



BCS

by
SHAUN ASSAEL

A RICH TRADITION

THE BIG-MONEY BCS IS UNDER ATTACK FROM FIVE BUDDIES ARMED WITH NOTHING BUT THEIR LAW DEGREES.



The brochure for the Bahamas cruise couldn't be more inviting. It promises four days at sea, including a visit to a private island paradise where guests can "soak up the sun on a white sand beach" and thrill seek on a "powerboat adventure."

Matt Sanderson sees this pamphlet as more than an invitation. He sees it as a symbol of everything that is wrong with the college football postseason because the June 2010 cruise was run by the Orange Bowl.

Reading down the guest list for the "Summer Splash," Sanderson stabs his forefinger beside the names of the 40 Football Bowl Subdivision athletic directors and six conference executives who attended the complimentary cruise for two. (ESPN, which owns seven non-BCS bowl games and the BCS broadcast rights through 2014, declined an invitation to the trip.)

The Orange Bowl, which rakes in money by producing its football game, is identified by the Internal Revenue Service as a tax-exempt nonprofit with a mission to support South Florida through tourism. But Sanderson can't fathom how using nonprofit funds for a private four-day cruise to sip "delicious Coco Locos" in the Bahamas fulfills the bowl's mission. "This is an outrage," he says, stabbing the guest list one more time.

Sanderson, a 30-year-old Washington, D.C., lawyer, isn't the first fan to criticize the way college football's postseason is run. But the Salt Lake City native, who cut his political teeth on Sen. John McCain's 2008 presidential campaign, is among the most dangerous. Along with four friends, who range in age from 29 to 33, Sanderson runs Playoff PAC, an elbow-throwing group that has become the tea party of college sports by advocating for a playoff system to replace the 14-year-old Bowl Championship Series. In an effort to upend the genteel world of feel-good parades and pastel-color blazers, Playoff PAC employs tactics as bruising as any in



► Since Morgan, Sanderson, Pehrson, Martinez and Peay (aka Playoff PAC) decided to take on the bowl system two years ago, they've helped spark one federal indictment and countless headaches for the BCS.

politics, digging deep into the Wall Street-caliber salaries and expenses of BCS bowl execs.

Since the latest BCS lineup was announced, the PAC has gained company in the critics' corner. On Dec. 5, Boise State coach Chris Petersen, whose at-large eligible team had just been denied a BCS berth for the fourth time in eight years, finally voiced his frustration. "I think everybody is tired of the BCS," he said at a news conference the day before reports surfaced that the Broncos will

join the Big East. "Everybody's frustrated. I don't think anybody's happy anywhere."

A couple of days later, ADs from Stanford and Washington both said they thought some form of a college football playoff is inevitable.

"This is the time of year when people love to voice their opinions about how the system should be different," says BCS executive director Bill Hancock. "I still don't think there's any support for blowing up the entire bowl system. Every year throughout the history of college football, the



decisions made by bowls have disappointed a few people, particularly those members of the teams not selected. But bowls continue to have the flexibility to pick the teams they deem best for their games and their communities. That hasn't changed with the BCS—nor was the BCS designed to change the way bowls operate."

As Sanderson sees it, though, change should start with those Coco Locos, which are the gas that makes the bowls' money engine hum, encouraging ADs to back a system that ultimately costs their universities and fans millions.

With little cash in the bank and just a website for an office, the PAC and its army of volunteers is growing—37 friends and frustrated fans have spent significant time campaigning so bowl execs will be forced to defend every penny they spend. "This isn't just about getting a playoff," Sanderson says. "It's about making sure the whole system gets cleaned up."

The roots of Playoff PAC go back to 2004, when Sanderson was an undergrad at the University of Utah and his beloved Utes went undefeated under then-coach Urban Meyer. Sanderson was disappointed but not crushed after Utah missed out on a national-title-game berth, settling for a 35-7 win over Pitt in the Fiesta Bowl.

The following season, when he moved to Nashville, Tenn., to attend Vanderbilt University Law School, he befriended three other Salt Lakers. When Utah went undefeated in 2008, the group thought the Utes would finally get their shot to play for the title. Instead, in a championship matchup of one-loss teams, Florida beat Oklahoma 24-14. The Utes were shuffled off to the Sugar Bowl, where the Mountain West

champs rolled Alabama 31-17. The buddies burned up their BlackBerrys in disgust.

