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Sports agent Norby Walters, shown at a court hearing in Alabama last year, will be back in court this week as his Chicago trial begins.

Walters-Bloom Trial: A Serious Soap Upera

Latest Documents Kill Any Notion of Frivolity

> By Chris Mortensen Staff Writer

CHICAGO — Lloyd Bloom is divorced from actress/model Donna Denton, but he was allowed by a federal judge to return this weekend to the condominium the couple still shares in Los Angeles.

Denton, a former co-star of the "Mike Hammer" television series, which is in new production, currently is playing the role of Althea, a new villainess for the TV soap opera "General Hospital."

"She's doing great," Bloom said this week.

In real life, Bloom and former associate Norby Walters are being portrayed as villains by the prosecution in a U.S. District Court trial here that is scheduled to get under way this week and promises some soap opera-like stories. They aren't doing so great.

Walters, 58, and Bloom, 29, each face maximum penalties of 70 years imprisonment and \$2 million in fines stemming primarily from their dealings with college athletes as sports agents from 1984-87.

Any notion that the prosecutors, U.S. Attorney Anton Valukas and Assistant U.S. Attorney Howard Pearl, had a frivolous case was shattered Friday with the filing of two separate documents:

■ A government proffer revealed that reputed mobster Michael Franzese will testify he was a silent partner in Walters and Bloom's operation; furthermore, Franzese will testify that he allowed the two agents to use his reputation as a prominent organized crime figure

to "obtain and retain clients." ■ Walters, Bloom and college athletes were committing criminal fraud when they engaged in secret contractual agreements and payments in order to remain eligible to receive scholarship benefits, U.S. District Court Judge George Marovich wrote in an opinion and order denying motions by the agents to dismiss the charges.

Marovich predicated his opinion on the assumption that the facts surrounding the allegations in the federal grand jury indictment last Aug 24 are true.

The government is expected to present a tight case, with evidence supported by testimony that Walters and Bloom defrauded universities when they contracted with college athletes who then signed documents to receive scholarship benefits.

Though Walters and Bloom dealt with 57 athletes from 32 schools, just seven schools involving 10 athletes are named in the indictment as victims of the mail and wire fraud.

The players and schools named are Garland Rivers and Bob Perryman of Michigan, Mark Ingram of Michigan State, Rod Woodson of Purdue, Ronnie Harmon and Devon Mitchell of Iowa, George Swarn of Miami, Ohio, Paul Palmer of Temple and Robert Banks and Alvin Miller of Notre Dame.

Additionally, through a pattern of alleged racketeering activity, the government will try and prove Wa ters and Bloom used Franzese' reputation to threaten at least four players who reneged on contractual agreements.

The government has at least seven tape recordings of conversations between the agents and athletes who were allegedly threatened, court documents show. Prosecutors also plan to play a lengthy tape of a "sales" presentation Walters and Bloom made to larmon, the former Iowa running

back, in March 1985. Bloom was also charged with defrauding Palmer, the Kansas City Chiefs running back and 1986 Heisman Trophy runner-up who subsequently had his school records stripped by Temple, of \$145,000.

Bloom spent Palmer's money on numerous personal items, including a down payment on a Rolls Royce. The car has since been sold to Randy Jackson, formerly of the Jackson Five musical group. That's the same group Walters and Franzese allegedly tried to extort in 1981, according to the indictment.

HOW THE CASE VS. WALTERS, BLOOM DEVELOPED

1987

March 12: Norby Walters, a New York-based agent, admitted in a story published in The Atlanta Journal and The Atlanta Constitution that he had given cash to numerous college athletes in an effort to sign them as clients - a violation of NCAA rules that could result in players losing their eligibility. Walters defended the practice as good business and noted that the NCAA has no jurisdiction over him. It was also reported that two college seniors allegedly had told the NFL players union that Walters threatened "to break their legs" for firing him. Walters denied this. While admitting that he'd broken NCAA rules, Walters said he had broken no laws.

March 13: At least five colleges opened investigations to determine whether Walters had dealt with their players: Florida, Alabama, Auburn, Michigan State and Ohio State.

