

On the law Warren, Possley & Tybor

### The excitement at Social Security

Collective myths abound. For example, there are the notions that Latins are great lovers or 'that East Germany's female Olympic swimmers can't be totally female. Then, there's the assumption that life at the Social Security Administration is boring.

The saga of Robert F. Doyle, an administrative law judge for the agency in Chicago, belies a suspicion that the daily doings at one federal agency must surely represent a tranquility bordering on the mind-numbing.

Doyle, 67, is one of 30 law judges in Chicago who oversee claims related to Social Security disability and appeals on widows' benefits and children's benefits, among other matters. The starting pay is \$54,000 and he's been a judge for more than 20 years.

Last week, he got into a brief mess with a Cook County Circuit Court judge in Doyle's ongoing divorce case with his second wife and actually spent some time in the custody of the Cook County Sheriff's Department after being held in criminal contempt. It's all part of a clearly difficult period for him.

Eileen Bradley, a Virginia-based associate commissioner in the agency's office of hearings and appeals who is the boss of Doyle's Chicago boss, is apparently not a big fan of Doyle's performance. She has sent a letter to the Merit Systems Protection Board in Washington suggesting that Doyle be removed. The agency declines comment on what it considers a personnel

For starters, she alleges that he has been "engaged in sexually harassing conduct" of a female attorney who appeared before him. His conduct "compromised the integrity of the hearing process, raised question regarding his impartiality and judgment and violated the high standards of professional conduct required of an administrative law judge."

In particular, Bradley asserts that Doyle phoned a female attorney with Chicago's Gateway Foundation to invite her to spend a weekend with him in Wisconsin "for the ostensible purpose of viewing the autumn foliage." She promptly rejected the overture and "told him she was happily married and reminded him that he was married and had children." The female attorney felt demeaned further by being addressed by Doyle as "most beautiful representative" in front of clients.

A second allegation is that Doyle used decisions to criticize superiors or other agency officials. One took after his immediate boss, Theodore Haynes, for what Doyle called a "gross

miscarriage of justice"

Bradley's letter also maintains that Doyle would discourage some claimants from getting an attorney and that he was inclined to deny attorneys fees and, thus, force successful claimants to wait longer to get their benefits as an appeal on the fee question would ensue. A Chicago attorney, Patricia Best, is cited as having complained of this practice.

Bradley alleges that Doyle was such a pain in the neck during a lecture to the law judges by an expert in the field that one of his own colleagues, according to Bradley's letter, said something like, "Bob, why don't you shut up and sit down?" Finally, there is the assertion that blows to smithereens any sense of quietude at the federal agency.

Doyle has a TV in his office, writes Bradley, and even with his door closed, the noise from cartoon shows, situation comedies and other shows is "plainly audible in adjacent work areas and is distracting to the staff." Skeptics might suggest that given the productivity of many federal workers, it's hard to imagine the strains of "Leave It To Beaver" or "Geraldo" constituting a further impairment.

Doyle, who is described by his second wife as a "conscientious judge," could not be reached. His wife, who did not know about the Bradley letter, said he's moved and doesn't have a phone. The agency will only confirm that he recently went on administrative leave.

#### Police, city lambasted

The Chicago Police Department and the City of Chicago are pilloried in a federal appeals court ruling that contends a highly publicized case reveals "a frightening abuse of power by members of the Chicago police force and unlawful conduct by the city itself."

In a decision written by Judge Richard Posner, the court has affirmed a 1987 jury verdict of \$801,000 against the city and 11 police officers in a civil rights lawsuit brought by former Fenger High School senior George Jones. Jones, a topnotch student and son of a Chicago cop, alleged that he was falsely accused of rape, murder and aggravated battery.

Posner finds, among other matters, that the jury wasn't out of line "in finding that all of the individual defendants were voluntary participants in a common venture to railroad George Jones."

The trial turned on the use of "street files," or private notes kept by detectives but not introduced as evidence during Jones' 1982 criminal trial. Disclosure of information in the street files of one detective resulted in charges against Jones being dropped.

The appeal of the 1987 civil rights verdict was an important matter for city Corporation Counsel Judson Miner and his office and included sniping between the city and the Committee for Civil Rights Under Law, which filed a brief on

behalf of Jones. Jones was represented by G. Flint Taylor of the People's Law Office, which maintained that District Judge Harry Leinenweber erred on the low side in authorizing \$90,000 in fees. The appeals court is sympathetic and orders a redetermination of the fee award. The appeals panel's other members were Michael Kanne and Daniel Manion, the latter being the Indiana fellow whose nomination by President Reagan caused a congressional uproar heard around the land.