Three months later, Mountain West officials regrouped with a detailed plan for a playoff only to have the BCS veto it. Sanderson, who by then was working for a DC law firm, received an e-mail from one of his Vandy friends.

"It doesn't matter what teams we schedule," Chad Pehrson wrote from his law office in Palo Alto, Calif. "We have no shot at \$ and no shot at the mythical national championship ... It's time to raise money, file lawsuits, write letters, go door-to-door ... It's time for a Football Civil War."

Bentley Peay recalls standing in the driveway of his home in Salt Lake City, listening to Sanderson getting worked up about Pehrson's call to arms. Peay, a boyish-faced real estate attorney, wasn't eager to pick a fight with the BCS but decided to join his buddies' idealistic movement anyway. "I figured it was just a good way for us to keep in touch," he says.

With student loans, young families and careers to start, their first order of business was deciding how to safely tackle one of the mightiest powers in sports without waging a costly battle in court. The answer: In September 2009, they registered with the U.S. government as a political action committee and filed incorporation papers that shielded them from personal liability. "It meant none of us could personally be sued," Sanderson says.

During phone calls that began after their families went to sleep, the friends started spitballing ways to get their voices heard. Sanderson pushed for making a big impact by creating a new playoff system, but Peay worried they would get bogged down in obscure details.

► Bowl season is feast or famine for Boise State and Coach Petersen. The Broncos are 69-4 in the regular season since 2006 but have been invited to just two BCS bowls. This season, it's back to the MAACO Bowl Las Vegas.

In December 2009, Sanderson read an article in *The Arizona Republic* by reporter Craig Harris that suggested Fiesta Bowl officials violated state election laws by using charitable funds to contribute to friendly politicians. The bowl's former longtime CEO, John Junker, was a perfect target for the PAC's legal attack—a kingpin who was paid a jaw-dropping \$592,418 for a reported 21 hours per week of work to stage one game a year.

Sanderson jumped at the opening and suggested that the group file an election law complaint with the Arizona secretary of state. His friends worried he was being rash. After all, it meant they would instantly pick a fight with the BCS armed with nothing more than a grudge and a newspaper article. "We could be shut down before we even start," Pehrson warned. Peay agreed. "We don't have enough friends to make enemies," he said.

The debate went early into the morning, ending with a plea from Sanderson that they had to make a stand. "That's when we went from fun to serious stuff," says Peay, who, like the others, eventually conceded. "We weren't just talking about college football. We were talking about possible violations of federal law."

Through the first half of 2010, the friends waited for fallout. Sanderson and his wife were a year removed from having their third child; Peay relocated his family from Salt Lake City to the mountains outside of Park City, Utah; Pehrson threw himself into high-profile finance cases. The two other founders, BYU alum Matt Martinez and Utah alum Bryson Morgan, briefly orbited away—Martinez to a job with an energy company in Argentina and Morgan to a law firm that did business with the BCS, forcing him to resign from the PAC's board temporarily.

In July, a Google alert flashed on Sanderson's computer, telling him that Playoff PAC had been mentioned in *The Arizona Republic*. The secretary of state had decided to refer the PAC's complaint to the state's attorney general for a criminal probe. The move barely made news outside Phoenix, drawing just a 140-word mention by The Associated Press, but the mood among the friends was electric as they jumped on a call that night. "A light bulb went off," Sanderson says. "I think we all realized we were on the right track."

He began staying late at his office, poring through thousands of pages of tax records filed by the Fiesta, Orange, Sugar and Rose bowls. Eventually, Sanderson took his findings to Marcus Owens, a partner at his firm who spent 25 years regulating charities for the IRS.

"What do you think, Mark?" Sanderson asked.

Owens recalls looking at the tax returns and being astounded. The Rose Bowl seemed to be the only group that was relatively well managed. Although the Fiesta, Orange and Sugar bowls reported net assets of \$15.4 million, \$31.5 million and \$34.2 million, respectively, in the fiscal year ending in April 2010, their tax forms showed they returned just \$914,216 to their communities in combined charitable gifts. That was roughly half of the \$1.8 million that the forms showed their CEOs were paid that year.

