



# HOW (AND WHY) ATHLETES

## GO BROKE

RECESSION OR NO RECESSION, MANY NFL, NBA AND MAJOR LEAGUE BASEBALL PLAYERS HAVE A  
PENCHANT FOR LOSING MOST OR ALL OF THEIR MONEY. IT DOESN'T MATTER HOW MUCH THEY MAKE.  
AND THE WAYS THEY BLOW IT ARE STRIKINGLY SIMILAR

BY **PABLO S. TORRE**

hat the hell happened here? Seven floors above the iced-over Dallas North Tollway, Raghib (Rocket) Ismail is revisiting the question. It's December, and Ismail is sitting in the boardroom

**W** of Chapwood Investments, a wealth management firm, his white Notre Dame snow hat pulled down to his furrowed brow.

In 1991 Ismail, a junior wide receiver for the Fighting Irish, was the presumptive No. 1 pick in the NFL draft. Instead he signed with the CFL's Toronto Argonauts for a guaranteed \$18.2 million over four years, then the richest contract in football history. But today, at a private session on financial planning attended by eight other current or onetime pro athletes, Ismail, 39, indulges in a luxury he didn't enjoy as a young VIP: hindsight.

"I once had a meeting with J.P. Morgan," he tells the group, "and it was literally like listening to Charlie Brown's teacher." The men surrounding Ismail at the conference table include Angels outfielder Torii Hunter, Cowboys wideout Isaiah Stanback and six former pros: NFL cornerback Ray Mickens and fullback Jerald Sowell (both of whom retired in 2006), major league outfielder Ben Grieve and NBA guard Erick Strickland ('05), and linebackers Winfred Tubbs ('00) and Eugene Lockhart ('92). Ismail ('02) cackles ruefully. "I was so busy focusing on football that the first year was suddenly over," he says. "I'd started with this \$4-million base salary, but then I looked at my bank statement, and I just went, What the . . . ?"

Before Ismail can elaborate on his bewilderment--over the complexity of that statement and the amount of money he had already lost--eight heads are nodding, eight faces smiling in sympathy. Hunter chimes in, "Once you get into the financial stuff, and it sounds like Japanese, guys are just like, 'I ain't going back.' They're lost."



**ORIGINAL  
LAYOUT**

At the front of the room Ed Butowsky also does a bobblehead nod. Stout, besuited and silver-haired, Butowsky, 47, is a managing partner at Chapwood and a former senior vice president at Morgan Stanley. His bailiwick as a money manager has long been billionaires, hundred-

millionaires and CEOs--a club that, the Steinbrenners' pen be damned, still doesn't include many athletes. But one afternoon six years ago Butowsky was chatting with Tubbs, his neighbor in the Dallas suburb of Plano, and the onetime Pro Bowl player casually described how money spills through athletes' fingers. Tubbs explained how and when they begin earning income (often in school, through illicit payments from agents); how their pro salaries are invested (blindly); and when the millions evaporate (before they know it).

"The details were mind-boggling," recalls Butowsky, who would later hire Tubbs to work in business development at Chapwood. "I couldn't believe what I was hearing."

What happens to many athletes and their money is indeed hard to believe. In this month alone Saints alltime leading rusher Deuce McAllister filed for bankruptcy protection for the Jackson, Miss., car dealership he owns; Panthers receiver Muhsin Muhammad put his mansion in Charlotte up for sale on eBay a month after news broke that his entertainment company was being sued by Wachovia Bank for over due credit-card payments; and penniless former NFL running back Travis Henry was jailed for nonpayment of child support.

