

THE DEAL WENT SOUR

SPORTS AGENTS NORBY WALTERS AND LLOYD BLOOM WERE INDICTED FOR RACKETEERING AND EXTORTION

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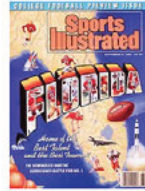


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At the height of their Kamikaze venture into college athletics, New York City sports agents Norby Walters and Lloyd Bloom were the ultimate purveyors of cool. They glided through hotel lobbies, slapped palms, snapped their fingers and traded outdated, ultrahip handshakes with their clients, all of whom were black. "We're the real deal!" they proclaimed. Vilified by rival agents, banned from campuses by some coaches and scrutinized by the FBI,



ORIGINAL LAYOUT

they reveled in the controversy.

"Everyone's gunning for me," Bloom once boasted. "Rumors are all over. I'm supposed to be a dope dealer."

There was little of that bravado on display last week as Bloom, 29, and Walters, 58, stood before a federal judge in Chicago and pleaded not guilty to one of the most significant indictments ever involving American sports. After a 17-month FBI investigation, a federal grand jury indicted the two on charges that include racketeering, mail fraud, and conspiracy to commit extortion, in connection with the signing of 44 athletes to professional contracts before their college eligibility had expired.

Walters and Bloom were accused of dealing with a reputed organized-crime figure, cheating one athlete out of his signing bonus and threatening wayward clients. If convicted, each faces a total of 70 years in prison, \$2 million in fines and forfeiture of their sports business.

The eight-count, 85-page indictment alleges that Walters and Bloom offered players clothing, concert and airline tickets, automobiles, cash, interest-free loans, hotel accommodations, use of limousines, insurance policies, trips to entertainment events, introductions to celebrities, and cash to their families in exchange for the athletes' signatures on contracts. According to the indictment, the agents' standard sales pitch was an offer of between \$2,500 and \$5,000 up front, with monthly payments of \$250—and the postdating of the contracts to make it appear that they were properly signed after the players had completed their last year of eligibility—for the exclusive rights to represent the players when they turned pro.

Some athletes signed the contracts, took the favors, then tried to desert Walters and Bloom. The indictment accuses the agents of threatening at least four of those players, sometimes with promises to "break their legs." They were: Ronald Morris (SMU), Maurice Douglass (Kentucky), Everett Gay (Texas) and Tony Woods (Pittsburgh). Bloom is accused of telling one client, a teammate of Gay's: "We can get someone from Vegas to come down and see that Everett Gay doesn't play football again."

Bloom is also accused of defrauding Kansas City Chiefs running back Paul Palmer, a former star at Temple, into investing nearly a third of his \$450,000 signing bonus in a "credit repair" business, then actually using Palmer's money to lease a \$160,000 Rolls-Royce, pay Bloom's clothing bill of \$6,958, pay off his credit cards and his ex-wife's rent, and pay for karate classes.

The indictment also alleges that nine colleges were defrauded by the agents and players, because the schools had awarded scholarship money to athletes who had been rendered ineligible to receive that money by signing the contracts. It is against NCAA regulations, not against federal law, for an athlete to sign with an agent while he has eligibility remaining. But the government is charging that players who accepted scholarships after signing statements attesting to their eligibility committed fraud. Some legal observers believe that using the federal fraud statutes in this manner is the weakest element of the government's case. U.S. Attorney for the Northern District of Illinois Anton (Tony) Valukas disagrees but does say, "I think it's safe to say this indictment was debated as vigorously as any I've handled while being with the Justice Department."

The charges against Walters and Bloom had been expected for months. The surprise came when the government also alleged that, in 1984, imprisoned organized-crime figure Michael Franzese, 37, had supplied \$50,000 in seed money to the newly formed sports-agent business at Walters's request.

Sports Illustrated reported more than a year ago that Walters, a successful booking agent for music acts and a former Manhattan nightclub owner, has known Franzese since his childhood. Franzese told SI in June 1987 that "Uncle Norby," as he knew Walters, socialized with the Franzese family, vacationed with them and worked with him on several business deals.

"Look, we were business associates," Franzese said last week from the minimum-security federal prison in Boron, Calif., where he is finishing a 10-year sentence for racketeering. "I'm not going to lie and say we weren't. But to say I had anything to do with his sports business, that I controlled it or called the shots, is ridiculous. If I gave it [the \$50,000] to him I don't see a problem in telling you. There's nothing illegal about it. But at this point I'm not going to confirm it.... Truthfully, it wasn't a whole lot of money to me, but that's beside the point."

The indictment further states that in 1981, Walters enlisted Franzese to intimidate the manager of the Jackson 5 into giving Walters the booking contract for the group's tour that year. Walters never did get the contract. Although Franzese has been accused of having had at least one enemy beaten, he says he never threatened anyone on behalf of Walters or Bloom. If someone invoked his name to accomplish the same thing, Franzese says, he can't help it.

"I resent when guys go around using my name and giving me problems. I resent it very, very much," says Franzese. "And if he (Walters) did this I would be very upset with him, because it caused me and my family a lot of aggravation."

Did Franzese, who was named as an unindicted coconspirator, cooperate with the government to nail Walters? The Chicago Tribune, citing unnamed sources, reported last week that he did. Franzese denies it, saying only that he appeared before the grand jury last November, but exercised his Fifth Amendment right not to incriminate himself. "I told them [the prosecutors] I couldn't be of any help. For the record, I am not cooperating with the government on this case."

The FBI investigation began in March 1987, shortly after a rival sports agent in Illinois, who had signed athletes previously under contract to Walters and Bloom, was beaten and slashed in her office by a masked assailant. Ironically, there have been no arrests in that case, and it was not mentioned in the indictment.

Also charged by the government were the Philadelphia Eagles' Cris Carter, formerly of Ohio State, and an agent, David Lueddeke, of Los Angeles. Carter, who is cooperating with investigators, was charged with mail fraud and obstruction of justice; Lueddeke, with perjury and obstruction of justice for testifying falsely before a grand jury and concealing the fact that he had paid Carter \$5,000 in return for Carter's signing a contract with him. Forty-three athletes who have admitted accepting money from Walters and Bloom will not be prosecuted in exchange for their making restitution to their schools and performing up to 250 hours of community service.

Bloom and Walters did not comment on the indictment, but they have said previously they are innocent of all charges. A trial has tentatively been set for Feb. 27.

PHOTO

BRIAN JACKSON/CHICAGO SUN-TIMES

Walters (far left) and Bloom were not quite so cocky after their indictment; Franzese (right) insists he was not their enforcer.

PHOTO

ALEX WEBB/MAGNUM

[See caption above.]

PHOTO

AL TIELEMANS

Carter, the former Ohio State receiver who's now an Eagle, was charged with mail fraud.

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