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Clippers Salary Cap Probe Offers Investigation Tips For Cos.

By **Olaoluwaposi Oshinowo and Colin Cloherty** (October 15, 2026, 5:43 PM EDT)



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When a serious allegation reaches senior management, most companies want to determine what happened and fix it. The challenge is execution: who investigates, how far the inquiry goes and what the company does with the results.

A credible investigation begins with a genuine willingness to determine whether the organization's policies, legal obligations or values were violated, and to address what the evidence reveals. Most investigative reports remain private, rarely traveling beyond the board, legal department or human resources team.

However, the NBA's recent investigation of the Los Angeles Clippers and Kawhi Leonard, the Clippers' All-Star forward at the center of this scandal, offers an unusual public model.

For the NBA, this investigation extended beyond a technical rules violation. The league needed to demonstrate fidelity to one of its core values: competitive equity. A central purpose of the league's compensation system is to create balanced competitive opportunity through fair limits on what teams may pay players. Fans in every market must be able to believe that their team has a realistic path to contention and that another team cannot secretly buy an advantage outside the agreed-upon rules.

Against that backdrop, the NBA hired Wachtell Lipton Rosen & Katz to investigate whether the Clippers circumvented salary cap rules through Leonard's endorsement agreement with Aspiration, a sustainability company financially backed by Clippers owner Steve Ballmer. The league imposed no limit on scope or timing, allowing Wachtell to follow relevant evidence beyond the initial allegation.

On Sept. 2, the league **published** the summary report prepared by Wachtell, which offers something unusual: a detailed look behind the curtain at how a significant organizational investigation was conducted and how its findings were presented.

The report provides five practical lessons for companies conducting their own investigations: Define the purpose, give investigators the authority to follow the facts, test competing accounts honestly, show the evidentiary basis for findings and act on what the investigation reveals.

From a Podcast Allegation to a League Investigation

The matter began in September 2025 when the "Pablo Torre Finds Out" podcast reported that Leonard had signed a previously undisclosed four-year, $28 million endorsement agreement with Aspiration, though there was no evidence at the time that Leonard had performed services under the agreement. The Clippers responded that any claim of misconduct was "provably false." The NBA opened an investigation that day.

Over the course of nearly a year, Wachtell interviewed 60 people in 73 sessions and reviewed more than 200,000 pages of documents. The investigation soon expanded beyond Aspiration to Leonard's

relationships with Boingo Wireless, Daktronics and Lockton Insurance, each of which did business with the Clippers. It also examined team-paid expenses for Leonard and his representatives, as well as demands made by Leonard's uncle and then-business manager, Dennis Robertson.

The inquiry encountered real limits. Lockton refused to participate. Boingo gave answers that the investigators found to be inconsistent or not credible, and then stopped cooperating. Some sources required confidentiality protections before providing information. The report identified those gaps, rather than concealing them, and noted that the Clippers and Leonard had counsel and opportunities to provide evidence and argument.

The 36-page document also reported that Clippers personnel initiated and advanced endorsement opportunities for Leonard, helped shape certain agreements, and used team business to induce companies to enter those deals. The report also identified unauthorized expense payments and a failure to report Robertson's demands for off-court income.

The Aspiration evidence was particularly strong. Internal messages said the Clippers wanted Aspiration to make the Leonard deal and would give the company enough additional business to offset its cost. A proposed sustainability agreement for the Clippers' stadium, the Forum, called for the Clippers to pay Aspiration $7 million a year, matching the annual cash amount promised to Leonard.

Ballmer and another executive attributed the $28 million Forum budget to a consultant, but the consultant told Wachtell the Clippers had supplied the figure. Ballmer also acknowledged that he knew Aspiration had threatened to abandon Leonard's endorsement unless the Forum agreement was signed and that he approved it.

Wachtell separated the responsibility of the team's President of Business Operations Gillian Zucker, its President of Basketball Operations Lawrence Frank, Ballmer, Leonard and Robertson.

The NBA then imposed a $30 million fine, stripped the Clippers of five first-round draft picks and suspended Ballmer for one year. Zucker and Frank received unpaid suspensions, Leonard was fined $700,000, Robertson was barred from dealing with NBA teams for five years, and the Clippers entered a five-year compliance and monitoring program.

What does this rare look behind the curtain teach companies? The report earned credibility by testing explanations against documents, tracing patterns across transactions, identifying who knew and approved what, and producing findings that the NBA could act on.

Defining the Investigation's Purpose

An investigation should begin with an alleged violation of a specific rule, policy or law, but the strongest investigations also consider the organizational value or business interest that requirement protects. Leadership should be able to explain why the requirement exists and what would be put at risk if people ignored it.

The NBA could make that connection plainly. Its circumvention rules protect balanced competition. Once that premise is clear, the investigation has a real question to answer: Did the Clippers obtain or help obtain compensation for Leonard outside the system every team had agreed to follow?

Framing the investigation is ultimately a governance responsibility. The board need not manage the investigative process, but the appropriate decision-maker should define the question that needs to be answered and ensure that the investigator has the authority and independence to answer it honestly.

The mandate should identify the alleged conduct; the applicable rule, policy or law; the organizational interest it protects; and the decision that the investigation is intended to inform.

Allowing Room to Follow the Facts

The NBA did not confine Wachtell to the wording of the initial reporting. The investigators followed similar transactions to three other companies, reviewed personal expenses and examined demands that had never been reported to the league. The final findings were broader, because the mandate

gave the investigators room to follow relevant evidence.