In a less public way, other athletes from the nation's three biggest and most profitable leagues--the NBA, NFL and Major League Baseball--are suffering from a financial pandemic. Although salaries have risen steadily during the last three decades, reports from a host of sources (athletes, players' associations, agents and financial advisers) indicate that:

- By the time they have been retired for two years, 78% of former NFL players have gone bankrupt or are under financial stress because of joblessness or divorce.
- Within five years of retirement, an estimated 60% of former NBA players are broke.
- Numerous retired MLB players have been similarly ruined, and the current economic crisis is taking a toll on some active players as well. Last month 10 current and former big leaguers--including outfielders Johnny Damon of the Yankees and Jacoby Ellsbury of the Red Sox and pitchers Mike Pelfrey of the Mets and Scott Eyre of the Phillies--discovered that at least some of their money is tied up in the \$8 billion fraud allegedly perpetrated by Texas financier Robert Allen Stanford. Pelfrey told the New York Post that 99% of his fortune is frozen; Eyre admitted

last month that he was broke, and the team quickly agreed to advance a portion of his \$2 million salary.

The Wall Street meltdown is only the latest threat to athletes' financial health. "Athletes have a different set of challenges from, say, entertainers," says money manager Michael Seymour, the founder of Philadelphia-based UNI Private Wealth Strategies. "There's a far shorter peak earnings period [in sports] than in any other profession, and in many cases they lack the time and desire to understand and monitor their investments."

In 2005 Butowsky began inviting sports figures--some well off, some not--to what he calls his financial "boot camps," elementary sessions that go from defining a bond to explaining a diversified portfolio as the equivalent of a balanced meal. There is no charge for the sessions or pressure to sign up with Chapwood, according to Butowsky, who calls this service his "mitzvah to sports." The financial adviser, who helps counsel Thunder forward Kevin Durant pro bono, hopes merely that the sessions will reflect well upon Chapwood. Such goodwill is easy to earn: The bar for radically improving the financial habits of pro athletes, Butowsky acknowledges, is low enough for a toddler to trip over.

"Oh, I've seen it all," says veteran agent Bill Duffy, whose clients include Suns guard Steve Nash and Nuggets forward Carmelo Anthony. "A pro athlete's money is supposed to outlive his career. Most players never get that."

Why? Where do they go wrong?

## I. The Lure of The Tangible

Over the years Rocket Ismail's portfolio has contained a passel of dubious inventions and risky investments. After mentioning that he once poured money into a religious movie, the gregarious father of four goes uncharacteristically mum about the details. "I don't really want to go over that agony," he says, smiling thinly.

Ismail played two years in Canada and 10 in the NFL, estimating that he earned \$18 million to \$20 million in salary alone. He made an abortive NFL comeback attempt in 2006, never getting beyond workouts with the Redskins, and then navigated the reality-TV circuit (Pros vs. Joes, Ty Murray's Celebrity Bull Riding Challenge). Today he does a Cowboys postgame show on Fox Sports Net. As cautionary tales go, Ismail's could've been worse: He has his Notre Dame degree, and he never filed for bankruptcy, had legal trouble or got divorced. Yet he lost several million dollars, he admits, through "total ignorance."

It began in the winter of 1991 when he sank \$300,000 into the Rock N' Roll Café, a theme restaurant in New England designed to ride the wave of the Hard Rock Cafe and Planet Hollywood franchises. One of his advisers pitched the idea as "fail-proof, with no downsides," Ismail recalls. He never recouped his money and has no idea what became of the restaurant.

Lesson learned? If only. After that Ismail squandered a fortune funding not only that inspirational movie but also the music label COZ Records ("The guy was areal good talker," says Rocket); a cosmetics procedure whereby oxygen was absorbed into the skin ("We were not prepared for the sharks in the beauty industry"); a plan to create nationwide phone-card dispensers ("When I was in college, phone cards were a big deal"); and, recently, three shops dubbed It's in the Name, where tourists could buy framed calligraphy of names or proverbs of their choice ("The main store opened up in New Orleans, but doggone Hurricane Katrina came two months later"). The shops no longer exist.

You might say Ismail had a run of terrible luck, but the odds were never close to being in his favor. Industry experts estimate that only one in 30 of the highest-caliber private investment deals works out as advertised. "Chronic over allocation into real estate and bad private equity is the Number 1 problem [for athletes] in terms of a financial meltdown," Butowsky says. "And I've never seen more people come to me about raising money for those kinds of deals than athletes."

