

U.S. INVESTIGATING FRAUD BY PLAYERS

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A Federal prosecutor in Chicago has adopted the novel idea that a violation of National Collegiate Athletic Association rules prohibiting payments to athletes might constitute fraud against the athletes' schools.

As a result a grand jury is conducting an unusual nationwide investigation that, according to law enforcement officials, lawyers, agents and others close to the case, could involve top college and professional football and basketball players and some agents. Potential grand jury witnesses interviewed by the Federal Bureau of Investigation have also been asked about threats of violence said to be made by some agents, according to lawyers, who said several players have reported such threats.

The investigation centers on two New York agents, Norby Walters and Lloyd Bloom, who are partners in World Sports & Entertainment, a talent agency, and their athletic clients. Walters, who is a booking agent for many top musical acts, has admitted lending some athletes thousands of dollars before their college eligibility had expired, saying it was a routine practice among agents. But he has denied breaking any laws or making any threats. Created Animosity

"What you have is a conspiracy of agents trying to drive me out of the business because I'm a superagent," said Walters, who entered the sports field only two years ago. "By signing so many blue-chippers, I've created a tremendous animosity among agents who would otherwise be getting these players. My gain is their loss."

Anton R. Valukas, the United States Attorney in Chicago, has declined to comment on the case, citing the confidentiality of all grand jury proceedings.

However, one person close to the prosecution said Valukas believed that by falsely representing themselves as amateurs, the athletes had perpetrated a "fraud on the schools."

"The athletes may in fact get prosecuted," the source said, adding that athletes are required to sign statements each year certifying that they have no agreements with agents and have not accepted any improper payments. Schools also require the athletes, virtually all of whom are on athletic scholarships, to certify financial-aid documents regarding income. Signing such documents while taking improper payments would be a fraud, according to the source.

Using the mails to send the payments or false documents could constitute mail fraud, the source said, and failure to report the payments as income could lead to tax charges. # 40 Athletes on Subpoena List Those familiar with the case say that about 40 athletes from 20 universities, including Texas, Southern California, Michigan, Alabama, Pittsburgh, Temple and Florida, have been or will be subpoenaed to appear before the grand jury, which is meeting each Tuesday. The athletes all had some dealing with Walters or Bloom, with some admitting they signed representation agreements and received money while still playing in college.

The athletes, several of whom are involved in lawsuits over their efforts to break their agreements with World Sports, include eight players selected on the first round of the recent National Football League draft. Among them are Brent Fullwood of Auburn, the fourth pick; Reggie Rogers of Washington, the seventh pick, and Rod Woodson of Purdue, taken 10th.

Former college basketball and football players now in the professional leagues who had dealings with World Sports are also to appear before the grand jury. They include Brad Sellers of the Chicago Bulls and Ronnie Harmon of the Buffalo Bills, sources said.

Financial-aid statements and other records have been subpoenaed from the schools, with F.B.I. agents from throughout the country conducting interviews of athletic officials and delivering the subpoenas to the campuses. Documents, for example, have been demanded from Michigan, Ohio State, Illinois, Purdue, Michigan State and Iowa of the Big 10; Alabama, Auburn, Florida and Kentucky of the Southeastern Conference, and Texas, Southern Methodist University and Texas Christian University in the Southwest Athletic Conference. Visit by Agent Described

Bob Devaney, the athletic director at Nebraska, described a visit from an agent of the Lincoln office of the F.B.I. that was similar to those reported by his colleagues throughout the country in recent weeks.

"He just said that Walters had been giving money to the players before they had completed their college careers and that they wanted to get him, to gather evidence to make prosecution possible," Devaney said.

Alabama officials recently suspended the team's top basketball player after being notified by the local F.B.I. office that the player, Derrick McKey, had signed an agreement with Walters. McKey was ruled ineligible for his senior season for violating N.C.A.A. rules.

The likelihood that players would be indicted has been raised by several people with knowledge of the case. One agent said prosecutors threatened his client with jail if he failed to cooperate.

"They wanted to let the players know that if they don't give them everything they've got, they are subject to part of the penalty," said the agent, who did not want to identify either himself or his client.

Edward King, a San Francisco lawyer who has been contacted by several subpoenaed players, said he believed that players who took the most money or who took money from the agents over a longer period of time might be indicted, while others would be offered immunity in exchange for their testimony. N.C.A.A. Watching Case

"It depends on how involved you were," said King, who represents Reggie Rogers in a civil suit against Walters and Bloom.

Several athletic directors said they were glad the Government was interested in a situation that has long troubled them. The N.C.A.A. is also watching the case with great interest.

"The agent situation has always been a problem," said Rick Evrard, director of legislative services for the N.C.A.A. He said that while the "membership feels comfortable" with its rules on the subject, it is considering a raft of proposals, some of which would allow players to have agents while another would allow payments or loans. He called such proposals "radical."

The case began in March, when a female employee of a talent agent near Chicago was beaten by a man wearing a ski mask. The beating came as several college athletes reportedly told authorities that either Walters or Bloom had threatened them if they switched to other agents.

Steven Zucker, the agent in whose office the woman was beaten, said some of his clients have reported being threatened by Bloom and Walters. He declined to name the players. Threats of Violence Made

Another lawyer representing one of the players said his client has told the F.B.I. that Walters or Bloom threatened to "bump off" any new agent the player retained. The lawyer did not want either himself or the player identified.

Several lawyers representing players said they believed it would be unfair if the players were indicted.

"That would open a whole Pandora's box of questions," said Richard Glickel, who is representing Fullwood. "What about the exploitation of the poor athletes by these so-called victim institutions?"

Matthias A. Lydon, representing Tony Woods of Pittsburgh, the 18th pick in the draft, said that while the athletes had made false representations to the schools, "the tactics and the methods used by the agents are more knowing and calculating."

Michael Feldberg, of Shea & Gould, the law firm representing Walters and Bloom, said there was "something frightening" about criminal charges being filed against the athletes for "doing something that nobody ever said was against the law." Charging his clients with fraud against the schools would be even more of an injustice, Feldberg said, because Walters and Bloom had no relationship or obligation to the schools.

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