#### More on sports agents

The legal woes of New York sports agents Norby Walters and Lloyd Bloom may not be See On the law, pg. 7

# Kroger plan includes selloffs, layoffs



Moonlight on Wacker

The first panels of Sardinian "moonlight" granite that will face the new building at 225 W. Wacker Dr. are inspected Monday by Crane Construction

scheduled for completion in fall, 1989.

Co.'s Clarence Kotars (left) and Marvin Sotoloff of the Palmer Group, the developer. The building is

## Zenith acts in Brookhurst fight

By Charles Storch

Zenith Electronics Corp., which is in a fight with a dissident shareholder group, said Monday it will ease its rules on shareholderconsent solicitations and do away with staggered terms for directors.

The Glenview computer and consumer electronics firm said it acted "so shareholders will not be distracted from the key issue."

That issue, said Zenith Chairman Jerry K. Pearlman, is whether Zenith's board or Brookhurst Partners L.P. "is best qualified to direct the future of this company and to enhance value for all Zenith shareholders."

Brookhurst Partners, a New York investment firm, is Zenith's largest shareholder with a 6.1 percent stake. Brookhurst recently said it plans to solicit consents from

Zenith shareholders to unseat most of Zenith's directors and press for a sale of the company.

Brookhurst has been challenging in federal court in Delaware a Zenith bylaw that would have required Brookhurst to get the consent of every Zenith shareholder.

Zenith chose to amend that bylaw Monday. Brookhurst now needs consents from more than 50 percent of the Zenith shares outstanding.

Brookhurst hadn't challenged in court the Zenith bylaw on staggered terms for directors. Only 3 of Zenith's 10 directors were up for re-election at the 1989 annual meeting.

Zenith amended that bylaw so that terms of all directors will expire at next year's annual meeting and all seats on the board will be elected annually.

The actions by Zenith didn't appease Brookharst, which indicated the firm hasn't gone far enough.

"We are still waiting for Zenith's management to give us, among other things, the company's stockholder list, to which we are entitled under Delaware law," said the group in a prepared statement.

A Zenith spokesman declined to comment when asked whether the firm would turn over the list.

Brookhurst reiterated its impatience with Zenith management for not revealing a plan to restore the company to profitability. Because of its troubled consumer electronics business, Zenith has lost money the last three years.

In its suit, Brookhurst also asked the court to enjoin Zenith from using a bylaw that says only the firm's managers and board can call a special shareholder meeting.

You don't have to

From Chicago Tribune wires

Kroger Co. said Monday it will sell stores and food-processing plants and lay off employees at its Cincinnati headquarters in a \$4.6 billion restructuring program designed to fend off two suitors.

The asset sales are expected to raise about \$333 million after taxes to help fund the massive restructuring, according to Kroger, the nation's largest supermarket operator. The restructuring is valued at \$57 to \$61 a share, or as much as \$4.6 billion, officials said.

Kroger is the takeover target of both the Haft family and Kohlberg Kravis Roberts & Co.

The divestitures include Price Savers Wholesale Warehouse Inc., a 16-unit operation that is being sold to an investor group that includes Kroger and Goldman, Sachs and Co. Kroger said it expects to retain a 20 percent stake in Price Savers.

On Friday, Kroger said it rejected as inadequate the Haft family's \$4.3 billion offer and Kohlberg Kravis' bid of \$4.6 billion.

The Hafts control Dart Group Corp., which owns Crown Books and Trak Auto discount stores. Chairman Herbert Haft and his son Robert, president, are known as raiders who launch bids for companies, later withdraw their offers and then sell their stakes—

which have by then greatly increased in value. Kohlberg Kravis is a leveraged-buyout specialist that has taken Beatrice Cos., Safeway Stores and

many other companies private. On Monday, Kroger stock edged up 62 cents a share to close at \$56.37 on the New York Stock Exchange.

Kroger Chairman Lyle Everingham declined to identify at Monday's press conference which foodprocessing plants will be sold or how many administrative employees will be let go.

The restructuring will mean "major reductions in force," Everingham said.

After the restructuring, Kroger will be a "highly leveraged operation," Everingham said. "We'll have to operate with a very keen eye on costs." That restructuring would also include cutting the fund Kroger uses to build and refurbish stores.

Kroger said Citibank, Chemical Bank and First National Bank of Chicago have agreed to provide \$3.6 billion in financing.