For the risk-averse investor, an adviser such as Butowsky would suggest allocating 5% to private equity, 7%-12% to real estate, 50%-65% to a mix of public securities (stocks, mutual funds and the like) and the rest to alternatives such as gold and hedge funds. Yet with athletes, who are

often uninterested in either conservative spending or the stock market, those percentages are frequently flipped. Securities are invisible, after all, and if you don't study them, they're unintelligible. Not to mention boring. Inventions, nightclubs, car dealerships and T-shirt companies have an advantage: the thrill of tangibility.

Many players, consequently, are financial prey. "Disreputable people see athletes' money as very easy to get to," says Steven Baker, an agent who represents 20 NFL players. In May 2007 former quarterbacks Drew Bledsoe and Rick Mirer and five other NFL retirees invested at least \$100,000 apiece in a now-defunct start-up called Pay By Touch--which touted "biometric authentication" technology that would help replace credit cards with fingerprints--even as the company was wracked by lawsuits and internal dissent. (The players later sued the financial-services firm UBS, which had encouraged its clients to invest in PayBy Touch, for allegedly withholding information about the company founder's criminal history and drug use.)

About five years ago, Hunter says, he invested almost \$70,000 in an invention: an inflatable raft that would sit under furniture. The pitch was that when high-rainfall areas were flooded, consumers could pump up the device, allowing a sofa to float and remain dry. "The guy I invested with came back and wanted me to put in more, about \$500,000," Hunter says. "Then I met [Butowsky], who just said, Hell no! I wound up never seeing that guy--or any of my money--again."

Hunter, who in November 2007 signed a five-year, \$90 million contract, has been able to absorb the loss. But innumerable other athletes have not been so lucky. Former (and perhaps future) NFL quarterback Michael Vick filed for Chapter 11 bankruptcy last July and recently put his mansion in suburban Atlanta on the market. That's partly because he is unable to repay about \$6-million in bank loans that he put toward a car-rental franchise in Indiana, real estate in Canada and a wine shop in Georgia. "It's always so predictable," Butowsky says. "Everyone wants to be the next Magic Johnson."

But Johnson is the rare, luminous exception of tangibility gone right. In 1994 he started a chain of inner-city movie theaters and diligently built a business empire. Today Magic Johnson

Enterprises includes partnerships with Starbucks, 24 HourFitness, Aetna and Best Buy, and its capital management division has invested over a billion dollars in urban communities.

The rule, unfortunately, is a mogul manqué like McAllister. According to a civil suit filed on Feb. 20 by Nissan, the running back owes the car company more than \$6.6 million plus almost \$300,000 in interest on his car dealership. Or Muhammad, whose Cleveland music company, Baylo Entertainment, is being sued by Wachovia for allegedly failing to pay back \$24,603.24 on a Visa Business Rewards credit card. Muhammad's 8,200-square-foot lakeside estate, which boasts a custom spa and the "largest residential aquarium in the Southeast," can now be had on eBay for \$1.95 million, \$800,000 less than he initially asked for.

"Without question, this recession is increasing the velocity of what's taking place with athletes," Butowsky says. "They're suffering tremendously." Retired NBA forward Vin Baker's seafood restaurant in Old Saybrook, Conn., was foreclosed on in February 2008 due to nearly \$900,000 in unpaid loans. (It has since reopened with help from an anonymous investor.) And former major league infielder Junior Spivey's portfolio of real estate has lately assumed the form of a sinkhole. "I'm taking a huge hit," says Spivey, who has been buying homes to sell and rent since 2001. (He won't say how many properties he owns.) "It's very tough, especially for someone like me who's not playing."

Then there are the unnamed athletes and team personnel who pawned 400 title rings to the online reseller championship-rings.net over the past three months, a spike of about 33% from the same period last year. (A 2008 Giants Super Bowl ring was among them.) "It's mostly younger players who've been selling," says Tim Robins, the site's owner. "It's the economy. Selling these items is always embarrassing, a last resort."

