

From Locker Room to Sportsbook: Lessons for Colleges From the *Smith Point Shaving* Indictment

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A recent federal indictment in *United States v. Smith, et al.* alleged a multiyear point-shaving and illegal sports betting scheme involving dozens of current and former Division I men's basketball players from at least 17 National Collegiate Athletic Association (NCAA) programs across multiple conferences.

Players are alleged to have accepted bribes — often in the range of tens of thousands of dollars per game — to intentionally underperform, particularly in the first half of games, while co-conspirators placed large wagers on their teams' spreads at regulated sportsbooks. The indictment provides a detailed playbook of how fixers approach student-athletes, how they move money, and how they exploit institutional blind spots. Colleges whose teams are named in the indictment are already navigating the fallout, but many others should treat this as a warning shot.

Smaller athletic programs and those at mid-major conferences may be especially vulnerable. The indictment repeatedly emphasizes that the bribes would “meaningfully supplement or exceed” athletes' legitimate name, image, and likeness (NIL) opportunities. Players at programs with limited NIL support may be especially susceptible targets for fixers to approach about participating in these schemes. As a result, all schools, and particularly those in non-Power Five conferences, must have robust compliance programs and detailed plans for how to respond when these investigations arise.

Deploy an appropriate response team and conduct internal fact-finding.

Schools implicated in the *Smith* case or related investigations should quickly engage the appropriate stakeholders, including the office of general counsel, athletic department leadership, information technology and records management, communications, and campus police or public safety. Given the media attention on these cases, schools should establish a single point of contact for external inquiries, but ensure that only the general or outside counsel interface with law enforcement. Only counsel should receive and manage subpoenas, interview requests, and other inquiries from law enforcement, regulators, or the NCAA. While schools should avoid ad hoc statements by its employees, coaches and athletic department personnel should be equipped with approved talking points provided by counsel.

Schools should also issue litigation and records-hold notices to relevant coaches, administrators, and any potentially implicated players. Schools may need to preserve emails, texts, and other messaging app communications to the extent they are accessible under institutional policies and law. Law enforcement may also seek travel and expense records, ticket lists or practice access logs, and any betting integrity alerts received from

the NCAA or third-party vendors during the relevant time period.

Schools also should conduct an internal investigation to assess the scope of any misconduct, and determine whether the institution should or must self-report any potential violations of law, NCAA, or conference policy. Those efforts should be coordinated with the timing and scope of any ongoing law enforcement investigations, and careful attention must be paid to protect the institution's privilege and confidentiality.

Under counsel's direction, interviews of coaches, staff, and relevant players, as well as review of key communications and game film, may be necessary. As part of an internal investigation, the school should assess whether any student-athletes are facing threats, coercion, or financial pressure from gambling associates, which can help identify and mitigate any ongoing or future issues. Schools also should ensure appropriate resources are provided to students and players, and provide additional safety measures for teams and athletes implicated, as necessary.

Implement proactive risk mitigation strategies.

Beyond the immediate crisis response, the indictment points to concrete steps that institutions can take to reduce their risk of being caught up in point-shaving or illegal betting schemes.

Colleges should ensure their leadership — including the president, board, and athletic director — treat sports betting integrity as a core risk that could result in legal proceedings and criminal investigations. As *Smith* and the recent cases involving Major League Baseball (MLB) and National Basketball Association (NBA) gambling show, these are not just NCAA or league compliance issues, but an active enforcement priority for federal prosecutors.

As a result, schools should ensure their written policies include a clear and total prohibition on sports wagering by student-athletes, coaches, and covered staff. That prohibition should specifically include a ban on providing inside information or influencing game outcomes, even if the player is not receiving compensation or personally benefiting from providing the information or influencing the game.

Players and staff should also receive education on these issues that is practical and scenario-based. Schools should also emphasize that early self-reporting of suspicious activity by players and staff is expected, and communicate the presence of a compliance hotline that can be used to escalate any concerns. Programs may want to consider whether a policy of leniency is appropriate for athletes who promptly self-report issues to incentivize candor.

Programs also should implement or tighten policies that govern third-party access to practices and games. The role of external skills coaches, youth basketball connections, and other team outsiders who have influence over current players should be scrutinized to ensure those with bad intentions are filtered out.

Finally, the nature of current NCAA transfer rules — that essentially allow immediate and unlimited transfers — also means that coaches' relationships with players are developed more quickly and not as thoroughly vetted. Teams should incorporate integrity and sports-betting briefings into initial compliance meetings with transfers, and provide them with confidential opportunities to disclose prior approaches from gamblers or fixers before they join the team. Outgoing players should also be provided exit counseling about ongoing legal and NCAA risks, including that

misconduct can still be investigated after transfer or graduation.

Determine if you have a problem, even if there is no subpoena (yet).

Colleges increasingly receive sports betting integrity alerts or internal reports before any law enforcement contact. Programs should be vigilant and quickly investigate any alerts, or any repeated or unexplained statistical anomalies involving specific players. When that occurs, programs should immediately notify department leadership, compliance, and the general counsel, so that an appropriate investigation can occur *before* it escalates to a law enforcement issue.

The *Smith* indictment is a warning that point-shaving and betting schemes can — and likely will — target a broad range of institutions. Now is the time for colleges and universities to reassess their betting integrity policies, close gaps in education and oversight, and ensure they are ready to respond promptly and credibly if their programs are implicated.

Even without wrongdoing at the institutional level, colleges can be drawn into complex, multiyear investigations and face real reputational, regulatory, and operational consequences. Institutions that implement robust policies, education, monitoring, and a thoughtful response framework will be better positioned with law enforcement, regulators, and the NCAA, when issues arise.

Troutman Pepper Locke is closely monitoring law enforcement's focus on sports betting and related fraud schemes. If you have questions on how these issues impact your institution or wish to evaluate your existing compliance program, please do not hesitate to contact a member of our White Collar Litigation + Investigations team.

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