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Auto dealers and college athletics: A risky high-profile game

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The controversies that claimed the job of Ohio State football coach Jim Tressel (pictured) has included a pair of Columbus area auto dealers that sold cars to Buckeye players.

Editor's note: Felix Chevrolet is located across the street from the University of Southern California. An earlier version of this story misstated the location of the dealership.

DETROIT — Used car dealer Jason Goss is a big Ohio State Buckeyes fan. His store, Auto Direct in Columbus, Ohio, is adorned with autographed Buckeyes jerseys and he has attended Ohio State University football games as a guest of the players.

The dealership also has generated a lot of publicity for itself by selling cars to OSU football players over the years.

But the relationship between Goss and the student-athletes was questioned in recent months. Goss said he can't recall when the allegations that his dealership gave student-athletes and their relatives special deals started.

Perhaps it was May 7, when the *Columbus Dispatch* newspaper cross-referenced sale prices of vehicles sold to OSU student-athletes with those vehicles' Kelley Blue Book values. Or maybe it was in March, when former OSU star quarterback Terrelle Pryor was reported being ticketed while driving an Auto Direct-owned vehicle.

"It was almost like a manufactured story from the news agencies in town," Goss told *Automotive News* last week. "I don't know where [the allegations] came from."

Goss maintains the dealership did nothing wrong. And, he points out, the Ohio Bureau of Motor Vehicles and the Ohio Independent Automobile Dealers Association agree.

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But Goss isn't the first dealer to find himself in the middle of a controversy over benefits for student-athletes. Although investigations by the state BMV and dealer group found no wrongdoing by Goss' dealership, the NCAA has imposed penalties at least 13 times since 1990 for rule-breaking involving student-athletes, their access to vehicles and dealerships. Penalized universities include:

- The University of Southern California in 2010 after football star Reggie Bush received cash from a sports and entertainment agency to purchase and modify a \$15,000 Chevrolet Impala from a used car dealership in Burbank, Calif.
- The University of Oklahoma in 2006 after Big Red Sports and Imports, a dealership in Norman, Okla., paid an Oklahoma student-athlete for work he never performed. Numerous media reports identified the player as former quarterback Rhett Bomar.
- The University of Illinois in 2009 after an athlete took \$80,000 and a Chevrolet Blazer as a recruit.

Lance Segal, former administrative assistant for the University of Arizona Athletic Department and author of *Confessions of a College Football Rules Violator*, said that unethical practices by universities and car dealerships are common in college athletics. Segal said that while he worked for the university as a student, from 1966 to 1971, he witnessed four car dealerships allotting free vehicles or access to cars for student-athletes.

"The top four or five players got cars to drive, and it wasn't that we were hiding the fact we were breaking the rules," Segal said. "There was an attitude of 'Everybody's doing it, so we will, too.'"

Segal contends that NCAA rule-breaking occurs because of intense competition.

"There's just so much pressure on the coaches to win and they're getting paid salaries in the millions of dollars, so they have to take the risk," Segal said.

The Ohio State saga

Pressure to succeed led former OSU football coach Jim Tressel to conceal some of his players' activities, Segal said.

Tressel resigned on Memorial Day as the NCAA looked into improper-benefits allegations surrounding several OSU student-athletes.

"I think it's a shame that we lost, in my opinion, the best coach that Ohio State has ever had and we lost a star quarterback that was being harassed by the press," Goss said. "All that, as a fan, is disappointing."

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Some of the allegations included two Columbus auto dealerships.

Auto Direct and Jack Maxton Chevrolet were part of an investigation by OSU into at least 50 car deals involving Buckeyes football players and their relatives. But the university canceled the probe June 21 after a report released by the Ohio BMV found no wrongdoing in the vehicle sales.

"I'm happy the report is done and I'm not surprised with the outcome of the report," said Goss. "I knew what the results were going to be the whole time. I'm just glad the general public gets to see that everything we do is legit."

The BMV report said that the dealers profited from 24 of 25 sales transactions reviewed. The only vehicle that was sold for a loss was a Jack Maxton vehicle that had been on the lot for more than 150 days and included incentives from the dealer.