"I remember asking Matt if he understood the implications of what he was showing me," Owens says. "The whole situation seemed to lack fundamental integrity."

In September 2010, Owens lent his name to a 25-page Playoff PAC complaint that urged the IRS to look at what the PAC called frivolous spending, undisclosed lobbying payments and salaries such as the \$357,722 Orange Bowl CEO Eric Poms made in fiscal year 2009 and the \$645,386 the Sugar Bowl's Paul Hoolahan raked in for the same period.

Orange Bowl spokesman Larry Wahl calls the report "misleading" and argues that the Summer Splash advanced his bowl's mission of promoting tourism. He points out that the Orange Bowl gave \$3.1 million to Miami in fiscal year 2009 to build a youth football stadium. (Analysis of the bowl's IRS filings shows just \$1.7 million combined in grant giving in the three fiscal years before that.) "We're confident that what we're doing is the right thing," Wahl says.

Sugar Bowl spokesman John Sudsbury echoes the sentiment, citing his organization's funding of amateur athletics around New Orleans. Last year, the bowl listed \$210,056 in charitable grants on its tax form. "You name the sport, we're involved in it," Sudsbury says. About the PAC's complaint, he says, "Everything we do follows IRS policies."

As a player in the small world of BCS politics, being outspoken has forced Sanderson to defend some of his own actions. *The Arizona Republic*



► Despite going 12-0 in 2008, Utah had to settle for a Sugar Bowl win over Alabama instead of a shot at the BCS title, becoming one of 13 unbeaten teams to have been left out of the championship game since 1998.

reported in October that the McCain campaign received two separate \$1,000 donations from Fiesta Bowl employees while Sanderson was serving on its election finance counsel. Those contributions were found to be illegal because Junker used bowl money to reimburse employees. Sanderson notes that the paper's initial findings of contribution hanky-panky at the bowl came more than a year after he left the campaign, but the discovery underscored that the PAC is receiving increased scrutiny.

The growing pressure hasn't slowed it down. Neither has Utah's "if you can't beat 'em, join 'em" move to the Pac-12 this season, virtually guaranteeing the Utes a shot at the title if they run the table again. The PAC's movement is no longer driven by a group of fans who are upset about their team being left out of the mix. It's now about how the bowls are managed.

What really galls the PAC founders is the guaranteed money schools have to pony up for tickets. In January, UConn lost \$2.92 million after being unable to find takers for its mandated allotment of 17,500 Fiesta Bowl tickets, a tough ask for a team in the Northeast that would have to persuade nearly half of the 38,000 fans it averaged at home to make the trip to Glendale, Ariz. At the BCS title game played there nine days later, eventual champion Auburn lost \$781,825. Hancock points out that Auburn gave about 15% of its 17,500 allotment to its traveling party, meaning the school chose to absorb some of the cost. The program also

received \$2.3 million from the SEC, which split \$27.2 million among its 12 members, as Arkansas also played in a BCS bowl. "And UConn recouped more than half of its loss," says Hancock, referring to the \$21.2 million the Big East split among its eight members. "This year, UConn and 109 other schools will receive BCS money yet won't even play in a BCS bowl. Ticket guarantees aren't unique to college sports. Schools lose money to participate in the College World Series. But it's absolutely incorrect to say universities lose money. I bet you Alabama and LSU fans wish that allotment was higher."

The PAC founders strongly disagree. To them, ticket guarantees subsidize a flawed system, filling the bank accounts of the nonprofit bowls. Those profits allow bowl execs to launch cruises and host golf trips to pamper ADs. Martinez, who returned from Argentina, found out how that works when he started to drill for public records. The Summer Splash disclosure came from a request he sent to ACC schools asking for records of their bowl-related travel. When Florida State returned a brochure that showed the ADs were pampered with treats, such as a catered lunch by the pool of Nassau's Atlantis Paradise Island resort, the PAC amended its IRS complaint. The group alleged the trip may have violated federal charity rules regarding permissible expenses.

Martinez's most damning discovery exploded in March, just as an internal review of Junker's leadership by the Fiesta Bowl's board of

directors revealed a shocking list of financial abuses—including a \$33,000 Pebble Beach birthday party Junker threw for himself and a \$1,200 strip club bill.