## II. Misplaced Trust

Salary aside, the closest analogue to a pro athlete is not a white-collar executive. It's a lottery winner--who's often in his early twenties. "With athletes, there's an extraordinary metamorphosis of financial challenge," says agent Leigh Steinberg, who has represented the NFL's No. 1 pick a record eight times. "Coming off college scholarships, they probably haven't even learned the

basics of budgeting or keeping receipts." Which then triggers two fatal mistakes: hiring the wrong people as advisers, and trusting them far too much.

"That's the killer," Magic Johnson says. Johnson started out by admitting he knew nothing about business and seeking counsel from the power brokers who sat courtside at the old L.A. Forum, men such as Hollywood agent Michael Ovitz and Sony Pictures CEO Peter Guber. Now, Johnson says, he gets calls from star players "every day"--Alex Rodriguez, Shaquille O'Neal, Dwyane Wade, Plaxico Burress--and cuts them short if they propose relying on friends and family. "It won't even be a conversation," says Johnson. "They hire these people not because of expertise but because they're friends. Well, they'll fail."

Says Hunter, "They'll say, 'I got this guy, a cousin who's an accountant.' But he's usually an accountant in the 'hood. You hire him, you're doing him a favor."

Strickland realized that all too late. In 2001, when a "friend of a close friend" of the nine-year NBA vet proposed a real-estate deal in Georgia, Strickland turned to his business manager: his dad, Matthew, a retired lieutenant colonel in the Air Force. The paperwork on the plot of land, which was on sale for \$1.8 million but supposedly had been appraised at as much as \$3 million, appeared legitimate, and Strickland bought it. "I trusted my father to help look it over for me because I was hooping and didn't have time," Erick says. "He checked it out. But he didn't go that extra length."

The land wasn't worth anything close to what Strickland was told. "I had to take that hit," he says. "I wish my dad hadn't been put in that position. He just didn't have the knowledge." As for his close friend? Strickland says the man secretly got a cut of the deal, and the conflict caused a permanent "falling out" between them.

Relatives are not the only ones foolishly trusted with athletes' money. One up-and-coming guard in the NBA allows his entire fortune to be managed by his former AAU coach, who has the player's power of attorney. In a meeting with Butowsky in December, the guard's dad admitted that he has no idea who the son's accountant is and said he wanted a financial "intervention."



The NBA player's ignorance of his own affairs is not unique. According to Bob Young, the managing director of Apex Wealth Management in Doylestown, Pa., "You'll say to a player, 'How are you doing?' A lot of the time they'll respond, 'I have no idea.' All the bills are paid by someone else, and none of the statements go to [the athlete]."

In fact, according to the NFL Players Association, at least 78 players lost a total of more than \$42 million between 1999 and 2002 because they trusted money to financial advisers with questionable backgrounds. In this rogues' gallery Robert Allen Stanford looks almost presidential--and shows that even when athletes trust financiers of high repute, things can go disastrously wrong. The dubious advisers included Luigi DiFonzo--a former felon who claimed he was an Italian count and defrauded players such as Hall of Fame running back Eric Dickerson before committing suicide in August 2000--and disgraced agent William (Tank) Black, who built a pyramid scheme that took a total of about \$15 million from at least a dozen players, including Patriots running back Fred Taylor.

Just last May, Atlanta hedge fund manager Kirk Wright was convicted on 47 counts of fraud and money laundering in a scheme involving more than \$150 million. His client list included at least eight NFL players; former safeties Blaine Bishop (who lost \$4 million, according to court documents) and Steve Atwater (who lost \$2.7 million) had recruited former Broncos stars Terrell Davis and Rod Smith to Wright's firm, unwittingly making them victims too. Soon after his conviction Wright committed suicide in prison.

In October, Atwater himself received an investment pitch from a fellow athlete. Former quarterback Jeff Blake sent 102 other retired players an e-mail on behalf of Triton Financial, an investment firm in Austin, whose "athlete services" department Blake directs along with three other ex-QBs: Chris Weinke and the brothers Detmer, Ty and Koy. In the e-mail, a copy of which was obtained by SI, Blake claimed without caveat that "Triton is averaging 32% annualized return on its investments within the past five years."