The plan will make the company smaller and increase its debt, but Kroger will be economically viable and competitive, Everingham and Kroger President Joseph Pichler said at the press conference.

Kroger said Friday that its board approved a special \$48-a-share dividend as part of a previously announced \$3.75 billion restructuring. It said the plan would give shareholders a substantial sum quickly, while allowing them to retain equity in the com-

As part of its divestiture plan, Kroger said it also will sell Welcome Inc., a six-unit superwarehouse venture with operations in South Carolina, Florida, Alabama and Virginia.

Kroger said it has agreed to sell 33 Florida Choice

supermarkets and 25 of its liquor stores. Negotiations are continuing with other interested parties for the sale of the remaining 10 Florida Choice supermarkets and 14 liquor stores, the company said.

Kroger also said it plans to sell its 27 supermarkets operating as Fry's Food Stores in Northern California, as well as 29 supermarkets operating in Charlotte, N.C., and Charleston, S.C.

XEROX

Kroger has annual sales of \$17.7 billion.

## Santa Fe plans pipeline spinoff

By Carol Jouzaitis

Santa Fe Southern Pacific Corp. said it plans to spin off part of its refined petroleum products pipeline business to the public in a deal expected to reap about \$450 million for the Chicago-based company.

The sale would allow Santa Fe to raise cash on the operation while retaining a major interest in it. The proceeds would be used to pay off a large debt related to the company's financial restructuring earlier

this year, the company said. The transaction is subject to regulatory approval. A

registration statement for the offering is under review by the Securities and Exchange Commission. The pipeline operation would be owned and operat-

ed by a master limited partnership called Santa Fe Pipeline Partners L.P. A 55 percent interest in the partnership would be sold to the public in the form of shares called "prefer-

ence units." Santa Fe and affilates would keep a 45 percent interest and act as general partner through a subsidiary.

The offering is to be made in November. The price per unit will be in the range of \$18 to \$22 but specific price hasn't been established yet, company officials said. "By forming the partnership we are taking advantage

of an attractive opportunity to realize up-front a significant portion of the value in our pipeline operations in a tax-efficient manner," said Robert D. Krebs, Santa Fe chairman.

Krebs has said that in the future Santa Fe also might try to raise cash on its gold-mining operation through a master limited partnership or stock offering.

The pipeline partnership will include about 3,000 miles of pipeline and 15 truck loading terminals serving six Western states.

#### OPEC unit sets talks; oil prices inch higher

From Chicago Tribune wires

Crude oil futures closed slightly higher Monday after OPEC, faced with an oil glut that has held back prices, decided to hold urgent talks in a committee group that will include Iraq and Iran.

Following a volatile session on the New York Mercantile Exchange, November crude oil futures ended at \$14.20 a barrel, up 2 cents from Friday, trading in a range of \$14.05 to \$14.64.

After a session in Madrid mulling the excess output problem, the five-person ministerial pricing committee of the Organization of Petroleum Exporting Countries said it would hold further talks soon, meeting jointly with another panel, the long-term strategy committee, which includes Iraq and Iran.

The Iraqis thus far have refused to join the other 12 cartel members in any quota system because it wants to be allowed to sell as much as Iran, historically a bigger producer. The dispute is still pending.

"OPEC is not doing anything except calling for more meetings," said analyst Peter Beutel of Elders Futures Inc.

But delegate sources in Madrid said the planned joint meeting might be a forum to address the glut issue, following the recent Persian Gulf ceasefire.



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#### Gem

Continued from page 1

rent. And diamonds transmit light from infrared to ultraviolet; they're a completely transparent material.

"If I put a thin coat of diamonds on your eyeglasses, they'd never scratch," Chang pointed out. "There would be many uses if we could make thin layers of diamonds and coat them on softer materials such as metals, glass, ceramics, semiconductors, even po-

The technique used by Chang and others converts the carbon from natural gas into diamonds. Natural gas is composed mostly of methane molecules—a single carbon atom surrounded by four atoms of hydrogen.

In simple terms, when zapped

with microwaves, the hydrogen atoms are stripped away from the methane molecules to form a glowing, electrically charged plasma. It looks much like a neon

When the plasma comes into contact with a surface to be coated, the carbon atoms from the methane gas gradually accumulate and link together into lattices of diamond crystals. These "crystallites," as they're called, eventually form a continuous film.

