

CLERK'S FILE COPY

2225

DOCKETED

AUG 9 - 1989

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED-EDS

AUG 9 4:55 PM

CLERK U.S. DISTRICT COURT
U.S.C.A. = 7th Circuit
FILED
AUG 9 1989
THOMAS F. STRUBBE
CLERK

1 UNITED STATES OF AMERICA,
2
3
4 Plaintiff,
5
6 -vs-
7 NORBY WALTERS and LLOYD BLOOM,
8
9 Defendants.

89-2352

No. 88 CR 709

Chicago, Illinois
March 27, 1989

10:00 am

892353

REPORT OF PROCEEDINGS
BEFORE THE HONORABLE GEORGE M. MAROVICH

11 For the Plaintiff:

- 11 MR. ANTON R. VALUKAS
- 12 MR. HOWARD M. PEARL
- 13 MS. HELEN B. GREENWALD

15 For the Defendants:

- 15 MR. ROBERT GOLD
- 16 MR. ETHAN LEVIN-EPSTEIN
- 17 MR. MATTHEW KENNELLY
- 18 MR. DAN K. WEBB
- 19 MR. STEVEN F. MOLO
- 20 MR. GEORGE LOMBARDI

23 Official Court Reporter:

Geraldine D. Monahan
219 South Dearborn Street
Room 1728
Chicago, Illinois 60604
(312) 435-6890

CLERK'S FILE COPY

RECEIVED

DEC 10 1990

H. STUART CUNNINGHAM
CLERK, U. S. DISTRICT COURT

270

1 PAGES 2226 TO 2259 SEALED PER ORDER OF COURT AND FILED UNDER
2 SEPARATE COVER.)

3 (The following proceedings were had in open court.)

4 THE COURT: Ready for the jury now?

5 MR. VALUKAS: We are, your Honor.

6 (JURY IN.)

7 THE COURT: Good morning. Please be seated.

8 Ladies and gentlemen, our apologies for the late
9 start, but it is my hope that by taking the better part of an
10 hour, we will have reduced the court time here by a
11 considerable amount. At least that's what we tried to
12 achieve.

13 Mr. Pearl, may we have your next witness.

14 MR. PEARL: Thank you, your Honor.

15 SAMUEL BECKER, GOVERNMENT'S WITNESS, DULY SWORN.

16 DIRECT EXAMINATION

17 BY MR. PEARL:

18 Q. Please state your full name and spell last name.

19 A. Samuel Becker, B-e-c-k-e-r.

20 Q. Where do you live?

21 A. In Iowa City, Iowa.

22 Q. How are you employed?

23 A. I'm a professor of communication studies at the University
24 of Iowa.

25 Q. How long have you been a professor of communications

1 studies at the University of Iowa?

2 A. 39 years.

3 Q. In August of 1985, were you one of the individuals at the
4 University of Iowa who had authority to determine whether a
5 football scholarship could be awarded to a student athlete?

6 A. Yes, I was.

7 Q. In fact, were football scholarships awarded to two
8 athletes, one by the name of Devon Mitchell and another by the
9 name of Ronald Harmon?

10 A. Yes, they were.

11 Q. Had you known in August of 1985 that Mr. Harmon and Mr.
12 Mitchell had signed representation agreements with agents and
13 taken money from agents, would you have awarded them their
14 athletic scholarship for that year?

15 A. No. I would have indicated they could not receive those
16 scholarships.

17 MR. PEARL: Nothing further, your Honor.

18 MR. WEBB: I do, your Honor.

19 CROSS EXAMINATION

20 BY MR. WEBB:

21 Q. Professor, my name is Dan Webb, and I represent Lloyd
22 Bloom. You don't know me or Mr. Bloom, I'm sure.

23 I have a few questions I would like to ask you about
24 your testimony that -- about the scholarship. When did Iowa
25 first find out that Mr. Harmon and Mr. Mitchell had signed the

1 contract with Mr. Bloom and Mr. Walters and had received loans
2 from them?

3 A. We found out about Mr. Harmon when we read in the paper
4 that there was some kind of lawsuit. And then we found out
5 about Mitchell because immediately when we discovered that, I
6 called the NCAA to find out what we should do, since we had not
7 encountered this kind of thing before. And they suggested
8 certain procedures we should set up for an investigation. And
9 it was in our investigation of the Harmon case that we found
10 out about Mitchell.