Triton is an official partner of the Heisman Trophy Trust and the sponsor of the Triton Financial Classic, a PGA senior tour event. Its CEO, Kurt Barton, told SI that the firm manages "about \$300 million" in assets, and he claimed that Triton registered with the SEC (as is required by law

of investment adviser firms with at least \$25 million in assets under management) "roughly six months ago, around October." But the Texas State Securities Board and Triton chief compliance officer David Tuckfield said that the company has not, in fact, done so. "Right now, we're only registered with Texas," Tuckfield said. "But we're passing the [assets] threshold, and we're confident that we'll need to file this year."

Says Paul Cohen, a real estate investor who owns properties in Austin, "In this economy, especially in real estate, anything you bought in the last two years is deeply underwater. I guess what [Triton is] saying could happen. But then again, I could target the moon with my rifle and shoot, but I ain't gonna hit it." (Barton did not dispute the e-mail's 32% figure, but he and Tuckfield admitted to SI that Blake should not have sent it out. Barton also conceded that Triton was "not supposed to publish specific numbers about past performance" without significant disclaimers, including a disclosure of what the company had invested in.)

On a much smaller scale, Torii Hunter and Astros pitcher LaTroy Hawkins recall the story of a former major leaguer from the Dominican Republic whose adviser took care of all his financial matters. One day the player's mail came to the clubhouse and Hunter playfully asked to see it. "It turns out he was paying this guy \$5,000 a month on insurance for two cars in the Dominican Republic," Hunter says. "I got three cars, and I only pay \$250 a month. He'd been with and trusted this guy [for almost 18 years]!"

Advisers warn that such overcharging is the most common form of financial bloodletting for athletes. "It's basically large-scale shoplifting," Butowsky says. "Athletes don't know industry standards, so virtually every one of them is being robbed." Brokers will encourage them to buy bonds with longer maturities because the commissions on them are often larger. Or they'll overcharge on portfolios--2% or 3% instead of the customary 1%.

A few years ago, Butowsky recalls, he met with a former high-round NFL pick whose adviser, also a former player, said that he couldn't reveal how much he was charging to manage the athlete's tax-exempt municipal bonds "because of the Patriot Act." According to Butowsky, he was taking \$146,000 every year.

### III. Family Matters

In 1996, when Panthers owner Jerry Richardson--a former NFL flanker turned businessman--addressed his players, one of them asked, What's the most dangerous thing that could happen to us financially? "Without blinking an eye," Ismail recalls, "Mr. Richardson said, 'Divorce.' "

Players today would not disagree. In a survey reported by the financial-services firm Rothstein Kass in December, more than 80% of the 178 athletes polled--each with a minimum net worth of \$5 million and two thirds under the age of 30--said they were "concerned about being involved in unjust lawsuits and/or divorce proceedings." By common estimates among athletes and agents, the divorce rate for pro athletes ranges from 60% to 80%.

In divorce proceedings, of course, husbands routinely lose half of their net worth. But for athletes there is an aggravating factor: when the divorce happens. Most splits occur in retirement, when the player's peak earnings period is long over and making a comparable living is virtually impossible. Such timing is no accident. "There's this huge lifestyle change," says former NBA center Mark West, a licensed stockbroker who is now the Suns' vice president of player programs. "You and your wife are suddenly always at home, bugging each other. Before, you'd always say, 'I gotta go to practice.' Now you don't have to practice. You have to finish conversations."

Which often involve an incendiary subject: infidelity. "A friend of mine is a football player, and I asked him why he cheated on his wife," says Anita Hawkins, LaTroy's wife of 11 years. "He just said, 'I love her dearly, but I feel like I got married too early and didn't get to do what I wanted to do when I was young.' "

Given all the pressures on a pro athlete's marriage, one safety valve might be the prenuptial agreement--something "very strongly" recommended by agent David Falk, who surged to prominence representing Michael Jordan (who did not have one). "The percentage of prenups amongst athletes is appreciably lower compared with nonathletes at the same economic level," says celebrity divorce lawyer Raoul Felder, who has represented the ex-wives of Patrick Ewing, Jason Kidd and Mike Tyson.