"The idea is about six years old," Chang said. "But it's only within the last few years that intense effort has been made to develop the technology for a wide range of applica-

The first use, he predicted, will be for protective coatings, such as for tool bits, which now embed industrial grit in some matrix, usually ceramic or metal.

make solid-state ultraviolet lasers and detectors, as well as thick, transparent diamond windows," Chang said.

"But ultimately, I hope one can

He is even trying to develop a way to coat kitchen tiles with diamonds, one of the many household applications he sees coming down

In nature, diamonds are created from carbon by massive pressures and high temperatures in the bowels of the Earth. Since the 1950s, scientists have learned how to mimic nature in the lab. General Electric Co. has pioneered in this research.

In recent years, techniques have been developed to make diamonds at lower temperatures (below 1,832 degrees Fahrenheit) and at below atmospheric pressure. Chang and others are trying to lower these limits even more.

Many problems exist yet, Chang said. The physics and chemistry of the plasma vapor deposition process are not really well understood. But scientists are working hard to unravel the mysteries.

"It would be good if we could

"If we want to coat plastic sur-

faces, for example, right now,

they'll melt at 392 degrees. There-

fore, the applications will broaden

greatly, once we reduce tempera-

tures even more."

deposit diamonds on objects in the

neighborhood of 400 degrees, and

at even lower pressures," he said.

In theory, Chang said, if he could isolate a single diamond crystal from a microscopic matrix and grow it in his microwave, he would end up with a "fist-sized" gemstone

in a few years. But why bother? "Within a decade," Chang predicted, "diamond films will be a multibillion-dollar business."

## Existing-home sales rise 1.1% in August

Home

resales

annual rates

In millions of units;

seasonally adjusted

WASHINGTON (AP)—Sales of existing single-family homes rose a modest 1.1 percent in August, pulled up by strong demand in the South, a real estate trade group reported.

The National Association of Realtors said sales of existing homes rose to a seasonally adjusted annual rate of 3.67 million units last month, following a 5 percent decline in July.

The increase was attributed to the desire of home buyers to beat rising mortgage rates, which have been inching up since early

"Basically, what we're seeing here is the movement of households into the market now, to avoid what they perceive to be deteriorating conditions. This has persisted through the summer," said John A. Tuccillo, the association's chief economist.

He said sales are likely to decline the rest of the year, bringing them for all of 1988 to 3.45 million units, a 2.1 percent decline from 1987.

The median price of a home rose from July to August by \$600, to \$91,300, up 5.5 percent from a year earlier when the median sales price for an existing home was \$86,500.

The Northeast remained the costliest region of the country, with a median sales price of \$144,800 last month, up 6.7 percent from a year earlier. It was

August: 3.67 million ASONDJFMAMJJA 1988 Chicago Tribune Chart;

followed by a median price of \$122,000 in the West, up 6 percent; \$84,300 in the South, up 4.3 percent; and \$70,500 in the Midwest, up 6 percent.

Source: National Association of Realtors

The South was the only region of the country to show an increase in sales. Sales there were up 4.4 percent to an annual rate of 1.42 million units.

In the Northeast, sales fell 2.9 percent to a 670,000-unit rate. Sales were unchanged in the Midwest and West.

## On the law

Continued from page 3

limited to indictments returned here last month charging that they defrauded colleges and universities by illegally signing representation contracts with athletes.

A brief filed with an appeals court here suggests that Walters and Bloom still are under investigation for possible obstruction of justice. At issue is whether they knowingly failed to turn over contracts of athletes that had been subpoenaed by the grand jury.

The disclosure comes as Michael Feldberg, the New York lawyer who formerly represented Walters and his firm, World Sports & Entertainment Inc., appeals an order

requiring him to testify before the grand jury regarding conversations with Walters and Bloom about the contracts.

Feldberg contends the conversations are privileged communications between a lawyer and client. Federal prosecutors Laurie Feldman and James Ferguson argue that the conversations were either innocuous or, if not, were an attempt to evade the subpoena and possibly constituted obstruction of

When the government subpoenaed the contracts of World Sports & Entertainment, Feldberg received from Walters and Bloom 51 such contracts. When prosecutors Howard Pearl and Anton Valukas suggested that some were missing, seven more were produced. Those seven just happened to be

the only contracts with athletes still eligible to play college sports.