"In light of the report from the BMV and an examination done by the Ohio Independent Automobile Dealers Association, we have seen no evidence that would lead us to believe that Ohio State student-athletes violated any policies when purchasing used cars," OSU spokesman Jim Lynch said in an e-mail to *Automotive News*.

"Therefore, we will not be conducting an independent examination outside of what has already been done by these parties."

But the state report only reviewed 25 vehicle sales, leaving dozens of sales unchecked. Ohio BMV spokesman Joe Andrews said that the BMV only examined 25 transactions because that's how many vehicle identification numbers the *Dispatch* gave the organization to investigate.

"Only 25 actual VINs were given to us to investigate," Andrews said. "There was mention of up to 50, but the rest were unspecified."

Former quarterback Pryor is also being probed in a separate NCAA-Ohio State investigation into whether he improperly used two Auto Direct-owned vehicles. Pryor, whose attorney announced his departure from OSU earlier this month, has been stopped three times for traffic violations driving vehicles with dealer plates, according to ESPN.com.

Central Ohio TV station WBNS reported that Pryor had been ticketed while driving a 2009 Dodge Challenger and a 2004 GMC Denali that belong to Auto Direct.

Aaron Kniffin, previously a salesman at Maxton Chevrolet and Auto Direct, said that he allowed Pryor to use cars for test drives and as loaners when Pryor's car was being repaired, according to the *Dispatch*.

The BMV report found no misconduct stemming from allegations that players and coaches drove dealer-plated vehicles because state law allows "any member of the public" to drive such vehicles.

Lessons learned?

When it comes to marketing opportunities for auto dealerships, it's hard to beat the allure of a partnership with a local university's major athletic programs. In return for sponsorships and courtesy vehicles, dealerships can receive tickets to games, advertising in programs and on video boards and sometimes endorsements and testimonials from coaches.

At the University of Utah, for example, dealerships that donate a vehicle for one year get benefits including tickets to football and men's basketball games, parking passes for those events, advertising and a tax receipt for a \$5,000 charitable donation for the vehicle.

But NCAA rules forbid student-athletes from getting benefits that are not available to the general public or other students. When student-athletes are found to have accepted improper benefits, such as free or reduced-price vehicles, the NCAA can impose a wide range of penalties.

"The penalty for student-athletes can range from paying back the value of the benefits to permanent ineligibility," NCAA spokeswoman Stacey Osburn said via e-mail. "Where a particular student-athlete might fall in that range, depends on a number of factors including their responsibility for the violations to the amount of the benefits received, among others.

"Penalties [for schools] are assessed on a case-by-case basis and vary depending on the severity of the violations and the specifics of the case."

For dealerships found to be involved in giving improper benefits to student-athletes, NCAA penalties are limited to banning contact between the school and the business.

"Our rules and penalties can only [affect] our members — athletic administrators and student-athletes at our member schools," said Osburn, associate director of public and media relations for the NCAA. "However, if a car dealer is determined to be a booster, then there is a potential that they could be disassociated by the school. This action could be one that the school [voluntarily] enacts or it could be a punishment by the NCAA Committee on Infractions."

Disassociation and negative publicity are both reasons why Kimit Alwaajid, sales manager at Felix Chevrolet in Los Angeles, said college-town dealers should know how NCAA rules can affect them. Dealers must be careful when dealing with student-athletes, said Alwaajid, whose dealership is across the street from the University of Southern California.

"Don't give them perks that you wouldn't give an average customer," Alwaajid said. "That's what it comes down to. Treat him like a regular customer whether he throws touchdowns or he throws up bricks."

Know the rules

Keith Whann, a suburban Columbus lawyer and general counsel for the National Independent Automobile Dealers Association, said that impartial treatment of customers is the best solution. But he noted that evaluating sales can be difficult.

Whann told of a student-athlete's mother who bought a vehicle for \$4,000 to \$5,000 below the Kelley Blue Book price. At first glance, it appeared that the woman received an improper benefit, but a closer look revealed more about the transaction.

