

FOR CLIENTS AND FRIENDS OF **PRIME 1 SPORTS**

UPDATE ON THE PROPOSED SETTLEMENT IN THE HOUSE V. NCAA CASE

- NCAA and member schools pay \$2.8 billion, starting Fall 2025, over the next 10 years to athletes to compensate for revenue they would have received as a result of losing NIL, endorsements and a share of broadcast revenue.
- Power Five pay \$664 million; non-Power Five pay \$1 billion and NCCA pays the rest.
- NCAA will allow schools to spend \$20 - 22 million annually on student - athletes. Schools decide how to allocate the funds. This compensation is in addition to scholarships, and endorsements the athletes may obtain individually.
- Schools decide on which sport to spend the money. Most (95%) likely to football and men's and women's basketball. That leaves 5% to be distributed to all other sports.
- Schools pay student athletes directly for NIL. Those payments count against the \$22 million cap. Players can sign NIL deals with third parties, and those deals would not count against the cap.

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- Scholarships capped by sport, e.g., football gets 105 scholarships maximum, wrestling gets 30.
- Athletes can opt out of the settlement and sue as individuals. Some likely will.

Many antitrust lawyers believe:

-that this settlement violates the antitrust laws as a result of the agreement on the \$22 million cap. Thus, the NCAA will get sued over and over again. A legislative exemption would be required to protect the NCAA, and the NCAA plainly expects that to happen, but who knows?

-the only sure way for the NCAA to avoid future antitrust liability is collective bargaining. That would allow the NCAA to take advantage of the existing labor exception from the antitrust laws and no further legislation would be required.

-Judge Wilken needs to approve the settlement. Most expect she will, but that view may be too optimistic.