11 And we were also looking to see whether any of our
12 other athletes were involved.

13 Q. Okay. That occurred -- the publicity -- there was some
14 publicity about this lawsuit, and that first called it to your
15 attention concerning Mr. Harmon; am I correct?

16 A. That's correct.

17 Q. And I believe that took place on or about March 12, 1987.
18 Does that seem about right to you, Professor, based on your
19 recollection now?

20 A. I think it was sometime in 1987.

21 Q. Okay. And as a result of that -- there was some publicity
22 that Mr. Harmon actually had been sued in a public proceeding
23 in a court of law concerning this contract; is that your
24 recollection?

25 MR. PEARL: Objection; relevance, Judge. He just

1 said there was publicity.

2 THE COURT: I'll let the question be asked.

3 Go ahead.

4 BY MR. WEBB:

5 Q. Do you recall the general nature of the -- what called it
6 to your attention that there was publicity that Mr. Harmon had
7 been sued in a courtroom proceeding in connection with this
8 contract?

9 A. It's been brought to my -- I have been reminded of that
10 recently, that that was the case, but did not recall that --

11 Q. Okay. And as I understand your testimony that you just
12 gave here, it was, had you known these certain facts that you
13 would have taken different action in connection with Harmon and
14 Mitchell's scholarship; is that correct?

15 A. I would have taken action, because prior to that I had to
16 take no action.

17 Q. Okay. And the knowledge that we are talking about is
18 knowledge that Mr. Harmon and Mr. Mitchell had signed these
19 representation agreements with Mr. Walters and Mr. Bloom before
20 their eligibility expired; is that correct?

21 A. That's correct. That I recollect.

22 Q. And in addition to that, that they had received loans from
23 Mr. Walters and Mr. Bloom; is that correct?

24 A. Yes. Either one of those would have done that.

25 Q. Either one would have been enough to have caused you to

1 take certain action; is that correct?

2 A. That's correct.

3 Q. All right. Now, let me ask you what -- just to follow up
4 on that, when you actually did find out these facts, when you
5 actually did find out these facts, did you do anything to
6 recover the scholarship money that had been paid to Mr. Bloom
7 and Walters at Iowa?

8 MR. PEARL: Objection, Judge.

9 THE COURT: What is the basis?

10 I think we have had this question asked by everybody
11 in the world, haven't we? So ask it once more.

12 BY MR. WEBB:

13 Q. My question is, am I correct, when Iowa did find out about
14 this, when they actually did have knowledge, they didn't do
15 anything to recover the scholarship monies from Mr. Harmon and
16 Mr. Mitchell; am I correct?

17 A. My understanding, although I have not been directly
18 involved in this, my understanding is that we have taken action
19 to recover the scholarship money. But I don't know the date or
20 the details of that.

21 Q. I'm asking you now, in 19 -- in March of 1987 when you
22 found out these facts that you have now told us what you would
23 have done, I want to know what you did in March of 1987 to
24 recover the scholarship money.

25 A. I'm not sure of the time of those events. Our first

1 concern was finding out whether any of our present athletes
2 were involved and should be declared ineligible, because the
3 NCAA advised us that that was our primary task.

4 Q. My question to you is, is it not a fact that in March and
5 April of 1987 when you -- when the university actually found
6 out about these facts, is it not a fact that the university did
7 nothing to recover this scholarship money?

8 MR. PEARL: Objection, Judge. He said that.

9 THE COURT: Go ahead. He didn't know.

10 BY THE WITNESS:

11 A. I don't know when they first took action.

12 MR. WEBB: Okay.

13 BY MR. WEBB:

14 Q. You mentioned an investigation a couple of minutes ago in
15 your testimony. Iowa did a thorough investigation of these
16 facts after it was called to Iowa's attention; is that correct?

17 A. Yes.

18 Q. Okay. And have you seen the investigative report prepared
19 by the officials at the University of Iowa?

20 A. By the committee that did the investigation, yes.

21 Q. And after that thorough investigation, when they issued
22 their detailed report, they did not once mention anything in
23 the report about taking any action to recover the scholarship
24 money, did they?

25 MR. PEARL: Objection, Judge.

1 THE COURT: What's your basis?

2 MR. VALUKAS: May I be heard at sidebar?

3 THE COURT: No. You don't need to be heard, because
4 we have had this a number of times. He is saying this is what
5 they would have done, so what they did do is relevant to that
6 question.