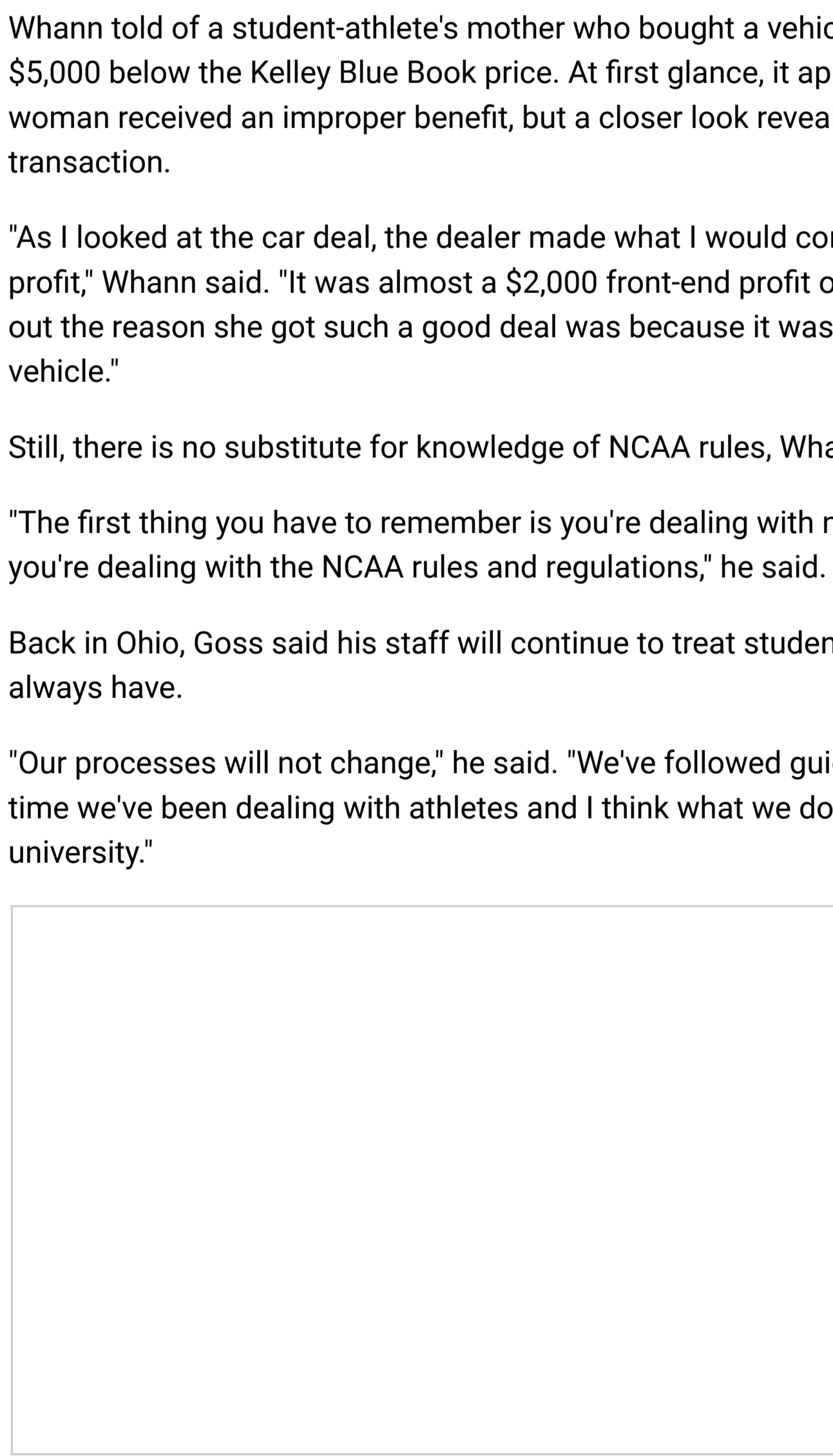
"As I looked at the car deal, the dealer made what I would consider a normal profit," Whann said. "It was almost a \$2,000 front-end profit on the car. It turned out the reason she got such a good deal was because it was a prior salvage vehicle."

Still, there is no substitute for knowledge of NCAA rules, Whann said.

