

FTC LAUNCHES PROBE INTO COLLEGE ATHLETE AGENTS AS TRANSFER PORTAL CHAOS GROWS – WHAT SCHOOLS SHOULD DO NOW

Insights

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Last week, the Federal Trade Commission (FTC) announced that it is launching an inquiry into the agents of college athletes, aiming to kick off a consumer-protection crackdown to prevent student-athlete exploitation during the increasingly unregulated transfer portal process. The inquiry announced on January 12 does not focus on NCAA eligibility or recruiting violations, but instead zeroes in on whether athlete agents are complying with federal disclosure and fairness requirements, among other things. This insight will break down what prompted the probe, what the FTC is asking schools to produce, and explain what your school should be doing even if you haven't received an inquiry.

Background

The representation of college athletes has been a contentious issue over the last several years for a variety of reasons. One major concern has been the low barrier to entry for those seeking to represent college athletes. Common criticisms include:

- Agents taking disproportionately high commissions
- A lack of requirements or enforcement mechanisms for those representing student-athletes

Currently, anyone can wake up one day – whether it's a student-athlete's friend, roommate, or family member – and become an agent simply by changing their Instagram bio. This stands in stark contrast to professional leagues, which maintain strict requirements for agent certification. These

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include passing exams, paying fees, undergoing background checks, and meeting minimum educational credentials.

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Why Is This Important Now?

During the most recent football transfer window, more than 10,500 student-athletes entered the portal. The process now functions as a form of free agency, with minimal rules, few restrictions, and even less enforcement.

Agents often wield significant influence, sometimes engaging in “ghost negotiations” with other programs to inflate bids for their athlete. In some cases, agents accept payments to conceal information about competing offers or persuade student-athletes to enter the portal with promises of more lucrative opportunities that ultimately don’t exist.

But many of the student-athletes will not find a new team and might not be welcomed back to their previous programs, effectively ending their collegiate career.

For schools, the fallout extends beyond individual athletes. Sudden portal exits can disrupt roster planning, scholarship allocations, recruiting strategy, and donor and alumni expectations, while also increasing the risk that institutions are drawn into disputes involving agent misconduct they did not initiate but may be asked to explain.

For those misled into believing that better opportunities awaited elsewhere, this federal inquiry is a critical step toward identifying and removing bad actors who exploit the system for personal gain under the guise of representing their client’s best interests.

The FTC Inquiry: What is Being Asked?

As part of the inquiry, the FTC sent letters to 20 randomly selected Division I schools, without disclosing their identities, to ask about the agents of their student-athletes. The letters center on the 2004 Sports Agent Responsibility and Trust Act (SPARTA). This federal law prohibits sports agents from engaging in unfair or deceptive practices when recruiting or signing student-athletes to agency contracts, including providing false information, making false representations, or providing anything of value to the student-athlete or anyone associated with the athlete before signing a contract.

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- In these letters, the federal agency is asking whether athletes' agents are complying with SPARTA's disclosure requirements. Sports agents recruiting student-athletes must provide athletes (or their parents, if the athletes are under 18 years old) with a disclosure document containing a warning about the potential loss of NCAA eligibility following the signing of the document.
- Additionally, the agency is asking schools whether they have received complaints or concerns regarding an agent's relationship with any student-athlete.

Why is the FTC Directing Letters to Schools?

The FTC has announced that the schools themselves are not the focus of the investigation. Rather, each school was selected based on its successful sports programs. The FTC is turning to schools to launch this inquiry because they are often the only entities with consistent visibility into agent disclosures, complaints, and patterns of conduct. This makes institutional responses a key input into whether the agency pursues enforcement actions, issues industry guidance, or seeks broader reforms in the college athletics representation market.

The agency has also directed college athletes and their families who have concerns to submit those directly to the FTC. Schools have been asked to respond by March 23, 2026.

What Your School Should Do

Even though the FTC has emphasized that schools are not targets of this inquiry, that does not mean institutions can afford a passive approach. Whether your school has been contacted or not, here are steps you should take to prepare:

1. Audit and shore up internal compliance protocols around athlete-agent interactions

Even if your school didn't receive an FTC letter, you should inventory and standardize policies and documentation relating to agents' compliance with SPARTA. Confirm that all required agent disclosures and notifications are being tracked and retained, and ensure your athletic compliance office understands the 72-hour notification rules and has documented processes for escalating and reporting issues.

Finally, make sure to identify and log any complaints or problematic conduct by agents.

2. Educate coaches, compliance staff, student-athletes, and families about agent law obligations

Missteps often stem from lack of awareness. Schools can partner with compliance, athletics, and legal counsel to provide clear guidance on SPARTA requirements: when a disclosure must be made, what constitutes prohibited conduct (misleading statements or improper inducements), and how to report concerns internally. This reduces institutional risk and supports student-athlete protection – which is the FTC’s stated policy goal.

3. Anticipate potential liability exposure under SPARTA’s private right of action

Unlike some federal statutes, SPARTA explicitly creates a cause of action for institutions harmed by agent violations, separate from FTC enforcement. That means institutional counsel should assess whether potential agent misconduct documented in response materials could give rise to private claims, and whether the institution’s own claims, if actionable, should be preserved.

4. Coordinate regulatory responses with broader NIL and employment-law strategy

The FTC’s attention to agent conduct comes in the broader context of college athletics’ evolving labor, antitrust, and NIL landscape. Institutions should integrate SPARTA compliance with other legal frameworks (e.g., state agent laws like the *Uniform Athlete Agent Act* and emerging NIL policies) and anticipate scrutiny from regulators, plaintiffs’ lawyers, and state attorneys general. Cross-functional counsel (compliance, athletics, labor/employment) can help ensure consistent messaging and risk management across these fronts.

Conclusion

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