7 MR. VALUKAS: May I address that, then, your Honor.

8 THE COURT: No. I'm really not --

9 MR. VALUKAS: Let me -- may I make a statement,
10 because I think this is important.

11 MR. WEBB: Judge, I don't want the statement made in
12 front of the jury.

13 THE COURT: I don't either, and I don't think we need
14 anything further on it, either.

15 Go ahead, Mr. Webb. Conclude your cross
16 examination.

17 BY MR. WEBB:

18 Q. Am I correct, sir, am I correct that at the time that Iowa
19 did this thorough investigation in 1987 and completed this
20 report, at no time in the report did the officials at Iowa ever
21 discuss doing anything to recover the scholarship money?

22 A. The committee was not asked that particular question. The
23 committee was asked to investigate to see whether any of our
24 other athletes were involved and to find out as much in detail
25 as they could about that particular case.

1 BY MR. WEBB:

2 Q. Actually, sir, am I correct, what the committee was asked
3 to do was to make recommendations as to action that the
4 university ought to take as a result of these facts being
5 called to their attention?

6 MR. VALUKAS: Judge I object to the relevance of the
7 recommendations as to future --

8 THE COURT: Mr. Webb, I think you have made your
9 point and I will ask that you move on to new ground.

10 BY MR. WEBB:

11 Q. Now, the scholarship that you have talked to us about here
12 today to Mr. Mitchell and Harmon, let me start with Mr.
13 Mitchell. The scholarship that we are talking about here to
14 Mr. Mitchell, I believe you indicated you are part of the group
15 of people at Iowa that makes the decision when to award
16 football scholarships; is that correct?

17 A. No; when they cannot be awarded.

18 Q. Sir, let me start with Mr. Mitchell. When he does get a
19 scholarship awarded to him, it's actually awarded to him in the
20 form of a contract called a "tender" where the scholarship is
21 tendered and he has to accept it; am I correct?

22 A. That's correct.

23 Q. Let me show you what is marked --

24 This has already been previously marked, your Honor,
25 as Bloom Exhibit 6. The jury doesn't have it, so I am going to

1 ask if I can pass this out so the jurors can look at it as I go
2 along here.

3 Bloom 6 was offered into evidence during the course
4 of examination of Mr. Mims. Bloom 6 was offered during
5 examination of Mr. Mims.

6 Sir, as far as Mr. Mitchell is concerned, for the
7 year 1985-86, that's the award of his scholarship; is that
8 correct?

9 A. Yes.

10 Q. Okay. Now, this is a contract that was entered into
11 between the University of Iowa and Mr. Mitchell to award him
12 the scholarship; am I correct?

13 A. That is correct.

14 Q. Okay. And according to the document I just handed you, if
15 I'm reading this correctly, as far Mr. Mitchell is concerned,
16 pursuant to that exhibit this appears to -- this was awarded to
17 him on or about May 17 -- the university tendered it on or
18 about May 17 1985; am I correct?

19 A. That is correct.

20 Q. And then it has to be accepted by a certain date. And Mr.
21 Mitchell, down at the bottom, accepted it, it looks like, on or
22 about June 3, 1985; am I correct?

23 A. That's correct.

24 Q. And this is a contract in which the school is offering him
25 a football scholarship and he is accepting it; am I correct?

1 A. That is correct.

2 Q. Okay. Now, I take it when the university enters into one
3 of these athletic scholarships, it is the intention of the
4 university to live up the terms of this contract; is that
5 correct?

6 A. That's correct.

7 Q. And that agreement specifically states under what
8 circumstances that Iowa can actually cancel the scholarship; is
9 that correct?

10 A. Yes.

11 Q. And Paragraph D under the acceptance provision sets forth
12 the terms under which Iowa will have the right to cancel the
13 scholarship, which I'll read: "The aid provided in this tender
14 will be cancelled if I sign a professional sports contract or
15 accept money for having an athletic contest." Do you see that?

16 A. Yes.

17 Q. Okay. Now, am I correct as far as the facts that have been
18 called to your attention, you're not aware of any facts or any
19 facts called to your attention that Mr. Mitchell ever signed a
20 professional sports contract with an NFL team or professional
21 team, are you?

