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University of Colorado Becomes First Major College Athletic Program to Allow Sportsbook Sponsorship

On September 8, 2020, the University of Colorado announced that its athletic program has entered into a corporate sponsorship agreement with PointsBet, an online sportsbook. This unprecedented arrangement may be a harbinger of things to come and likely will present some significant challenges for the NCAA as it continues to address the rapid growth of sports betting in the United States.

Attorneys
Christopher P. Conniff
Nicholas Macri

Under Colorado's five-year agreement with PointsBet, the sportsbook will display advertisements at the university's football stadium and basketball arena, make media buys during broadcasts of Colorado sporting events, and provide financial support for an athletic department program designed to prepare student-athletes for post-playing careers. The financial terms of the deal were not disclosed, but the university said it will provide "a financial boost for [Colorado] Athletics during a time when athletic department budgets nationwide are stressed by the COVID-19 pandemic."¹

In partnering with PointsBet, Colorado is following the lead of a growing number of professional sports teams that recently entered into sponsorship agreements with sports betting entities. In the past few months, PointsBet has signed partnership deals with MLB's Detroit Tigers, the NBA's Denver Nuggets, and the NHL's Colorado Avalanche. The Denver Broncos have recently announced partnerships with three sportsbooks, including BetMGM, which will launch the first in-stadium betting lounge in the NFL. The Chicago Cubs have announced plans to launch a sportsbook with DraftKings just outside Wrigley Field. The sportsbook William Hill has opened a betting lounge inside the box office of Capital One Arena in Washington, D.C., home of the NBA's Wizards and the NHL's Capitals. The rapid expansion of sports betting—which is currently legal in 18 states—and sportsbook partnerships with professional sports teams follows the United States Supreme Court's 2018 decision in *Murphy v. NCAA*, which struck down the federal prohibition on state-sponsored sports betting.

What makes Colorado's partnership with PointsBet unique is that it represents the first time a major college athletic program has collaborated with a sportsbook. (William Hill has advertised during UNLV and University of Nevada sporting events since 2017.) In fact, Colorado's arrangement could represent a potential turning point in the relationship between college athletics and legalized sports betting. To date, the NCAA has been steadfast in its opposition to the expansion of legalized sports betting. However, there are signs it may be softening its position. For instance, in announcing the PointsBet deal, Colorado Athletic Director Rick George said that the school consulted with the NCAA and the Pac-12 Conference before signing the agreement, and presumably neither stood in the way of the plan.

Sponsorship agreements with sportsbooks, while potentially lucrative, will present significant new challenges for college athletic programs. Specifically, these programs will need to adopt additional protocols to ensure student-athlete and staff compliance with NCAA sports betting rules.

Under NCAA rules, student-athletes and athletic department employees are prohibited from wagering on any sports (college or professional) or sharing information with individuals involved in or associated with sports wagering.² Student-athletes and athletic department employees will need to be frequently reminded of these prohibitions. This is especially true in Colorado's case, since PointsBet plans to launch a sports betting app for use in the state. With easy access to the sports betting app and PointsBet's presence in the university's athletic department, it is not hard to imagine student-athletes or athletic department employees being tempted to use the sportsbook's app or thinking it is acceptable to wager on professional or college sports. Not only is such betting prohibited under NCAA rules, it can also run afoul of state betting regulations that ban sports "insiders"—such as players, coaches, and athletic trainers—from wagering on sports in which they are involved (such as college football).³ The University of Colorado—and all other colleges in states where app-based betting is authorized—should, at a minimum, prohibit student-athletes and athletic department employees from downloading or utilizing such sports betting apps.

Another concern presented by Colorado's agreement with PointsBet is the risk that PointsBet could gain access to insider information regarding Colorado's teams or student-athletes. Through its close relationship with the athletic department, it is possible that PointsBet could obtain insider information—*e.g.*, information regarding athlete performance, injuries, or possible suspensions or eligibility issues—that it would then use to set lines and odds on Colorado sporting events, including football and basketball games. If the sportsbook had access to such insider information, the integrity of wagers on Colorado sporting events placed through PointsBet could be compromised. Colorado's athletic department should enact policies to minimize this risk by prohibiting athletic department employees from sharing such insider information with PointsBet and limiting PointsBet's access to internal athletic department information systems.

In sum, the University of Colorado's partnership with PointsBet has the potential to usher in a new relationship between major college sports and sports betting. But this relationship is not without risk. In order to be successful, college athletic departments in Colorado's position must establish clear protocols to ensure compliance with NCAA rules that prohibit student-athletes and athletic department employees from using the sportsbook's app or providing insider information to others who may use it to place bets. Athletic departments must also enact policies to prevent their sportsbook partners from obtaining athletic department information that could be used when establishing betting lines on university athletic events.

Ropes & Gray attorneys work closely with clients in a variety of industries, including college athletic programs, to ensure compliance with industry rules and regulations. For further information, please contact Sports Industry lead, [Christopher Conniff](#), or your usual Ropes & Gray contact.

1. <https://cubuffs.com/news/2020/9/8/general-cu-pointsbet-announce-corporate-partnership.aspx>.
2. <http://www.ncaa.org/enforcement/sports-wagering>.
3. Colo. Div. of Gaming Sports Betting Regs., 1 CCR 207-2, R. 6.11(1).