting top talent.

For sports agents, understanding the nuances of the revenue-sharing model and how it interacts with NIL agreements and scholarship offers will be critical in advising clients. Agents representing athletes at mid-major programs will need to be strategic in helping their clients maximize both their scholarship offers and their earning potential through NIL opportunities.

F. CONCLUDING INSIGHTS

The *House v. NCAA* settlement represents a fundamental shift in how college athletes are compensated, establishing a revenue-sharing model that challenges the NCAA's traditional stance on amateurism. While the settlement's primary focus is on financial compensation for athletes, it has broader implications for scholarship policies, competitive balance, and Title IX compliance. In sports like baseball, where the settlement indirectly influences scholarship expansion and roster limits, agents and athletes must navigate a more competitive landscape. As these changes take effect in the 2025–26 academic year, schools and representatives will need to carefully balance the financial, legal, and practical implications to ensure athletes can capitalize on the opportunities this new era of college sports provides.

VII. CONCLUSION

The five memos collectively illustrate the rapidly shifting landscape of college athletics, where legal rulings, NIL regulations, and financial models are converging to redefine the role and rights of student-athletes. The rulings in *House v. NCAA* and *Tennessee and Virginia v. NCAA* have dramatically weakened the NCAA's control over athlete compensation and mobility, setting the stage for broader reforms that challenge the traditional model of amateurism. These rulings, combined with the elimination of the National Letter of Intent and the rise of NIL financing models, create a complex and interconnected legal framework that reshapes how athletes, schools, and agents navigate the collegiate sports ecosystem.

At the heart of these developments is the empowerment of athletes, who now have greater freedom to transfer schools and negotiate NIL deals without the constraints of previous NCAA regulations. The preliminary injunction in *Tennessee and Virginia v. NCAA* opened the door for athletes to engage in NIL negotiations during recruitment and transfer processes, while the elimination of the NLI removed a long-standing barrier to athlete mobility. Together, these changes enhance athlete leverage, allowing them to maximize their earning potential through NIL opportunities while choosing schools that best meet their athletic and financial goals.

The *House v. NCAA* settlement further expands athlete compensation by introducing a revenue-sharing model that provides direct payments to athletes from their schools. This shift, which begins in the 2025–26 academic year, represents a monumental departure from the NCAA’s historical stance on amateurism. However, it also interacts with the emerging NIL financing models that offer upfront cash in exchange for future earnings, creating potential legal and financial challenges for athletes who may be locked into long-term contracts. As revenue-sharing becomes a reality, athletes and their representatives must carefully navigate the evolving compensation landscape to ensure that their long-term financial interests are protected.

Additionally, the expansion of scholarships and roster limits, particularly in college baseball, highlights the widening gap between wealthier Power Five programs and mid-major schools. The ability to offer more scholarships disproportionately benefits wealthier programs, making it more difficult for smaller schools to compete for top talent. The overlap of these changes with the revenue-sharing model and NIL opportunities further complicates the competitive balance in college athletics, creating a tiered system that favors financially powerful institutions.

Overall, these developments underscore the increasing complexity of the collegiate sports environment. The legal and financial

reforms brought about by court rulings and settlements empower athletes but also introduce new risks and challenges. As the NCAA's regulatory framework continues to evolve, there is a pressing need for increased financial education, transparency, and legal protections to ensure that athletes can fully capitalize on these opportunities while avoiding the pitfalls of exploitative agreements. Moving forward, the future of college athletics will be shaped by the balance between athlete rights, institutional governance, and the continued pursuit of fairness and equity in this rapidly changing landscape.