

COLLEGE SPORTS

COLLEGE SPORTS; Agents, and System, Are Going on Trial



By Marcia Chambers

Feb. 26, 1989



The New York Times Archives

See the article in its original context from
February 26, 1989, Section 8, Page 1 | Buy Reprints

VIEW ON TIMSMACHINE

TimesMachine is an exclusive benefit for home
delivery and digital subscribers.

About the Archive

This is a digitized version of an article from The Times's print archive, before the start of online publication in 1996. To preserve these articles as they originally appeared, The Times does not alter, edit or update them.

Occasionally the digitization process introduces transcription errors or other problems; we are continuing to work to improve these archived versions.

In a case that promises to provide a window into the abuses of big-time sports in higher education, two sports agents go on trial Wednesday in United States District Court in Chicago. They are accused of inducing college athletes to sign professional contracts in violation of National Collegiate Athletic Association rules, and of threatening harm to some athletes who wanted out of the deals.

The agents, **Norby Walters** of New York and **Lloyd Bloom** of California, are accused of wining and dining dozens of undergraduate football players, giving them and their families cash, cars and gifts and then concealing and postdating their contracts so they remained eligible to play for their schools during their senior years.

The trial is expected to have high drama for several reasons. A number of former college stars who are now professional athletes will testify, and their testimony is expected to offer an inside look at the system of inducements and payoffs that has so sullied the reputation of college athletics.

In addition, the trial marks the first time that Federal **racketeering** charges of the sort that have been applied to organized-crime figures and more recently to Wall Street financiers have been brought against sports agents. The expanded use of the Racketeer Influenced and Corrupt Organizations Act has caused controversy within the legal community in recent years.

Under the act, prosecutors may seek stringent prison terms and high fines, and seize assets. In this case, the Chicago prosecutors plan to seek forfeiture of the agents' businesses, if the two men are convicted, an action that is mandatory upon conviction under the

act. It is the act's seizure provision that most distresses defense attorneys, who say that the seizure of a person's assets and longer prison terms are far more severe penalties than those would ordinarily attach to fraud convictions.

The trial pits the current and previous United States Attorneys for Chicago, who are professional rivals, against each other. Dan K. Webb, the former United States Attorney for the Northern District of Illinois, represents Bloom. Anton R. Valukas, the current United States Attorney and his assistant Howard M. Pearl, who led the grand jury investigation, represent the Government.

Robert Gold, a white-collar-crime attorney from New York, represents Walters. United States District Court Judge George M. Marovich, who recently became a Federal judge, will preside over a trial that may last two months or longer.

A jury, which is expected to be seated by next week, will hear testimony that from 1984 to 1987 Walters, 58, and Bloom, 29, engaged in mail fraud, conspiracy, racketeering and extortion in their representation and management of 41 college football players and 2 college basketball players. They have pleaded not guilty to the charges, which their lawyers say are excessive.

The trial follows an intense investigation into college sports and the relationship between student-athletes and agents, who are largely unregulated and who may or may not be lawyers. And while it is ostensibly about the actions of the agents, it promises to put the college-sports industry on trial as well.

College sports have been plagued by rules abuses by school officials, athletes, boosters, alumni and agents. The Chronicle of Higher Education reported that 49 out of the 106 members in the N.C.A.A.'s Division I-A for football were either censured, sanctioned or put on probation by the N.C.A.A. at least once in the last decade.

Payoffs represent one of the major problems of big-time intercollegiate sports. At least six universities mentioned in the Walters-Bloom case, including Southern Methodist University, were on N.C.A.A. probation for the same sort of unethical conduct that the Federal Government has condemned in the agents.

S.M.U., where 4 of the 43 athletes went to school, was suspended from playing football for one year because 13 players received at least \$61,000 as part of the school's recruitment process. S.M.U. has since made an effort to clean up its athletic program under its new president, Kenneth Pye, and chose to forgo football for an additional year.

Walters and Bloom were best known for representing black popular-music acts, but in recent years they turned to college sports stars, using their music endorsements to help curry favor with the college athletes.

All the students the sports agents signed were black, and many were poor. They attended some 30 universities in 18 states, primarily in the Midwest, the Southeast and the Southwest. Their teams were clustered in the Big Ten and the Southwest Conference, and included many from other conferences and major independents like Pitt and Notre Dame.

The Federal investigation into the agents' activities spanned 18 months. During that time, it became clear that the only way to get indictments was to have athletes testify, first before a grand jury and then at trial. In order to get that testimony, the Government had to threaten the athletes with up to five years in prison for violating mail-fraud statutes. Prosecutors didn't need to carry out the threats because all the athletes agreed to cooperate.



Simply put, the mail-fraud statute prohibits any use of the mails or of interstate telephone calls in furtherance of any fraudulent scheme. What the students came to understand was that when they signed statements for their athletic directors that they were in conformity with N.C.A.A. rules and those statements were mailed to N.C.A.A. offices, they could be found guilty of mail fraud if the statements turned out to be untrue.

According to attorneys who represented the students, they had absolutely no idea that they were possibly violating Federal criminal laws.

"They were worried that if caught they wouldn't be able to play football," said Matthias Lydon, who represented five of the athletes, including Brent Fullwood, the former Auburn running back now with the Green Bay Packers, and the athlete who went highest, among those involved, in the National Football League draft.