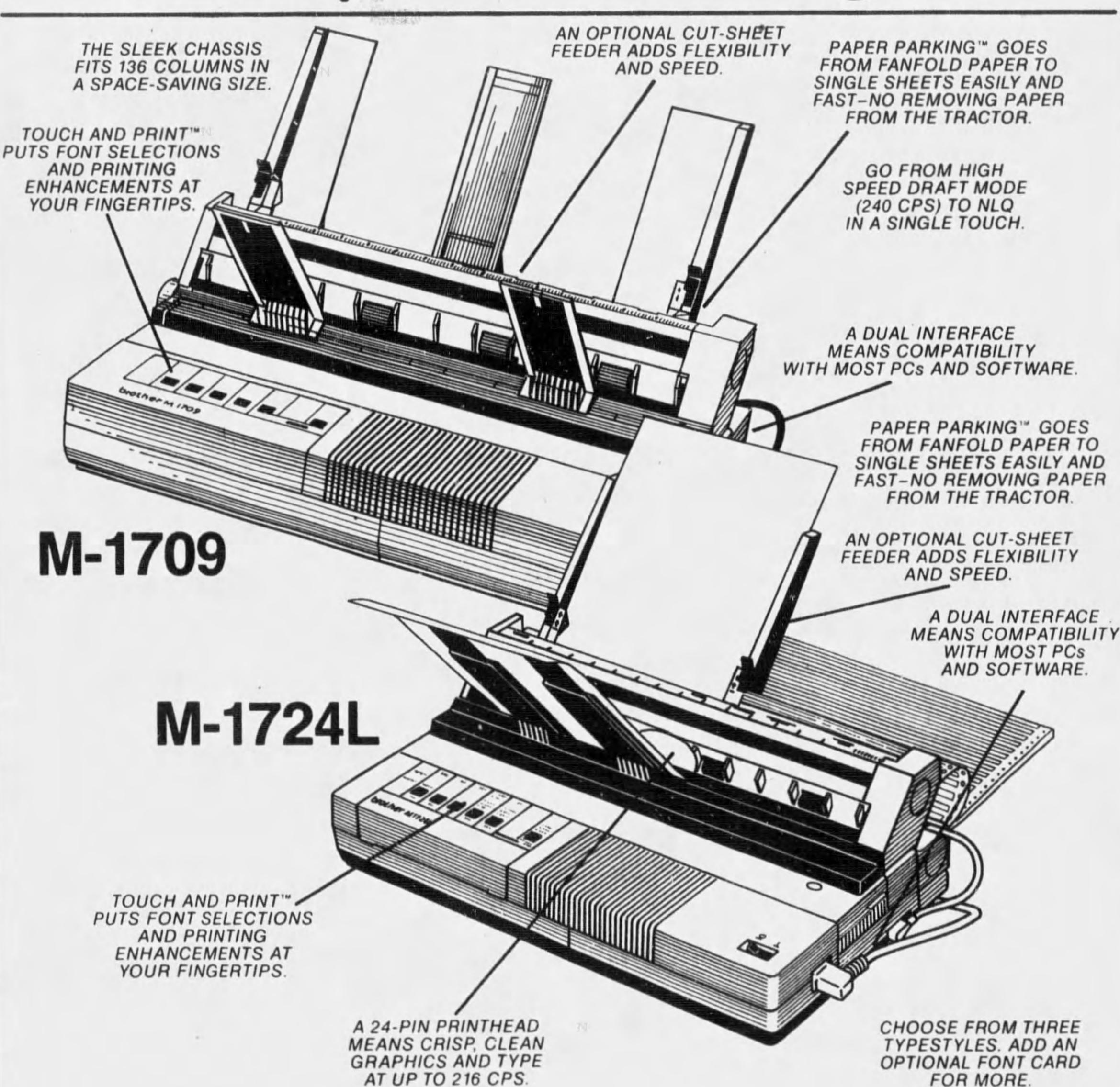
Chicago lawyer Robert Stephenson, who is assisting New York attorneys Robert Gold and Elliot Silverman in representing Feldberg, contends that the government is trying to obtain oral testimony explaining why some records were not produced on time. "Such testimony could not be compelled from Walters . . . and it cannot be compelled from his attorney," Stephen-

son argues. BRIEFS: John Powers Crowley, who is battling illness, gives \$25,000 to De Paul University School of Elden's firm, Grippo & Elden, Law.... Russ Pelton of Peterson, opened at Two First National Ross, Schloerb and client American Airlines are winners as a federal judge ditches, largely on procedural grounds, a class action brought by anniversary, becomes Arnstein & former American flight attendants Lehr.