22 A. No; that's correct.

23 Q. Okay. And you are not aware of him getting any money for
24 having actually played in some athletic contest like a football
25 game; are you, sir?

1 A. No, I am not.

2 Q. And so, sir, my question to you is, as far as this contract
3 is concerned, when the university found out that Mr. Mitchell
4 had signed a contract and had received loans from Mr. Bloom and
5 Mr. Walters, what provision under the contract would you have
6 cancelled his scholarship?

7 A. We would have cancelled the scholarship because, number
8 one, he had signed with an agent and had received earnings, and
9 I believe -- and I would have to study this a little more
10 carefully -- under Part A of this contract, that it could be
11 cancelled.

12 Q. Okay. Let's look at Part A, then.

13 A. But I would expect our lawyers to check this more
14 carefully.

15 Q. I want to give you a chance--

16 A. Sure.

17 Q. It's just a matter of reading it, okay?

18 A. Uh-huh.

19 Q. Because I want to make you sure understand what I'm
20 asking. My question is, what provision in that contract would
21 you rely upon to cancel his scholarship, as you told us on
22 direct examination you would do?

23 A. I would cancel it on the basis that he received financial
24 assistance from a source other than that provided in the award.

25 Q. And what paragraph are you relying upon?

1 A. Paragraph A.

2 Q. Paragraph A deals with forfeiting athletic eligibility
3 based on the receipt of certain financial assistance; is that
4 correct?

5 A. That's correct.

6 Q. So the jury understands, do you recognize that whether
7 someone is eligible to compete and whether they are going to
8 receive their scholarship are two different issues; am I
9 correct?

10 A. No. I think that is incorrect, because one of the
11 conditions of the contract is that the student be eligible.

12 Q. And where do you see that, sir?

13 A. I see in number one near the top: "Tender subject to your
14 fulfillment of the admission requirements to the university and
15 its academic requirements for athletic competition and
16 financial aid.

17 Q. Okay. Right. That's talking about you have to have -- you
18 have to maintain certain academic requirements in order to
19 compete athletically; am I correct? That is what it says?

20 A. This is -- the tender is using this language to say the
21 student must be eligible for competition.

22 Q. Where does it say that, sir?

23 A. No. I understand that. That's the interpretation that is
24 generally accepted and known.

25 Q. Sir, I don't mean to interrupt you, but rather than your

1 interpretation --

2 MR. VALUKAS: Why keep asking him his
3 interpretation. It depends on what basis he would cancel it.

4 MR. WEBB: No, I didn't. I said what clause.

5 THE COURT: You sound like we are having something
6 that is not unusual here, a semantical battle. If you want to
7 know the question about how, what is your authority to cancel
8 it, leave him answer the question.

9 BY MR. WEBB:

10 Q. Sir, on the face of the contract, it does not state that
11 you can cancel the scholarship because the student athlete is
12 ineligible under NCAA rules; does it?

13 A. Pardon? I'm sorry.

14 Q. I'll repeat it again so you can think about it.

15 A. Uh-huh.

16 Q. This contract does not state on its face that the
17 university has any authority to cancel a student athlete's
18 scholarship because he has become ineligible to play football
19 under NCAA rules; does it?

20 A. On its face, if taken literally, it -- depending on how one
21 interprets the term "academic requirements" for eligibility on
22 its face, one could interpret that as meaning no.

23 Q. Because what we are talking about here as you understand is
24 not academic problems but is problems with signing with an
25 agent; am I correct?

1 A. Both signing with an agent and taking money.

2 Q. But both of those are not academic problems; are they?

3 A. They're not academic problems except when we are talking
4 about eligibility.

5 Q. So signing with an agent and accepting money from an agent,
6 is that an academic problem under the NCAA rules?

7 A. It makes the student ineligible under NCAA rules.

8 Q. Right. And my question is, that's not an academic issue
9 under the rules; is it? It's a different rule?

10 A. It's not an academic issue.

11 Q. Okay. Let me ask you this. Actually, on the face -- on
12 the face of the Big Ten rules, have you looked -- strike that.

13 Iowa is a member of the Big Ten Conference; am I
14 correct?

15 A. Yes, we are.

16 Q. And you are aware that on the face of the Big Ten rules,
17 that the Big Ten rules actually distinguish -- strike the
18 question.