In 1994, when NBA center Dikembe Mutombo was engaged to Michelle Roberts, a med student, Roberts refused to sign a premarital contract the day before the wedding. Five hundred guests--including a large party from Mutombo's native Democratic Republic of Congo--had begun flying in to Washington. "[Roberts] never signed," Falk says, "and Mutombo never married the girl." Calling off the nuptials reportedly cost him \$250,000.

It's no coincidence that the woman a pro athlete often chooses to marry--and often at a young age--is his hometown sweetheart. For that reason he can't envision a ruinous divorce. "That was how you could tell if she really liked you, if she knew you before you made it," says West. But when a player does make it? "The question [for the athlete] becomes, When you get off the farm and see Paris, so to speak, can you really go back to the farm?"

Children almost always complicate the issue. How to limit paternity obligations is a challenge for pro athletes. Former NBA forward Shawn Kemp (who has at least seven children by six women) and, more recently, Travis Henry (nine by nine) have seen their fortunes sapped by monthly child-support payments in the tens of thousands of dollars. Last month Henry, who reportedly earned almost \$11 million over seven years in the NFL, tried and failed to temporarily reduce one of his nine child-support payments by arguing that he could no longer afford the \$3,000 every month. Two weeks later he was jailed for falling \$16,600 behind in payments for his child in Frostproof, Fla.

An aversion to family planning goes hand in hand with neglect of other forms of financial foresight, which can affect what happens to athletes' fortunes even after they die. Hall of Fame linebacker Derrick Thomas, who died at 33 following a January 2000 car crash, had ignored the urging of his financial adviser to make a will, and his entire estate was left for the court to divide, touching off a legal battle among the five mothers of his seven children. (Of the estimated \$30 million Thomas had earned in the NFL, he had only \$1.16 million in valued assets at the time of his death.)

"Derrick didn't care about meeting with his planner, and we tried to set him up to do it 10 times," says Steinberg, who was his agent. "The sad truth is that there was a certain group of

athletes who actually believed that if they ever sat down to write their wills, they were going to die."

## IV. Great Expectations

The thorniest question for a pro athlete, however, isn't how he handles himself and those closest to him. It's "how you handle the new people suddenly emerging in your life," says Richard Lapchick, director of the University of Central Florida's DeVos Sport Business Management program. "They'll be expecting help or money or jobs. Often players don't know how to say no."

It's all part of that ossified notion of how a pro athlete should live and provide for those around him. If he isn't consuming conspicuously, then he hasn't made it. "When I was a young buck," says Hawkins, "I was trying to spend all my money. Now I try to preach to young guys in the clubhouse who are like that. I've got all this stuff from 10 years ago--jewelry, rims--that I think, Why the f--- did I even buy this?"

Two years ago Rockets forward Ron Artest had a similar change of heart. He dismissed six friends who were involved with his record label and doing odd jobs for him while they lived in a house he was leasing for \$30,000 a year. This entourage's "level of helpfulness," said Artest's publicist, Heidi Buech, "was 50 percent." (The house they occupied had also been broken into while Artest was abroad.)

As soon as an athlete goes pro, people in search of handouts tend to stretch the definitions of family and friends. When Hunter went to his hometown of Pine Bluff, Ark., for his grandmother's funeral last August, he found Old St. James Baptist Church packed, the line of cars outside stretching for blocks. "But my grandma didn't know anybody," Hunter says. "She just lived at home." When he stepped outside the church, people "came running, all dressed up, chasing after me," Hunter says. "They were throwing CDs, projects, letters. . . . They were yelling, My sister's brother went to school with you!"

A different but equally potent pressure operates in the workplace--the clubhouse, the locker room and the team plane. "For rookies, it's like an unspoken initiation," says Strickland. "You're

trying to get in good with the veterans, so you go beyond your means. You drive the nice car, splurge on a house."