who alleged they were shorted out of seniority and millions of dollars in related benefits when they joined the airline's Kiwi, or parttime sales program. . . . David Stetler, veteran federal prosecutor and chief of the U.S. Attorney's Criminal and Appellate Division, leaves shortly to become a partner in the litigation department at McDermott Will & Emery.... Jenner & Block's Phil Tone recently was installed as president of the prestigious American College of Trial Lawyers. . . . Alumni news from defunct Isham Lincoln & Beale: Ted Grippo and Gary Plaza... Good news for receptionists: Arnstein Gluck Lehr & Milligan, which is celebrating a 95th

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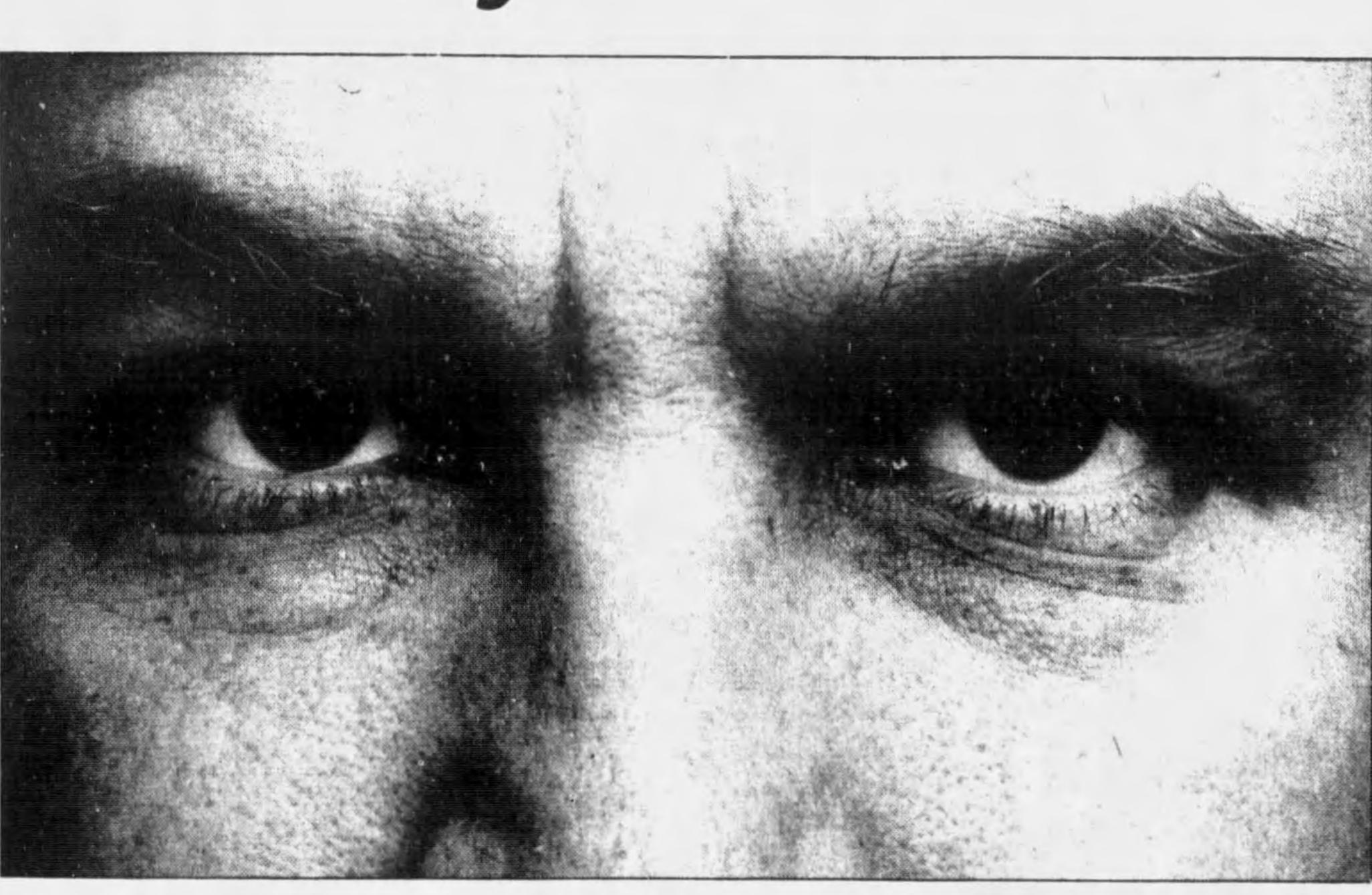
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