19 Under the Big Ten rules, you are not allowed to
20 cancel a student's athletic scholarship simply because the
21 student, for example, is no longer playing football; am I
22 correct?

23 A. If the student is no longer playing football, could not
24 make the team, we could not cancel.

25 Q. Okay. Just so the jury understands, it's not uncommon for

1 a student athlete to receive a scholarship, not play football
2 for a number of different reasons and still get his scholarship
3 until the end of the term of the tender; is that correct?

4 A. Unless he voluntarily-- he or she voluntarily quits the
5 team. That's correct.

6 Q. Even then, even if they voluntarily quit the team, you
7 still must give them their scholarship until the end of that
8 term?

9 A. The end of that year.

10 Q. You just can't go in and cancel and revoke it; can you?

11 A. That's correct.

12 Q. The point I'm trying to make, so there is no confusion, is
13 that whether the student gets to retain his scholarship is a
14 decision that is made independent of whether the student is
15 playing football or not?

16 A. That's correct.

17 Q. Okay.

18 A. But not independent of eligibility.

19 Q. Pardon me?

20 A. But not independent of eligibility to play.

21 Q. Well, okay. Let's talk about that. For example, under the
22 Big Ten rules, -- in fact let me show you the rule number I'm
23 talking about so there is no confusion about this. This is
24 that rule number, marked Bloom Exhibit 7.

25 I will pass these out of the jury.

1 MR. VALUKAS: Your Honor, I object. These are not in
2 evidence and I object to them being handed out to the jury.

3 MR. WEBB: I'll offer into evidence the Big Ten rules
4 marked as Bloom exhibit 7.

5 THE COURT: Can I see you for a moment, gentlemen, to
6 see where we're going with this business.

7 (Sidebar conference.)

8 THE COURT: I only have one question, and this
9 applies to you both. Neither one of the two of you are on any
10 new ground. We have called everybody from every university at
11 least once who says, in essence: If I would have known this, I
12 would have not given him the scholarship.

13 We have gone through the rules. We have gone through
14 this thing I don't know how many times. And if you have some
15 reason for calling him specifically, I don't know what it is.
16 But I would as much appreciate the cross examination on the one
17 question to be as short as the direct, unless you are turning
18 up some new stuff. I mean, we went through the rules and
19 whether the rule book is in or out and whether it's academic or
20 whatever. We are not on any new ground here, people.

21 MR. WEBB: Judge, first of all --

22 MR. VALUKAS: Let me --

23 MR. WEBB: Let me just finish. I'm almost done with
24 cross, but let me just finish.

25 When the Government -- I don't care whether the

1 Government put a witness on for two hours or for two seconds,
2 but if they put a statement in evidence that I believe is
3 inaccurate, I have no choice but to try to make my point,
4 otherwise I'm stuck with the witness' testimony and Mr. Valukas
5 will be arguing that it went uncross-examined.

6 THE COURT: Let me indicate my concurrence one
7 hundred percent with your statement. I don't know why he calls
8 him, but if he does, you certainly have got the opportunity to
9 cross him.

10 But I'm asking you as a question of whether it is
11 necessary in as great a detail to go all through all this
12 ground again about the rules and whether they are in evidence
13 or not in evidence and a number of those things.

14 MR. WEBB: First of all, I don't have -- this is the
15 end of my cross.

16 THE COURT: Well, then --

17 MR. VALUKAS: May I respond to this?

18 THE COURT: And you are going to come on redirect and
19 we're going to get the litany, too, right?

20 MR. VALUKAS: Let me explain why the witness was
21 called so we know that we're not just wasting time.

22 There was a question raised about Mr. Mimms'
23 authority to speak on the behalf of the University of Iowa to
24 say that they would not have granted him a scholarship. So we
25 had to bring in somebody who would make that statement. That's

1 what the man said. Okay?

2 The cross examination concerning whether or not under
3 other circumstances they may or may not have done something
4 with regard to scholarship is irrelevant on the question of
5 whether or not as he testifies here they would have not granted
6 him the scholarship had they known of these two things.

7 And the point is, giving the rules and asking about
8 unrelated rules on unrelated matters concerning those rules has
9 nothing to do with his testimony.

10 And, your Honor, so the Court understands I wasn't
11 trying to -- the Court's rulings before in connection with the
12 schools was that while it was permissible to ask the students
13 whether or not they paid the money back because it dealt with
14 their pretrial diversion agreements, it was not relevant
15 insofar as what the schools did.