The most significant nonparty to this lawsuit is the N.C.A.A. It is the violation of the association's rules by the athletes that provides some of the major evidence in this case. The Government has developed a novel theory by which to charge the two defendants with criminal fraud.

Because the students accepted money from the agents, thereby making them ineligible to compete under N.C.A.A. rules, the prosecutors charge that Walters and Bloom defrauded the schools of funds the schools paid to students in the form of tuition, room, board. The payments were based on false eligibility certifications, the prosecutors say. It will be up to the jury to decide if the sports agents' conduct constituted a pattern of racketeering or mere fraud, or whether the agents were covered by these rules at all.

Crimes usually require victims. And who are the victims in this case? The prosecutors say the victims are the universities, who, they say, were defrauded by the players, aided and abetted by the sports agents. But here, too, the prosecution has a problem. Of the roughly 30 schools the 43 athletes signed by Walters and Bloom attended, many schools were themselves under a cloud. The defense maintains that the universities suffered no tangible losses.

Not surprisingly, the 85-page indictment, which serves as a blueprint for the trial, concentrates not on 30 schools but only on 9, and those 9 are expected to play a dominant role in the trial, in part because they are so-called "clean" schools. The nine were mentioned prominently in the indictment; the rest were listed in an accompanying press release. As Valukas said, "Certain schools are victims of the mail fraud and others are not."

The nine schools are: Michigan, Michigan State, Iowa, Purdue, Illinois, Notre Dame, Temple, Miami of Ohio and Fort Hays State.

Two pro players are expected to testify, and both secretly taped conversations with the agents, court papers show. They are Ronnie Harmon of the Buffalo Bills and Ronnie Morris of the Chicago Bears.

Harmon, who played for the University of Iowa, signed a postdated contract with the agents, who prosecutors say had given him \$2,500 in cash. Walters and Bloom apparently paid him a good deal more. They sued Harmon for \$54,000, maintaining the money was in the form of loans. An arbitrator held the \$54,000 was in the form of gifts.

In the fall of 1986, the indictment says, Morris, who played for S.M.U., was threatened by Bloom and Walters. It also says the agents would physically harm him and his family if he tried to renege on his contract. He is one of four players - the others are Anthony Woods, Everett Gay and Maurice Douglass - who wanted

to break their contracts.

The prosecutors say that when the students wanted out, the agents reminded them that they needed their legs to carry their bodies on the field. And to make his point, Walters is said to have invoked the name of his friend Michael Franzese, a reputed member of a New York-based organized crime family, who is in prison in connection with extortion activities.

All 43 athletes, including professional football players like Mark Ingram and Adrian White of the New York Giants and Rod Woodson of the Pittsburgh Steelers, faced the possibility of mail-fraud indictments. All decided they would accept a Government offer to enter a one-year Federal probation program. They each must perform up to 250 hours of community service, pay back any scholarship money they took improperly and testify for the Government if called.

The only student-turned-pro who was indicted was Cris Carter, a player for the Philadelphia Eagles. Carter, a former Ohio State wide receiver, lost his opportunity to avoid prosecution when he lied about taking \$5,000 from David Lueddeke, a Los Angeles agent. In September, one month after the Walters-Bloom indictments were announced, Carter pleaded guilty to mail fraud and obstruction of justice. He may testify at the trial and he will be sentenced afterward. He faces up to 10 years in prison. Lueddeke, 37, pleaded guilty in November, and he, too, may be a witness for the prosecution.

The Government says the agents went to great lengths to hide their criminal conduct. Garland Rivers, a former player at the University of Michigan, describes how the agents telephoned him at his mother's home in Canton, Ohio. They offered him \$2,500 and monthly payments were later sent to him and to his mother.

The agents postdated the contract for Rivers and for the others. The Government says the postdating was to avoid eligibility problems. The agents also sent students money by wire, paid signing bonuses in cash, and leased them cars through other people.

"Elaborate efforts at concealment are powerful evidence that the defendants knew their conduct was fraudulent," Pearl said in court papers.

The defense attorneys have not described their witnesses or their strategy, but they seem to be leaning toward a defense that concedes involvement but does not concede guilt. The theory goes that while the agents may be exploiters, they were exploiting what is already corrupt. The defense contends that the agents shouldn't have to abide by rules set by the N.C.A.A. "This is a case about rules and whether the agents violated them," Gold said.

The agents' attorneys say the structure of big-time college sports operates to the detriment of athletes, that the N.C.A.A. operates in violation of antitrust laws, that it illegally suppresses wages and that the stars of the show are inadequately paid. Presumably, the agents fill the athletes' need to augment their income by offering cash, automobiles, clothing, cars and insurance policies.

"Despite all the sanctimonious statements about amateurism and the student-athlete, college football is big business," Webb said in recent pretrial motions. "Television networks pay enormous sums for the privilege of televising college games. Football coaches are often among the most highly compensated personnel on campus. At many schools, the football program is the greatest single source of revenue."

The defense seems to want to put the college-sports system on trial. The prosecution wants to put two sports agents on trial. The trial will put all these issues to a public test.

A version of this article appears in print on Feb. 26, 1989, Section 3, Page 1 of the National edition with the headline: COLLEGE SPORTS; Agents, and System, Are Going on Trial. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