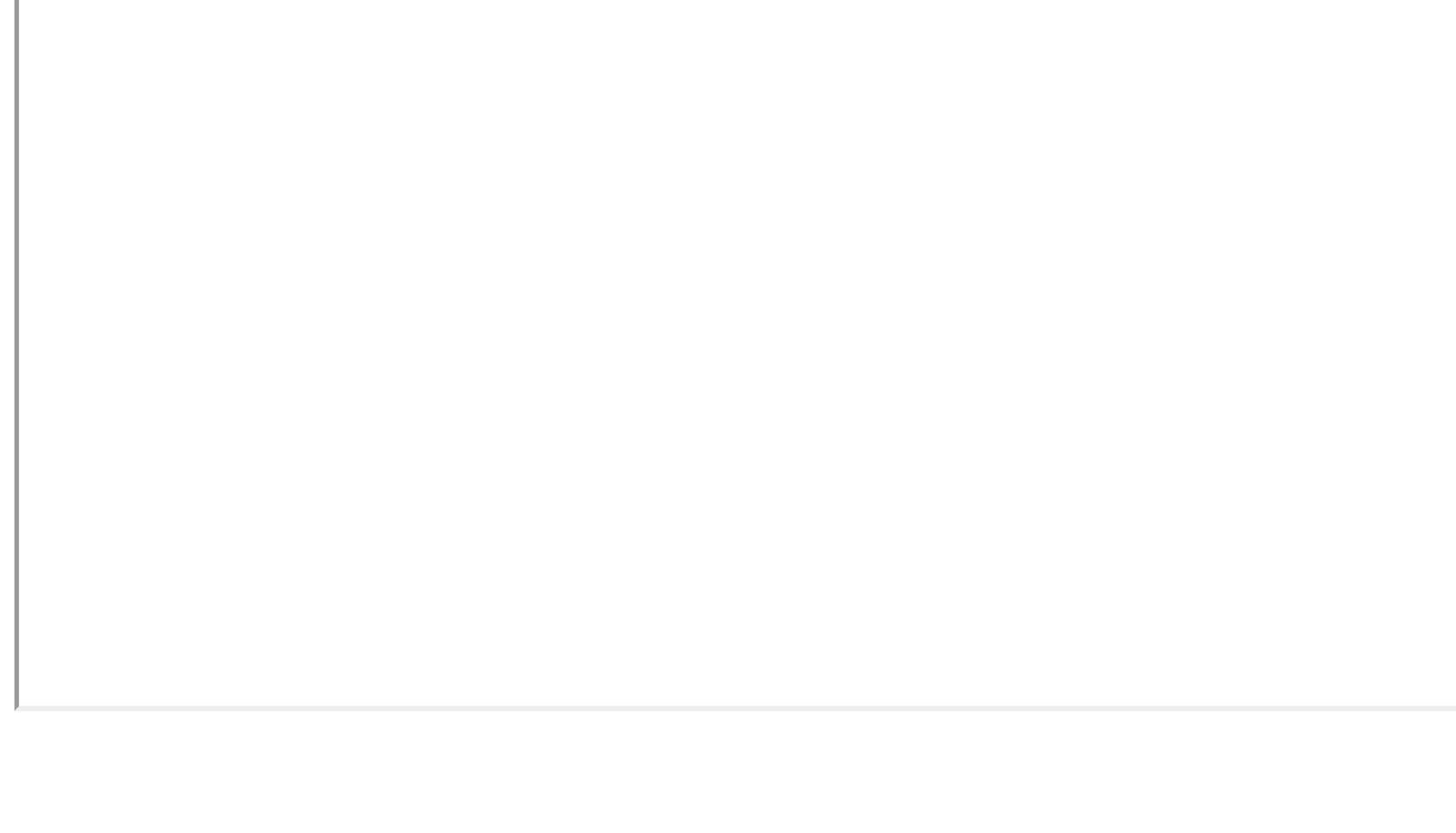
"The first thing you have to remember is you're dealing with not just the law, but you're dealing with the NCAA rules and regulations," he said.

Back in Ohio, Goss said his staff will continue to treat student-athletes as they always have.

"Our processes will not change," he said. "We've followed guidelines the whole time we've been dealing with athletes and I think what we do is sufficient for the university."



Major NCAA infractions involving free cars, free car-use or car dealerships.



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