16 THE COURT: First of all, I don't know whether you
17 you picked up my opinion that I revised or not. There's a
18 couple of cases from our research that are in there that
19 weren't in there before that I want to specifically call to
20 your attention. It has to do with this business of economic
21 loss. And there's a number of or at least a couple of cases
22 that I have found that indicate to me rather clearly that the
23 party who is allegedly defrauded does not have to have an
24 economic loss in order to be defrauded. It is the question of
25 somebody by fraud receiving something that is the gravamen of

1 the McNally thing, and that may have a bearing on what it is
2 you are doing in all of this questioning or not.

3 But in any event, you finish up and you take as a
4 short as you can, and let's get the case in.

5 (End of sidebar conference.)

6 A. BY MR. WEBB:

7 Q. Sir, did I actually hand you the rule yet?

8 A. No.

9 Q. I did not? Then I'm going to do that right now. Let me
10 show you two pages of the rule book, of the Big Ten rule book
11 which is marked as Bloom Exhibit 7, which refers to Section 6
12 dealing with the subject matter of the withdrawal and
13 modification of scholarship awards.

14 And I will pass this out to the jury.

15 MR. VALUKAS: Your Honor, I --

16 MR. PEARL: I thought your Honor ruled.

17 MR. VALUKAS: It's not evidence.

18 THE COURT: The rules are not in evidence. Ask your
19 question and move on, Mr. Webb. I think that you've pretty
20 much exhausted it, haven't you?

21 MR. WEBB: I just have a couple questions about the
22 rules.

23 THE COURT: Well, get to the questions and let's move
24 on.

25 BY MR. WEBB:

1 Q. Sir, I want to direct your attention to the second page,
2 Page 54. First of all, the rules we are dealing with in
3 Section 6, these are Big Ten rules dealing with when you can
4 withdraw and modify a scholarship; am I correct?

5 A. Yes, that is correct.

6 Q. I take it you are familiar with these rules; is that
7 correct?

8 A. Until this case, we had not had occasion to study them
9 carefully, but I have read them.

10 Q. Okay. You are governed by the Big Ten rules, am I correct,
11 at the University of Iowa, sir?

12 A. That's correct.

13 Q. Is that correct, sir?

14 A. Yes.

15 Q. I would like to direct your attention over to Page 2, which
16 has a specific rule dealing with the subject matter at issue
17 here, which is signing with an agent. Do you see that under
18 Section 3?

19 A. Yes.

20 Q. It provides that even though a student athlete has signed
21 with an agent, the scholarship can continue, is that correct,
22 under certain circumstances?

23 A. Yes. When the student is no longer eligible.

24 Q. The point I'm making here, let me ask you: You told me a
25 moment ago that if a student signed, a student athlete signed

1 with an agent during his eligibility, that it would revoke or
2 cancel his scholarship, am I correct?

3 A. That's correct.

4 Q. This rule says you are to continue the scholarship under
5 those circumstances; does it not?

6 A. No. It says, if I understand this statement, --

7 Q. Go ahead and read it, sir.

8 A. It says that while a student who agrees or has ever agreed
9 to be represented by an agent or organization in the marketing
10 of the student's athletic ability or reputation is no longer
11 eligible, any aid awarded to the student under Section 3 may
12 continue to the termination of the award.

13 Q. And that's my question: Even though the student becomes
14 ineligible, he is ineligible because he signed with an agent;
15 is that correct?

16 A. Um-hum.

17 Q. It says here any aid awarded may continue to the
18 termination of the award. Is that what it says?

19 A. I think that is a misinterpretation --

20 Q. I asked you is that what it says.

21 A. -- of the intent.

22 Q. Is that what it says?

23 MR. PEARL: Judge, I object under the rule of
24 completeness to have him finish --

25 MR. WEBB: I intend to complete. I just want --

1 THE COURT: Well, why don't you do that?

2 BY MR. WEBB:

3 Q. Is that what it says, sir?

4 MR. PEARL: Read the rest of the sentence, if you
5 would, then.

6 MR. WEBB: I intend to. I have to take it one step
7 -- I'm not leaving anything out of the rule, Judge.

8 THE COURT: Mr. Webb, just read it and let's move
9 on.

10 BY MR. WEBB:

11 Q. Sir, my question is, is that what it says?

12 A. It says the student may continue to receive the award
13 unless he has received compensation from an agent, yes.

14 Q. Okay. So that's -- I want to take it one step. If he
15 hasn't received compensation --

16 Q. From an agent.

17 Q. -- from an agent, he is allowed to continue his scholarship
18 even though he is ineligible to play football because he signed
19 with an agent; is that correct?