The Fiesta Bowl, like its counterparts, is licensed by the NCAA to participate in the BCS, but the revelations about Junker threatened that license. During the investigation, Junker was fired as the bowl's CEO. As Fiesta Bowl execs sat before an NCAA licensing subcommittee in charge of the bowl's fate, Martinez unearthed a guest list for a 2008 Fiesta Bowl-sponsored golf outing called the Fiesta Frolic. Nine of the 11 members on that NCAA subcommittee had accepted free golf and dining. When asked by the AP about the apparent conflict of interest in judging his former holiday host, a member of the subcommittee, SEC executive associate commissioner Mark Womack, waved it off, calling the trip "a traditional practice of a lot of businesses."

But the PAC's point was made. Nonprofit bowls have become a huge business—and the bottom line had become, simply, their bottom line.

These days, you need a scorecard to keep track of all the investigations the PAC is helping stir up. NCAA president Mark Emmert set up a task force that hurriedly recommended disbanding the NCAA's licensing subcommittee and now favors subjecting bowls to more financial oversight. All told, the PAC has fired off 13 legal

complaints against BCS-related entities, not to mention more than 200 public records requests.

"I'll always be a strong supporter of the First Amendment," says Hancock, a former newspaper publisher. "So I believe they have every right to say what they want to say, but I don't see that they've accomplished anything. We look out for the best interests of student-athletes, and we'll continue to do that."

But Phoenix is certainly hopping. On Nov. 16, the city's U.S. Attorney's office announced the indictment of the Fiesta Bowl's former chief operating officer, Natalie Wisneski, on charges that she helped cover up illegal political contributions. That raises the specter that Junker might be next. Meanwhile, the Fiesta Bowl is deluging the IRS with information about Junker's reign. The hope is that a strong dose of self-reporting will lighten whatever penalties it may face if the agency heeds the PAC's call for action, including revocation of its tax-exempt status. (The IRS investigation is pending.) To defend itself, the Fiesta Bowl has spent more than \$5 million in legal fees since the allegations were first reported.

The PAC is still needling postseason power brokers while also taking part in the war over the very structure of the BCS. In April, the PAC solicited 21 influential lawyers and economists to write a four-page letter that landed on the desk of Christine Varney, then the assistant attorney general at the U.S. Department of Justice. It was filled with footnotes, but the first sentence was

loud and clear. "We write to respectfully request that the Antitrust Division launch a formal investigation of the Bowl Championship Series, a cartel that controls distribution of competitive opportunities and benefits associated with major college football's postseason."

Intrigued, Varney wrote to Emmert, asking whether the NCAA's lack of a playoff is a violation of antitrust laws. "Why does the Football Bowl Subdivision not have a playoff, when so many other NCAA sports have NCAA-run playoffs or championships?" Varney wrote. Emmert had no problem finding an answer—the NCAA has a contract with the BCS through 2014, and college presidents will meet in April to decide whether to renew it.

Hancock says he doesn't sense a groundswell of support for a large-scale playoff. "Fans have benefited from the BCS," he says. "For the 11th time in 14 years, the media's No. 1 and No. 2 match the BCS standings. There's more football to watch than ever, and it's as popular as ever."

But Sanderson still has his sights set on the folks operating this bowl carousel. Even if the PAC's original goal of a playoff falls short, he hopes that enough presidents will be outraged over all the bowls-gone-wild disclosures to demand transparency about where the money goes. "We're talking about eliminating fraud and mismanagement," Sanderson says.

Sounds like a good campaign slogan for an election year. ■

DRIVEN TO EXCEL.

Congratulations to Carl Edwards for another great season, powered by his fave, the **Sweet Onion Chicken Teriyaki**. Make tracks to SUBWAY® restaurants and try one today. subway.com

CARL EDWARDS
HEIGHT: 6 FT. 11 IN. (2.13 M)
WEIGHT: 185 LB (84 KG)
RACECAR DRIVER
BIRTHDATE: 8/15/1971
HOMETOWN: COLUMBIA, MO

SUBWAY

THE OFFICIAL TRAINING RESTAURANT OF CARL EDWARDS

©2011 Doctor's Associates Inc. SUBWAY® is a registered trademark of Doctor's Associates Inc. The Roush Fenway Racing trademarks and Carl Edwards' name and/or likeness used by authority of Roush Fenway Racing, LLC.