March 16: Kathy Clements, a rival sports agent and wife of former Notre Dame quarterback Tom Clements, was beaten unconscious by a masked man in her office in Skokie, III., a suburb of Chicago. A Skokie police detective called it a "message beating" and passed along to the FBI a copy of the March 12 Atlanta Journal-Constitution story that was on Clements's desk.

March 26: It was reported that the U.S. Attorney's office in Chicago and the FBI had begun investigations into the activities of Walters and his associate, Lloyd

March 27: It was reported that Walters and Bloom had filed lawsuits against former college standouts Brent Fullwood of Auburn and Terrence Flagler of Clemson, charging that the players signed contracts and accepted money before their senior seasons last fall — violations of NCAA rules — and then reneged on the contracts.

April 28: University of Washington defensive end Reggie Rogers, in a lawsuit filed against Walters, gave this account of a meeting with the agent in December: Walters opened his briefcase, said "I came prepared," took \$5,000 cash out of the briefcase and spread it across the living-room floor in front of Rogers. Walters allegedly told Rogers he would not be breaking NCAA rules by accepting the money and signing a contract.

May 19: A federal grand jury began proceedings in Chicago to investigate the activities of Walters and Bloom. Several athletes and athletic directors were immediately subpoenaed to testify. The grand jury, sources said, would consider such charges as fraud, mail fraud, wire fraud, extortion and violation of the RICO (Racketeering Influenced Corrupt Organizations) Act against the agents. The grand jury also would consider indictments against athletes for committing fraud against colleges by signing contracts in violation of the terms of their signed scholarships.

May 20: College athletes allegedly involved with the agents were told by a U.S. attorney that they could face up to one year in jail for fraud and tax evasion.

June 7: It was reported that the U.S. Attorney's office, FBI, Big Ten and Southeastern Conference had investigated the possibility of point-shaving in games played by former Iowa running back Ronnie Harmon and former Alabama basketball player Derrick McKey, both of whom were obligated contractually to Wa and Bloom. No evidence of tampering was discovered ered, but Alabama athletic director Steve Sloan said, "Any time one guy gives money to another guy, the red flag goes up. Gambling is the one thing that could ruin college athletics."

June 10: It was reported that many athletes implicated in the grand jury investigation may have an opportunity to avoid prosecution if they accept a "pre-trial diversion" plan that includes community service, according to Richard Margolis, attorney for former Clemson (and current Atlanta Falcons) running back Kenny Flowers, who admitted to receiving \$17,000 from Walters and Bloom.

June 17: It was reported that two football players with eligibility remaining at the University of Pittsburgh would soon be declared ineligible by the school for signing contracts with Walters and Bloom. The players: running back Charles Gladman and defensive back Teryl Austin.

June 26: It was reported that Austin told school officials that Walters stopped \$250-a-month payments and encouraged him to tear up his contract because the player's value as an NFL prospect had dropped. July 14: Former Auburn University running back Fullwood said he testified before the grand jury that Bloom threatened to "bump off" his current agent, George Kickliter. Fullwood said he was not personally threatened, and also testified to the grand jury that he accepted money prior to his senior season, and that Walters and Bloom had offered him \$8,000 to introduce them to University of Alabama linebacker Cornelius Bennett. Fullwood said he turned down the request on Bennett. July 14: It was reported that Ohio State wide receiver Cris Carter, a two-time All-American, would be suspended from the team because he accepted money from Walters and Bloom. The next day, Ohio State called a press conference to announce Carter's ineligibility for taking money from the agents and signing a representation contract.

July 20: Carter asked the NFL to hold a special draft so that he could enter the league immediately.

July 22: Bloom, responding to Fullwood's statements of July 14, denied threatening any athlete or agent. He also said no additional players would lose NCAA eligibility because of dealings with the agents. "There will be no more bombshells because Cris Carter was the last one," he said.

July 28: Bloom disclosed that he and Walters have purchased information — including phone numbers - on college athletes from NFL scouts. This marked the first time anyone in the NFL had been linked to the Walters-Bloom case.

July 29: It was reported that the University of Texas would declare James Lott, a defensive back on the football team and a three-time NCAA champion high jumper on the track team, ineligible for his senior season in both sports because he accepted money from Walters and Bloom. Reminded of his earlier statement that all underclassmen who signed with the agents have been exposed and no more would lose their eligibility, Bloom said, "I guess I forgot one."