20 A. That's what that paragraph says, literally.

21 Q. Now, I want to move on to the compensation issue, then. In
22 this particular -- you indicated you were a professor of
23 communication; is that correct?

24 A. Yes.

25 Q. Sir, am I correct that the word "compensate,"

1 "compensation" used in that rule, that is not a synonym with
2 the word "loan," is it, sir?

3 A. As we interpret the rules in both the Big Ten and the NCAA,
4 if a student receives a loan based on athletic ability, that is
5 to say, in a way that no other student could get, that's
6 illegal under the rules.

7 Q. Sir, I will you ask my question again. Sir, as a professor
8 of communications, is the word "compensation" in the English
9 language a synonym of the word "loan"?

10 MR. PEARL: Objection.

11 BY THE WITNESS:

12 A. Compensation covers a great variety. My understanding of
13 the term "compensation" --

14 MR. PEARL: I object.

15 THE COURT: Just a minute, Professor.

16 MR. PEARL: I object to what is the relevance of the
17 synonym.

18 MR. WEBB: Judge, it's very relevant to this case as
19 to whether they can revoke the scholarship or not.

20 MR. PEARL: He told you what he thought the word
21 meant.

22 THE COURT: Gentlemen, we had these questions before
23 and I'm going to allow you to ask them again.

24 MR. WEBB: It is my last question, Judge.

25 THE COURT: Then ask it and let us complete it.

1 BY MR. WEBB:

2 Q. As a professor of the English -- communications --

3 A. Yes.

4 Q. Is the word "loan" and the word "communication" synonyms in
5 the English language?

6 A. They're not synonyms, but loans could be considered
7 compensation.

8 Q. By the way, sir, do you know whether to this day Devon
9 Mitchell has ever repaid that scholarship that you talked about
10 here today?

11 A. No, I don't.

12 Q. Thank you.

13 MR. WEBB: I have no more questions.

14 Thank you, Judge.

15 THE COURT: Do you have any redirect of the witness,
16 Mr. Pearl?

17 MR. PEARL: Yes, your Honor.

18 REDIRECT EXAMINATION

19 BY MR. PEARL:

20 Q. You mentioned that the NCAA and Big Ten and University of
21 Iowa had an interpretation of the term "compensation," and
22 could you tell us what that is, please, and whether that
23 includes loans?

24 A. Yes. If any loan or even a loan of an automobile that's
25 related to athletic ability that is not equally available to

1 every other student is concerned, compensation under both Big
2 Ten and NCAA rules and the -- all the interpretations that we
3 have had.

4 MR. PEARL: Nothing further, your Honor.

5 RECROSS EXAMINATION

6 BY MR. WEBB:

7 Q. Sir, where could I and the jury find that in the Big Ten
8 rules, so I could look at that interpretation?

9 A. I think you'll probably find -- I'd have to look it up. I
10 think you'd probably find it under some of the interpretations.

11 Q. Okay. Because, actually, what happens is that the Big Ten
12 when they have these rules, they actually publish after the
13 rule what they call OIs, which are official interpretations; is
14 that correct?

15 A. That's correct.

16 Q. Okay. Let me show you the rule that I was just showing
17 you, the one we were talking about, how the word
18 "compensation" is used. Do you have that in front of you?

19 A. No. You took it back.

20 Q. I apologize. Let me get you another copy here. Under rule
21 6, which talks about the compensation on the second page that
22 we were talking about --

23 A. Uh-huh.

24 Q. The rule I was calling your attention that you and I were
25 just discussing concerning this agent and use of the word

1 "compensation," there is an official interpretation in that
2 rule concerning something; is that correct?

3 A. That's right, but compensation for this purpose is talked
4 about elsewhere in the rule book, also.

5 Q. That's fine. I just want to make sure. I'm trying to take
6 it one step at a time, sir. As far as this rule and the use of
7 the word "compensation," while there is an official
8 interpretation, it has nothing to do with the definition of
9 compensation; am I correct?