The veterans don't mind giving explicit instructions. "I got ripped my first three years in the NFL, every day," says Tubbs. "I got on planes with a cassette player, and [a teammate] would tell me, 'They make CD players. You're in the NFL now.' "

Perhaps the upper limit on spending was set by the famously profligate Shaquille O'Neal, who--according to a document obtained by the Palm Beach Post during O'Neal's canceled divorce filing in January 2008--spends a total of \$875,015 each month, including \$26,500 for child care, \$24,300 for gas and \$17,220 for clothing. But O'Neal, who also has been known to fund charities anonymously and cover medical bills for complete strangers, has the wherewithal to remain solvent.

Imitators have been less fortunate. When former NBA guard Kenny Anderson filed for bankruptcy in October 2005, he detailed how the estimated \$60 million he earned in the league had dwindled to nothing. He bought eight cars and rang up monthly expenses of \$41,000, including outlays for child support, his mother's mortgage and his own five-bedroom house in Beverly Hills, Calif.--not to mention \$10,000 in what he dubbed "hanging-out money." He also regularly handed out \$3,000 to \$5,000 to friends and relatives. (Along with Ismail, he enlisted as both a Slamball coach and a Pros vs. Joes participant last year.) Former big league slugger Jack Clark filed for bankruptcy in July 1992 while still playing, listing debts of \$6.7 million and ownership of 18 cars--17 of which still had outstanding payments.

Financial advisers have come to call it "the problem of the \$20,000 Rolex." If a 22-year-old spends \$20,000 on a watch or on a big night out at a nightclub, that money is either depreciating or gone. "But if they invested in a five percent, Triple A insured, tax-free municipal bond for a period of 30 years," money manager Seymour says, "that \$20,000 would be worth \$86,000 at that tax-free rate of return. And needless to say, they buy more than one \$20,000 Rolex."

Four years ago future NBA Hall of Famer Scottie Pippen unsuccessfully sued his former law firm for allegedly losing \$27 million of his money through poor investments. (He had earned about \$110 million in salary alone over a 17-year career.) In February 2007--around the same

time as Pippen's failed NBA comeback attempt--the Missouri Court of Appeals upheld a ruling that the player owed U.S. Bank more than \$5 million in principal, interest and attorneys' fees from a dispute regarding a Grumman Gulfstream II corporate jet that he'd purchased in 2001.

In an era in which banks are lambasted for using taxpayers' money to fly their executives on luxury private planes, it's a smart bet for players not to use their own cash to do the same. "In this economy, especially, the goal shouldn't be living that kind of lifestyle or trying to get richer," says West. "It needs to be about trying to maintain the wealth."

Sometimes, though, a jock just can't shake the temptation to try to hit the jackpot. Butowsky believes that "there's something in an athlete's mentality" that drives him to swing for the fences financially--usually at his own peril. "The solution to the problem is, without a doubt, education," the adviser says. "Change won't happen until grown men start wanting to learn."

Old habits die hard. Despite all his dreadful experiences, and lessons absorbed the hard way, not even Ismail is done yet. This time around, the project in which he's invested \$250,000 is a special mouth guard--available online for \$79.95--that's designed to help the body "physiologically perform at the highest level," he says. The science behind it involves relieving pressure on the temporomandibular joint and holding the jaw in an "optimal" position. (Ismail made the investment before he began consulting with Butowsky.)

It might sound familiar, Rocket admits, but there's at least one distinction between this and his previous six ventures: He didn't embark on it so blindly. He actually used the mouth guard during his playing career. He says he's close friends with the guy who designed it. ("He's my boy.") And, perhaps most important, Ismail saw the plan develop from the ground up.

Hours after Butowsky's boot camp in Dallas is over, Rocket calmly lays out his rationale: "You know that statistic we heard about how one in 30 private equity investments works?" He smiles broadly. "Well, Lord willing, this is going to be my one."

Somewhere heads are nodding.

