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INDICTMENTS ON WAY IN PROBE OF AGENTS

By
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CHICAGO — A federal grand jury investigation into the activities of New York-based agents Norby Walters and Lloyd Bloom is about to intensify, with indictments expected within 60 days.

Many of the 60 current and former college football and basketball players who have been subpoenaed will testify before the grand jury here during the next month. U.S. Attorney Anton Valukas and Assistant U.S. Attorney Howard M. Pearl spent much of Monday and Tuesday formulating a schedule for testimony, sources said.

The sources said Valukas and Pearl are ready to accelerate their case after a lengthy fact-finding mission that included a nationwide FBI investigation.

Walters and Bloom, who are based in New York, have admitted giving cash to numerous college athletes and signing them to representation contracts, which violates NCAA rules. They have denied breaking any laws.

Sources have said charges of fraud, extortion and violation of the RICO (Racketeering Influenced Corrupt Organizations) Act are being considered against the agents by the grand jury. Several athletes also have been told they face possible fraud and tax evasion charges.

The U.S. Attorney believes the athletes committed fraud when they signed documents that recertified their athletic scholarships, stating they had done nothing to jeopardize the scholarship after accepting money from the agents. Tax evasion is a possible charge if the money was not reported as income.

Sources placed the expense of the investigation already in "the hundreds of thousands."

Many of the college athletic programs whose athletes have been subpoenaed are nervously awaiting the outcome of the investigation. Some players with eligibility remaining have been subpoenaed. Numerous college athletic directors say they have been denied information on the case by the U.S. Attorney and the FBI.

The exception was the FBI's disclosure to the University of Alabama that basketball center Derrick McKey had received money from, and signed a contract with, Walters. McKey lost his senior season of eligibility. The FBI agent has been reprimanded, sources said.

However, sources said the U.S. attorney is more likely to cooperate with the colleges after indictments are returned by the grand jury.

Only a handful of athletes and at least two of Walters' employees — Terry Bolar and former NFL wide receiver Ron Jessie — have already testified before the grand jury, which convened on May 19.

Sources said at least one of those athletes faces a charge of perjury because he allegedly did not tell the truth about when he received money from Walters. The player changed his story when evidence was produced to dispute his testimony, sources said.

Since that incident, attorneys representing players have negotiated delays in testimony to better familiarize themselves with the case.

Many attorneys defending players do not expect Valukas to come down hard on the athletes because many are regarded as unsophisticated.

Chicago-based attorney Matt Lydon is representing five players who have been subpoenaed, including Auburn runningback Brent Fullwood, who likely will testify within the next two weeks.

Lydon has had several conversations with Valukas and Pearl. He said he does not anticipate Fullwood being indicted, although a suit Walters has filed against Fullwood alleges the payment of more than \$8,000, including \$4,000 prior to Fullwood's senior season in 1986.

However, one attorney who represents some players but asked not to be named, said, "I don't think there is any doubt that some athletes are going to be indicted."

Some attorneys believe players will be named as unindicted co-conspirators. Some athletes who are indicted will be offered community service in return for guilty pleas, according to Richard Margolis, an attorney who represents Atlanta Falcons draft choice Kenny Flowers, formerly of Clemson University. Flowers' current agent, Gene Burrough, has admitted that Flowers accepted \$17,000 from Walters prior to and during his senior season at Clemson.

Grand jury investigations are conducted privately. Valukas always prefaces his conversations with a reporter by saying, "I will not acknowledge the existence of a grand jury investigation."

The existence of a grand jury investigation became known in May when players received subpoenas to appear in Chicago. The players had one connection: All had been linked to Walters and Bloom.

Valukas chose the 34-year-old Pearl from a staff of 18 assistant U.S. attorneys in the Special Prosecution Division to spearhead the case.



The FBI became involved shortly after the beating of a Chicago agent, Kathy Clements, on March 16. No connection between Walters and the beating has been made. Clements' associate, Steve Zucker, was a former criminal attorney in Chicago.

A Chicago police detective also noticed a copy of a March 12 Atlanta Constitution story about Walters on Clements' desk the morning of the beating. He took the newspaper with him and passed it along to the FBI. The Chicago office of the FBI coordinated a nationwide investigation.

In the March 12 report in The Constitution, Walters admitted giving money to numerous college athletes and signing them to contracts.

The March 12 report also quoted an NFL Players Association official saying two college seniors had contacted the union and alleged that Walters had threatened them physically for switching agents.

Walters bristles each time those threats are mentioned in print. "What you have is an unidentified NFLPA source quoting two unidentified persons who claim they were players," Walters said angrily.

Sources close to the investigation say Valukas is more directly involved in the Walters case than in most cases. One Chicago attorney said both Valukas and Pearl are considered "tenacious, but extremely competent. They do not aim recklessly"



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