Aug. 16: It was reported that Bloom had become the first agent ever permanently decertified by the NFLPA, meaning NFL teams would not be allowed to negotiate with the agent regarding a union member. "So what?" responded Bloom. "The NFLPA has no jurisdiction over college seniors."

Aug. 19: The NFL announced it would conduct a supplemental draft on Aug. 28 for Ohio State's Carter and Pitt's Gladman, both of whom were declared ineligible for dealing with Walters and Bloom. The NFL's decision immediately drew strong protests from college coaches and athletic directors around the

Aug. 26: The NCAA announced a conditional "amnesty program" and reinstated Pitt defensive back Austin, who had cooperated with investigations concerning Walters and Bloom.

Aug. 27: NFL commissioner Pete Rozelle met with six athletic directors who protested the proposed supplemental draft. Rozelle announced after the meeting that he had postponed the draft for a week to allow Ohio State and Pitt to decide whether to appeal for the reinstatement of Carter's and Gladman's eligibility in light of Austin's reinstatement.

Aug. 28: Ohio State and Pitt said they would not appeal to the NCAA for reinstatement of the eligibility of Carter and Gladman. Among the reasons: Carter and Gladman had repeatedly denied involvement with Walters and Bloom.

Sept. 4: The NFL conducted a supplemental draft for Carter and Gladman. Carter, a projected first-round pick in 1988, was selected in the fourth round by the Philadelphia Eagles, and Gladman was not selected in any of the 12 rounds. Several NFL teams said they did not participate in support of the colleges' protests. Pitt coach Mike Gottfried banned the Eagles and BLESTO, a scouting service to which the Eagles subscribe, from the school's campus.

Sept. 11: Carter filed a \$4-million lawsuit against Walters and Bloom for damages he sustained in losing his eligibility. Carter also alleged in the lawsuit that "Wal suggested, by reference to Walters's ability to have a recalcitrant player's legs broken, that Cris would suffer physical harm if he did not adhere to the agreement."

Nov. 4: NFLPA arbitrator John Culver, a former U.S. Senator from lowa, ruled that Harmon, now of the Buffalo Bills, did not have to repay \$49,054.95 of the \$54,924.42 that Walters gave the athlete dating back to Harmon's junior year at lowa. Culver ruled that the money was an inducement and not a loan, and said in a 30-page decision, "If such unfettered bribery were permitted, the result could be a bidding war among (agents)."

Nov. 17: Carter's attorney, Robert Berry, confirmed that Carter had accepted a pre-trial diversion plan from the U.S. Attorney in Chicago "in order to avoid indictment" in the ongoing grand jury investigation.

Dec. 18: A federal judge in New York dismissed a \$500,000 lawsuit Walters and Bloom had filed against Fullwood because, the judge ruled, "we decline to serve as the paymaster of the wages of crime, or referee between thieves."

Dec. 23: A federal judge signed a consent decree in which Walters and Bloom agreed never again to deal with a Big Ten Conference athlete.

1988

March 2: Walters and Bloom were indicted by a Tuscaloosa County, Ala., grand jury on misdemeanor charges of tampering with a sports contest, commercial bribery. and deceptive trade practices for their dealings with McKey and his Alabama teammate, Terry Coner, during the 1986-87 basketball season.

March 16: While Walters appeared for arraignment and entered a not guilty plea to the misdemeanor charges, Bloom failed to appear before an Alabama judge. Alabama Assistant Attorney General Don Valeska said Bloom "better turn himself in, or we will track him . . . to all ends of the world."

March 25: It was reported that at least 10 football and basketball players had agreed to reimburse their universities for part of their scholarships to avoid federal prosecution for dealing with Walters and Bloom. Sources said the stipulation to repay the colleges was part of a pre-trial diversion program devised by the U.S. Attorney's office in Chicago.

April 22: Alabama Gov. Guy Hunt signed an extradi-

tion order and sent it to California Gov. George Deukmejian, asking authorities to arrest Bloom at his home in Los Angeles and send him to Alabama to answer the criminal charges.

