

[The Licensing Journal, When NIL Deals Hit the Transfer Portal: UGAA v. Wilson and What Universities Need to Know, \(Feb. 1, 2026\)](#)

The Licensing Journal

[Click to open document in a browser](#)

When NIL Deals Hit the Transfer Portal: UGAA v. Wilson and What Universities Need to Know

Alison Silveira and Natalie Costero

Alison Silveira is a partner at Seyfarth Shaw LLP based in Boston. An experienced litigator and employment counselor, she focuses her practice on wage and hour compliance and litigation defense. Alison's experience as a Division 1 athlete at the University of Michigan sparked her interest in the ongoing debate that is surfacing at the collegiate level regarding whether athletes are employees, and, if so, how to shape those employment relationships in this evolving landscape.

Natalie Costero is an associate based in Seyfarth's Atlanta office. She focuses on dispute resolution, helping attorneys find long-term solutions tailored to their clients' specific legal needs. Natalie's interest in sports law was sparked when she studied the law while competing in intercollegiate athletics at Emory University.

Introduction

The University of Georgia Athletic Association (“UGAA”) recently filed an application in Georgia state court to compel arbitration against former Georgia defensive end Damon Wilson II. UGAA seeks \$390,000 in liquidated damages after Wilson ended his NIL agreement early and transferred to Missouri. This case offers one of the first public looks at how NIL contracts, the transfer portal, and revenue-sharing rules intersect.

Background

Wilson signed an NIL agreement with Classic City Collective in December 2024, worth \$420,000 over 14 months, plus bonuses. The agreement also included a liquidated damages clause requiring Wilson to pay Classic City all remaining licensing fees that would otherwise have been payable to Wilson under the agreement if he withdrew from the team or entered the transfer portal.

One month later, Wilson announced his transfer to Missouri. Previously, NCAA transfer rules required university approval and affected eligibility for future seasons. The 2024 updates removed these restrictions, provided athletes meet GPA and credit-hour requirements. As a result, Wilson has started all 11 games for Missouri this season, and has become one of the top pass-rushers in the SEC.

Classic City terminated the agreement and demanded payment of liquidated damages, consistent with the terms of the contract. It also assigned its rights under the agreement to UGAA, a private, non-profit corporation that manages athletics for the University of Georgia. While still part of the University system (the UGA President and Provost serve as Chair and Vice Chair of the Board, respectively), UGAA oversees all aspects of sports and athletics for the university. When Wilson ignored arbitration demands, UGAA filed in court.

Why This Matters for Universities

This case highlights critical compliance and operational risks for universities, intertwined with the assignment and enforcement of NIL rights:

- **Revenue-Sharing Compliance:** Under *House*, universities face a \$20.5M cap on revenue sharing. NIL deals entered into between collectives and athletes fall outside this cap, providing an avenue by

which student athletes may earn more for licensing of their NIL based on their own fair market value. Maintaining separation between collectives and universities is imperative for university compliance with *House*, as the punishments for exceeding the \$20.5M revenue share cap, administered by the College Sports Commission, may include anything from significant fines to bans from postseason play to reductions in future scholarship counts and/or roster limits.

- **Employment Risk:** A contract between a collective and an athlete may contain clauses that would be unadvisable in a revenue sharing agreement between a university and its student-athlete. For example, Wilson's contract with Classic City was invalidated the minute he decided to stop playing football for UGA. Such a clause in a revenue-sharing agreement, tying eligibility for the funds to continued participation (or, potentially, specific performance metrics) could be challenged as impermissible "pay for play." Revenue sharing agreements between universities and student-athletes are also already under scrutiny as potential evidence of an employment relationship, which remains a viable and pending legal issue in *Johnson v. NCAA*. Contracts between collectives and athletes do not face the same scrutiny, lessening concern over terms that could be interpreted as indicia of control, like the prohibition at issue in *Wilson* against entering the transfer portal.
- **Roster Stability:** The liquidated damages clause in Wilson's agreement was, presumably, Classic City's attempt to strengthen the ties between NIL sponsorships and the athletes, with the hope of leading to roster stability. Through these types of provisions, collectives are trying to avoid exorbitant payments for short-term commitments followed by rapid exits, while also balancing athlete free agency and the potential for antitrust claims. While the liquidated damages provision did not restrict Wilson from transferring, it functioned like a clawback provision used in corporate compensation packages: a mechanism designed to protect Classic City's investment and introduce stability into a system where athletes can move freely with a single transfer portal entry. Universities, which must comply with the NCAA's transfer portal rules, should closely consider whether similar clauses may be enforceable.
- **Title IX Exposure:** Consolidating NIL funding under the university could trigger Title IX obligations. Because collectives are privately run corporations, they are not subject to the same Title IX obligations facing universities. Assignment of rights under a collective agreement to a university – where an estimated 80-90% of beneficiaries of collective agreements are male athletes – could raise questions of fund allocation and potential exposure for university beneficiaries.

Checklist: Before Accepting Assignment of NIL Rights

If UGAA prevails against Wilson (which the public may never know, as UGAA is requesting that the case proceed to private arbitration consistent with the contract), UGAA could recover significant funds, which, presumably, it will use to fund future revenue-sharing deals with its athletes. However, before accepting assignments, universities should consider whether the potential receipt of funds could create inadvertent risk, including:

- Does this assignment risk exceeding the *House* revenue-sharing cap?
- Could the agreement resemble "pay-for-play" or employment?
- Are liquidated damages enforceable under state law?
- Does this create Title IX compliance obligations?

Looking Ahead

- **Donor Relations:** NIL instability is increasingly frustrating both donors and coaches. Miami's Mario Cristobal, for example, has stressed that he is not looking for "one-year subcontractors"—he wants players who care about the University of Miami and invest in the long-term culture of the program. Individual donors are expressing similar frustration, including Troy Aikman who was quoted in a recent New York Times article saying "I'm done with NIL. I mean, I wanna see UCLA be successful, but I'm done with it."^[1] The current influx of money into college sports by donors sponsoring collectives is

likely not sustainable, without some long-term return on investment. Contractual devices like liquidated damages are one vehicle by which donors and collectives are trying to align financial commitments with that kind of stability, without in fact prohibiting athlete mobility. Adequate notice provisions could provide similar protections. What's clear is that careful – and creative – drafting is imperative.

- **Collective Bargaining:** [Athletes.org](https://athletes.org) has released the first-ever framework of terms of a Collective Bargaining Agreement (CBA), representing the first serious step toward organizing college players around a labor model. How the NCAA and universities will respond remains uncertain. If collective bargaining – for all sports or just certain sports – were to be the next step in the evolution of college sports, key questions need to be answered around who is at the table and what items the parties are willing to bargain – including what types of compensation may be the subject of bargaining. As both institutions and athletes formalize their positions on these subjects, details like assignability of NIL deals with collectives, arbitration of claims, notice provisions, and liquidated damages take on increased significance, along with questions around revenue sharing and – potentially – the future of the transfer portal. Each dispute becomes a preview of what the next era of contracting in college sports will look like.

Takeaway

With the College Football Playoffs in the headlines and the reopening of the transfer portal in January 2026, expect more cases like *Wilson* as universities and collectives navigate athlete compensation and investment protection. Careful drafting and thoughtful planning to navigate potential exposure risks are essential.

Footnotes

- ¹ Deitsch, Richard, "Aikman's guiding principle for 'Monday Night Football': 'I try to be fair,'" *The New York Times*, Dec. 9, 2025.