10 A. At this point, that is correct.

11 Q. Okay. Now, I will show you the entire rule book so that
12 you have an opportunity -- I would like you to show me where in
13 the rules of the Big Ten Conference that they state as part of
14 the official interpretation that the word "compensation" as
15 used in Section 6 should include the word "loans."

16 (Witness examining document)

17 A. Where the -- this handbook talks specifically, at least one
18 of the places it talks specifically about loans, it says a
19 student may receive loans from the agency of the university
20 which make loans to students generally or from an established
21 lending agency without jeopardizing the student's eligibility,
22 providing any loan carries an enforceable liability for
23 repayment within a fixed term.

24 Then it says under Rule 7 on permissible financial
25 assistance, grants-in-aid.

1 Q. So you understand my question, I want to know where in the
2 rules it says that there an is official interpretation of the
3 word "compensation" in Section 6, as we have just been talking
4 about, that says it includes loans. That's what I'm asking.

5 A. I thought you asked anywhere in the rule book did it talk
6 about --

7 THE COURT: I think that Mr. Pearl is going to ask
8 you that question when it gets to be his turn.

9 MR. WEBB: That's fine with me.

10 THE COURT: Because we've kind of been down this road
11 before, and I think it's going to --

12 MR. WEBB: I have no more questions.

13 THE COURT: Do you have a question, Mr. Pearl?

14 MR. PEARL: May I have a moment, your Honor?

15 FURTHER REDIRECT EXAMINATION

16 BY MR. PEARL:

17 Q. Let me show you a copy of the NCAA manual.

18 MR. WEBB: This is not the Big Ten manual; this is
19 the NCAA manual.

20 MR. PEARL: Right. That's the '87 and '88 manual.

21 MR. WEBB: Judge, I'll tell you what the -- I did not
22 open up anything in the NCAA manual -- actually, I have no
23 objection.

24 THE COURT: Thank you.

25 MR. WEBB: I withdraw. Do whatever you want.

1 BY MR. PEARL:

2 Q. Let me just focus your attention on Bloom 6. You pointed
3 to Rule 7 in the Big Ten manual; is that right?

4 A. Yes.

5 Q. Do you you want to explain to the ladies and gentlemen of
6 the jury?

7 A. I was just pointing out that the -- on page 45 of the rule
8 book under "Financial Assistance, Grants-In-Aid, Forms of
9 Permissible Financial Assistance," it says: "A student shall
10 not be eligible who received any form of financial assistance
11 other than..." And it specifies particular ones that they can
12 receive and others are forbidden.

13 Q. And, basically, they can't get anything that is directly
14 related to their athletic ability; right?

15 A. That's correct. They cannot get any form of compensation
16 of any sort that every student cannot get equally.

17 MR. PEARL: Nothing further, your Honor.

18 THE COURT: Mr. Webb.

19 MR. WEBB: Yes, I do

20 FURTHER RECROSS EXAMINATION

21 BY MR. WEBB:

22 Q. Sir, I understand your testimony that that would make them
23 ineligible; is that correct?

24 A. That's right. We could take away the grant-in-aid.

25 Q. No, sir. That rule deals with whether they are ineligible

1 or eligible to play football?

2 A. That's correct. But the grant-in-aid is contingent upon
3 eligibility.

4 Q. The grant-in-aid then covered by Section 6 which I just
5 showed you as to when you can cancel; is that correct?

6 MR. PEARL: Objection, Judge. He has his answer.

7 THE COURT: Move on. The ladies and gentlemen have
8 heard the testimony on cross and direct of this witness.

9 MR. WEBB: I have no more questions.

10 THE COURT: Thank you.

11 Do you have any?

12 MR. PEARL: None, your Honor.

13 THE COURT: Thank you, sir. You may be excused.

14 MR. PEARL: Your Honor, at this time we have
15 stipulations to read to the jury.

16 THE COURT: You may do so.

17 MS. GREENWALD: May I proceed, your Honor.

18 THE COURT: Surely.

19 MS. GREENWALD: The United States of America and the
20 defendant Norby Walters and Lloyd Bloom stipulate and agree to
21 the following:

22 THE COURT: Maybe you better explain, or I should, to
23 the ladies and gentlemen of the jury.

24 Stipulations are facts that the parties agree to and,
25 therefore, they are not going to need to call witnesses for