April 29: A California assistant attorney general said Gov. Deukmejian would sign Bloom's extradition papers "any day." Bloom's attorney, M.L. "Mike" Trope, said he and his client would appear voluntarily for arraignment and both men arrived in Tuscaloosa on

May 2: In a deal struck between state prosecutors and Trope, a former sports agent, Bloom pleaded guilty to one count of deceptive trade practice and agreed to testify against Walters at the scheduled May 9 trial. As punishment, Bloom agreed to wash state troopers' cars for one week while staying at a hotel of his choice and at his expense. Valeska defended the state's deal, saying, "Without Bloom we can't get the money man, -

May 9: After striking a jury in the morning, Walters's trial was delayed when he entered negotiations with the University of Alabama for compensation of NCAA money losses. It was reported that Walters had tentatively agreed to pay Alabama a \$200,000 settlement.

May 11: To facilitate the settlement, the University of Alabama filed a \$3 million lawsuit against Walters, Bloom and others. The suit placed a one-year, \$500,000 value on McKey because the school lost the services of his senior season.

June 1: Walters delivered a \$50,000 down payment on the \$203,500 settlement he reached with the University of Alabama for his dealings with McKey and Coner. He also signed a consent decree agreeing that he would never again deal with a college-eligible athlete from the SEC. In turn, Alabama Attorney Gen-od eral Don Siegelman dropped the misdemeanor charges against Walters and Bloom the next day.

June 21: Fullwood, Harmon and Paul Palmer of Temple were reported by the Journal-Constitution to be among more than 40 athletes who have agreed to the pre-trial diversion program. The athletes also agreed to testify against Walters and Bloom in any subsequent trial and perform 100 to 250 hours of community service under the supervision of a federal probation officer. Sources also said the U.S. Attorney had decided not to indict; athletes who dealt with the agents if they accepted the

Aug. 24: The U.S. Attorney's office in Chicago announced that a federal grand jury had indicted Walters and Bloom on charges of racketeering, extortion, wire fraud and mail fraud stemming from their dealings with athletes and others, and linked reputed New York crime boss Michael Franzese to the conspiracy as a silent partner. Also indicted were Cris Carter and agent David Lueddeke. Carter was charged with mail fraud and obstruction of justice and Lueddeke with perjury and obstruction of justice resulting from the agent's \$5,000 payment to Carter in October 1986. Walters and Bloom faced penalties of up to 70 years in prison and fines of up to \$2 million each.

Aug. 31: Franzese, serving a 10-year sentence on racketeering and embezzlement charges, was transferred to a minimum security federal camp in Boron, Calif., after being moved Aug. 8-11 from a medium security prison on a "writ to tesify" in the Northern District of III., according to prison records.

Sept. 1: Franzese, in a telephone interview with the Journal-Constitution, claimed he twice took the Fifth Amendment before a federal grand jury investigating. Walters and Bloom. "I didn't cooperate with anybody; there's nothing to cooperate about," said Franzese, a " reputed captain in the New York Colombo crime

Nov. 17: The New Jersey Casino Control Commissioner banned Walters from doing business with his music acts at Atlantic City casinos as long as he remains under federal indictment.

1989

Feb. 24: Franzese was scheduled to testify for the government, according to sources quoted by the Journal-Constitution. Also, it was reported that Walters 30 had sold his once-lucrative entertainment agency to former partner Jerry Ade.

March 1: Jury selection got underway in a U.S. District Court in Chicago. Presiding federal judge George Marovich warned defense attorneys, "This is a criminal trial. We're not going to have a morality play (about college athletics)."

March 2: NFL commissioner Pete Rozelle, retired Notre Dame president Father Theodore Hesburgh, Gov. William Clements of Texas and the father of pop music superstar Michael Jackson are among 130 prospective witnesses, attorneys and prosecutors told potential jurors. "See, I told you this case will be interesting," Judge Marovich told the jurors.

March 3: In a document filed in court, the U.S. Government revealed that Franzese would indeed testify that he was a silent partner and that his role was to help Walters "obtain and retain" clients by "exploiting (his) considerable reputation as a member of organized crime." In another development, Judge Maro- 9V vich struck down motions by the agents to dismiss charges against them, saying that college athletes were acting criminally when they signed documents to receive scholarship benefits after contracting with Walters and Bloom.

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