Another Coaching Contract Lesson Learned: Williams v. University of Minnesota

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(Room 11)

The purpose of this presentation is to address the recently-decided case of Williams v. University of Minnesota, a case in which a jury rendered a verdict of approximately $1.25 million after a head coach made a job offer to an assistant coach (Williams) and the offer was rescinded by the university. The verdict was rendered on the basis that the head coach engaged in negligent misrepresentation in offering the job to Williams. The practical implications of this case for college athletic administrators will then be discussed.

Tubby Smith was hired as the head basketball coach at the University of Minnesota in March, 2007. Shortly thereafter, Smith hired his son, Saul, as an assistant coach as well as long-time associate, Ron Jirs. Smith also made an offer of employment to join his staff as an assistant coach to Jimmie Williams On April 2, 2007. Williams had experience as an assistant coach at the University of Minnesota (UM) in the 1970s and 1980s under head coaches Bill Musselman and Jim Dutcher. He also coached at Tulsa, San Diego State, Nebraska and Oklahoma State (Mark, 2010).

Williams immediately accepted Smith’s offer and resigned his current position at Oklahoma State University (OSU). He also put his house on the market and advised his friends and family that he had accepted employment at the University of Minnesota. Williams also gave up his guaranteed contract for the upcoming season at OSU which was worth more than $150,000 (Mark, 2010).

However, thereafter, the UM athletic director, Joel Maturi, advised Smith that Williams would not be approved for employment at UM because Williams was a UM assistant previously when a number of NCAA violations had occurred in the basketball program. Maturi conveyed these concerns to Smith and Smith revoked the employment offer that he had made to Williams. Williams filed a lawsuit against Smith, Maturi and UM alleging thirteen different causes of action including breach of contract, promissory and equitable estoppel, negligent misrepresentation, defamation, and constitutional claims under 42 U.S.C. §1983. This action was filed in the Hennepin County District Court and the court dismissed all of Williams’ claims (File No. 27-CV-07-22194).

Upon appeal (763 N.W. 2d 646 (Minn. Ct. App. 2008), the court affirmed the dismissal of the estoppel claims and the constitutional claims. However, the court reversed the dismissal of the negligent misrepresentation claim and remanded the matter back to the district court for further proceedings.

The appellate court held that the district court did not have subject matter jurisdiction related to the estoppel claims since, under Minnesota law, certiorari is the exclusive method of reviewing employment termination decisions made by a public university. The estoppel claims which alleged that promises of employment were made to Williams through Smith would necessitate a court’s consideration of the university’s hiring procedures and Williams’ equitable rights to employment. Therefore, the district court was correct in dismissing the estoppel claims for lack of subject matter jurisdiction. In terms of the constitutional claims, the appellate court held that they were correctly dismissed by the district court since Williams had stated no claim for which relief could be granted.

Regarding the negligent misrepresentation claim, the appellate court noted that this tort claim is a common law cause of action “not premised on an equitable or legal claim to employment” (p. 652). Negligent misrepresentation, as defined by the Restatement (Second) Torts §552(1), exists when “One who, in the course of his business, profession or employment, or in any other transaction in which he has a pecuniary interest, supplies false information for the guidance of others in their business transactions, is subject to liability for pecuniary loss caused to them by their justifiable reliance upon the information, if he fails to exercise reasonable care or competence in obtaining or communicating the information.” The appellate court noted that the consideration of this claim could be limited to a determination of whether the university, through Smith, provided Williams with false information that he reasonably relied on by resigning as an assistant coach with OSU. Unlike the estoppel claims, the focus would be on the representation, Williams’ reliance, and whether Williams incurred losses as a result of reliance on the alleged misrepresentation. “Because the actual hiring decision is not at issue and is not directly implicated, we conclude the district court erred by dismissing appellant's negligent misrepresentation claim on the pleadings and reverse and remand that claim to the district court.” (pp.652-653).
Upon remand a jury trial was held and the jury, on May 26, 2010, awarded Williams almost $1.25 million in damages against Smith and his employer UM. On September 21, 2010, a remittitur was granted by District Court Judge Chu reducing the award to $1 million pursuant to the Minnesota Tort Claims Act (File No. 27-CV-09-16611).

This decision adds another chapter to the many recent disputes between universities and coaches regarding aspects of employment contracts. Some of the more notable disputes in the last few years have been the following: (a) O’Brien v. Ohio State University which culminated in a judgment of almost $3 million against the university in a dispute related to termination for cause (Fitzgerald, 2008); (b) West Virginia University v. Rodriguez, a dispute over a buyout clause, which was settled by a $4 million payment to West Virginia (Hickman, 2008); (c) Gillispie v. University of Kentucky, a breach of contract and fraud lawsuit, settled with a payout to the former coach of $2.98 million (Alessi, 2009); and (d) Marist College v. Brady, a lawsuit by Marist College against its former basketball coach, Matt Brady and his current employer James Madison, alleging that Brady breached his contract with Marist by recruiting former Marist players to play at JMU (Foster, 2009). The Williams case is one more reason for college athletic administrators to attend to the implications related to coaching contracts. Specifically, this case should encourage administrators to develop policies related to final hiring authority for assistant coaches. The policy should be clear on who has the final authority and how this should be conveyed to prospective assistant coaches.