

THOUGHT LEADERSHIP

LEGAL UPDATES

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Service

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Federal Indictments Highlight Heightened Sports Wagering Risks for Colleges and Universities

Late last week, federal authorities announced charges against 26 individuals, including more than 15 former NCAA Division I men's basketball student-athletes, for participating in what prosecutors describe as an "international criminal conspiracy" to fix basketball games. According to the indictments, members of a betting group recruited players to fix Chinese Basketball Association (CBA) games during the 2022-2023 CBA season before recruiting Division I men's basketball student-athletes to intentionally underperform (i.e., engage in "point shaving") during the 2023-2024 and 2024-2025 seasons.

The involved student-athletes were allegedly offered between \$10,000 to \$30,000 per game to participate, bribe payments intended to supplement or exceed the student-athletes' legitimate opportunities for NIL-related compensation. The alleged organizers then placed significant wagers on the competitions through both legal and illegal sportsbooks. Investigators identified extensive digital communications, including text messages, social media messages, and video calls, connecting the individuals involved.

The defendants face multiple federal counts—bribery in sporting contests (18 U.S.C. § 224); conspiracy to commit wire fraud (18 U.S.C. § 1349), wire fraud (18 U.S.C. § 1343), and aiding and abetting (18 U.S.C. § 2)—and potential imprisonment and significant financial penalties for the federal charges. The indictments do not suggest that institutional employees had knowledge of or involvement in the scheme. However, they do underscore the increasingly complex risks institutions and student-athletes face due to the proliferation of legalized sports wagering.

Don't Bet On It

NCAA Bylaw 10.3 prohibits student-athletes, athletics staff, and nonathletic staff with athletics duties from betting on amateur, college, or professional sports, or sharing information with anyone involved in sports wagering. This prohibition applies broadly to any sport in which the NCAA sponsors a championship. Legislation was initially adopted this past fall that would have permitted student-athletes and staff to engage in sports wagering related to professional sports only, but it was ultimately rescinded by a two-thirds vote of the Division I membership prior to the procedural 30-day window.

The NCAA's approach to sports wagering has evolved significantly as legalized betting has expanded. Historically, an institution would be held responsible and penalized for institutional staff and student-athletes who engaged in prohibited sports wagering activities. That changed in October 2024 with the adoption of NCAA Bylaw 19.1.1.1. This established a limited exception for sport wagering violations to allow sports wagering violations to be processed at different levels for an involved individual and an institution (i.e., a major/Level I/Level II violation for an involved individual and a secondary/Level III violation for an institution) unless the violations compromised the integrity of collegiate contests and/or involved lack of institutional oversight.

The NCAA has revised its penalty structure for student-athletes who participate in sports betting. Depending on the specifics of their involvement, consequences may include mandatory educational programs, suspension from games, or even a permanent loss of eligibility.

These indictments serve as a timely reminder for colleges and universities to evaluate their legal exposure and strengthen internal safeguards to minimize their risks related to sports wagering. To do so, institutions should consider the following steps:

1. Understand State Sports Wagering Laws

State laws differ in what they permit, restrict, or prohibit related to sports wagering –particularly regarding conduct that constitutes “prohibited behavior” such as attempts to influence outcomes of games and competitions. Many states, including North Carolina and Kansas, also have restrictions related to coaches, athletes, and staff engaging in sports wagering.

2. Athletics/Institutional Policy on Gambling

Athletics departments and/or institutions may consider a clear policy on sports wagering that defines institutional expectations and disciplinary consequences. These policies may go beyond the NCAA rule itself.

3. Review and Enhance Education and Prevention Programs

Institutions should ensure annual education and training clearly explains the NCAA prohibition on sports wagering and addresses digital communication risks, including social media outreach by third parties and “trusted” individuals related to a student-athlete’s participation. The NCAA offers a free e-learning module focused on the harms and risks associated with sports wagering.

4. Strengthen Reporting and Response Protocols to Sports Wagering Concerns (And Any Athletics-Related Concern)

Institutions should maintain clear procedures for identifying, reporting, and responding to potential sports wagering (and other athletics-related) concerns. These include, but are not limited to, clearly established (and communicated) internal reporting mechanisms; adoption of a digital evidence preservation applicable when concerns arise; and procedures for involving outside counsel or law enforcement when appropriate. Proactive education, early reporting, and decisive institutional action can mitigate potential NCAA penalties.

Contact us

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