### **An Age-Old Story**

Money troubles are nothing new for professional athletes; stars of the past lost their fortunes for many of the same reasons players do today. Here are five Hall of Fame cases

**BROOKS ROBINSON**, 23 MLB seasons (retired 1977). Highest salary: \$125,000 (1976)

In 1976 Baltimore securities lawyer Ron Shapiro received a call from Chuck Hoffberger. The Orioles owner said one of his players was on the brink of bankruptcy and needed financial assistance. "It's Brooks Robinson," Hoffberger said. "He has made some bad investments." Robinson had lost \$100,000--a huge sum for a pro ballplayer back then--on a restaurant and a sporting-goods store, which his advisers had recommended as investments. The 16-time Gold Glove third baseman avoided total collapse; Shapiro helped rework his finances and took him on as a partner in a sports-management firm.

**JOHN UNITAS**, 18 NFL seasons (retired 1973). Highest salary: \$250,000 (1973)

In 1991 the former Colts quarterback cited debts of \$3.5 million in filing for personal bankruptcy protection. He listed a series of failed projects, which included an air-freight company, a prime-rib restaurant, bowling alleys, Florida real estate and an electronics company that manufactured circuit boards. "He had faith in his fellow man and a tendency to trust people until he found out he shouldn't," Lee Stotsky, a Baltimore businessman and friend of Unitas's, told *The (Baltimore) Sun* after the quarterback's death in 2002. "The reality is, he got taken a few times."

**ROLLIE FINGERS**, 17 MLB seasons (retired 1985). Highest salary: \$1.1 million (1985)

In 1989 Fingers filed for bankruptcy, listing assets of less than \$50,000 and liabilities of more than \$1 million; 108 creditors further claimed he owed them a total of \$4.2 million. His investments included a pistachio orchard, wind turbines and a stable of Arabian horses. "You look back and just think how stupid you were," the relief ace told the *Los Angeles Times* in 1991. Fingers settled his debts and returned to solvency through endorsements and card-show appearances, among other activities. In 2007 he resolved a case involving \$1.4 million in unpaid taxes in Wisconsin dating back to 1985.



KAREEM ABDUL-JABBAR, 20 NBA seasons (retired 1989). Highest salary: \$3 million (1989)

In 1980 the Lakers star gave power of attorney to his agent, Tom Collins. Six years later Abdul-Jabbar filed a lawsuit against Collins to recover \$59 million in damages from allegedly mishandled income tax returns, "improvident" investments and the transfer of "funds from [Abdul-Jabbar's] accounts to the accounts of other players represented by Collins." The case was settled for an undisclosed amount in 1989; the league's all-time scoring leader, meanwhile, had continued to play for NBA paychecks until age 42.

TONY GWYNN, 20 MLB seasons (retired 2001). Highest salary: \$6.3 million (2000)

In 1987, two years and \$1.1 million into a five-year, \$3.7 million deal with the Padres, the outfielder filed for bankruptcy. His court petition listed assets of \$690,150, liabilities of \$1.2 million and unpaid taxes of \$45,000, with the debt "predominantly [arising] from business and investment claims." (He alleged that his first agent had forced him into bad investments and defaulted on loans he had persuaded Gwynn to cosign. "It was extremely embarrassing," the player told San Diego magazine in 2006.) Gwynn would play for 14 more years and leave the game financially sound.

Professional athletes' salaries have risen steadily in the last three decades. But by the time NFL players have been retired two years, 78% of them either have gone bankrupt or are under financial stress because of joblessness or divorce.

Hunter once invested almost \$70,000 in an inflatable raft that would sit under furniture in areas at risk for floods.

The closest analogue to a pro athlete isn't a white-collar executive. It's a lottery winner--often in his early twenties.

What's the most dangerous thing that could happen to an athlete financially? The owner was succinct: "Divorce."

If an athlete isn't consuming conspicuously, then he hasn't made it. "You're trying to get in good with the veterans," says Strickland, "so you splurge."

PHOTOLISA BLUMENFELD/GETTY IMAGES On theBall

Hunter was smart: He quit investing in long shots and protected his money. FIVE

ILLUSTRATIONS Illustrations by Slim

## Webpage Disclosure – How and Why Athletes Go Broke

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