The scope is critical because investigations often surface additional facts or allegations. Not every new issue warrants expansion; some may merit separate review. But a company undermines the inquiry when it blocks information relevant to the existing mandate merely because the findings may be damaging to the interests of the company or a powerful individual within the company.

Investigators should be able to obtain records, interview witnesses, retain specialists and recommend scope adjustments. Leadership should address legitimate cost and timing constraints candidly, and document decisions to expand — or not expand — the mandate.

This also protects the company from an investigation that answers the central question of the mandate but fails to examine the underlying conduct. The most public accusation may prove to be exaggerated. The evidence may nevertheless reveal a narrower policy violation, a reporting failure or a control problem that requires action. A company that is genuinely trying to resolve the issue should want to know that too.

Seeking the Answer, Not Support for a Position

An investigation should be designed to find the answer, not to validate a predetermined position. For that reason, all leads should be run to ground, including those that undermine or negate the allegation. Wachtell did this in its investigation, and its report gained credibility.

The Clippers argued that the $28 million figures in the Forum and Leonard agreements had an innocent source: a consultant's calculation of the Forum's historical carbon emissions. Wachtell investigated this potential defense. The consultant, however, told investigators that the $28 million figure originated with the Clippers' budget, not historical carbon emissions data. The evidence weakened the Clippers' explanation.

The investigative lesson lies in the process: Wachtell tested the Clippers' defense rather than assuming it was wrong, and the evidence did not support it.

An investigator should ask what evidence would exist if the leading innocent account were true, and then pursue it with the same seriousness as evidence of wrongdoing. The party under investigation should receive enough detail to answer the substance of the allegation, identify helpful witnesses and respond to the evidence likely to drive the finding.

This process may confirm the accusation, narrow it or disprove it. Either way, the organization benefits from the findings so long as it is willing to act on what it learns.

The same honesty applies when the record is incomplete. Wachtell did not treat refusal or withdrawal of participation as proof of wrongdoing; it explained what information was unavailable. A sound report distinguishes between an account the evidence disproved and one the investigator could not fully test.

Why It's Important to Show, Not Tell

A report explains the investigation and its scope, makes findings responsive to the mandate, and shows how the evidence supports those findings. Any requested recommendations should likewise be tied to the facts that the investigation established.

The Wachtell report's handling of the findings and conclusions is a case in point. It does not ask the reader to accept Wachtell's judgment; it simply lays out the facts. The corresponding financial terms, internal messages, Aspiration's threat, Ballmer's approval and the consultant's account appear together. The conclusion follows from facts the reader can evaluate.

The report presents those facts in a cohesive, compelling manner. It identifies the pattern in the Clippers' behavior. For example, it highlights that three endorsement agreements, completed within weeks, shared unusual features. Each involved a company with no history of a comparable endorsement deal, imposed minimal obligations on Leonard and was never publicly announced.

No single fact resolved the issue. Read together, and against the Clippers' business arrangements with the same companies, the facts made the broader pattern difficult to dismiss.

Wachtell used similar discipline in assessing witnesses. Whether a report should make express credibility findings depends on the investigation's purpose and the decision the organization needs to make. Credibility may be central when competing accounts must be resolved, but may be unnecessary when objective evidence answers the scope question.

The mandate should therefore address not only whether credibility must be assessed, but also whether any such assessment belongs in the written report or is better conveyed in an oral briefing to the decision-maker. When credibility is material and included in the report, credibility assessments grounded in documents, other testimony and chronology are more persuasive than an investigator's impression of who seemed credible.

The report also avoided treating the Clippers as one undifferentiated actor. Ballmer's knowledge and approval of the Forum agreement raised a different question from Frank's approval of expenses or Robertson's pressure on team personnel. That separation matters whenever knowledge, intent, authorization or agency affects responsibility.

The report does not dump the investigative file onto the reader. It selects the evidence needed to support its findings, identifies material gaps and avoids character attacks.

Companies can replicate that discipline with an allegation-and-evidence matrix, identifying each material act and actor, the governing rule, evidence pointing each way, unavailable information, and the proposed finding. The report may be shorter than the matrix, but the decision-maker should be able to trace every important conclusion to the record.

Acting on What the Investigation Reveals

An investigation only has value if the organization uses what it learns to make decisions. Wachtell determined what happened and who was responsible. The NBA used those findings to select consequences tied to the competitive system that the rules were meant to protect, including individual sanctions and five years of organizational monitoring.

Companies should document that handoff with the same care devoted to the findings. The decision record should identify who reviewed the report, why the response fits the finding, what control failed and who will complete the corrective work.

Discipline may address individual responsibility, while leaving the same incentives, supervision or reporting weakness in place. The response should bring the organization's conduct back into line with the policy and the value behind it.

Most reports will remain inside the organization. The board, legal department and management team still need enough clarity to understand what happened, why it violated company standards and why the chosen response is appropriate.

Years later, a new director may ask why management acted the way it did. An auditor may test the control response, and a regulator, outside investigator or court may examine the process. Public scrutiny is only one possibility, and publishing the report remains a separate legal and business decision, because it can affect privilege, privacy and witness fairness.

Conclusion

Though the investigation may never leave the boardroom, conduct it as though it will. Give the investigator room to follow the facts. Test competing explanations. Show the evidence supporting the findings. Then act on what the investigation reveals. Make a record that explains why the result fits the evidence; the applicable rules, policies or laws; and the organization's values.

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