

sign college athletes to representation contracts prior to the end of their college eligibility.

By convicting the agents on charges involving athletes from Michigan and Purdue, the jury upheld the federal prosecution's theory that those two schools were victims of a scheme in which athletes obtained scholarship money they weren't entitled to have after signing agreements with the agents.

Didn't Defraud Iowa

But the jury acquitted the agents on similar charges involving Iowa and Michigan State. Lawyers for **Bloom** and Walters had argued that questionable conduct by the two universities made it impossible for the schools to be defrauded. "I think it is very interesting the jury decided that the University of Iowa was not a victim of fraud. Obviously, they didn't consider the school to be a victim," Steven Molo, one of Bloom's lawyers, said. The jury had deliberated for six days after hearing testimony over a five-week period on how the New York City-based agents used cash to lure college athletes into signing contracts with them in violation of NCAA rules and then threatened several of the athletes with physical harm when they tried to break their contracts.

Near tears, Wright defends his reputation

By DAVID HESS

JIM

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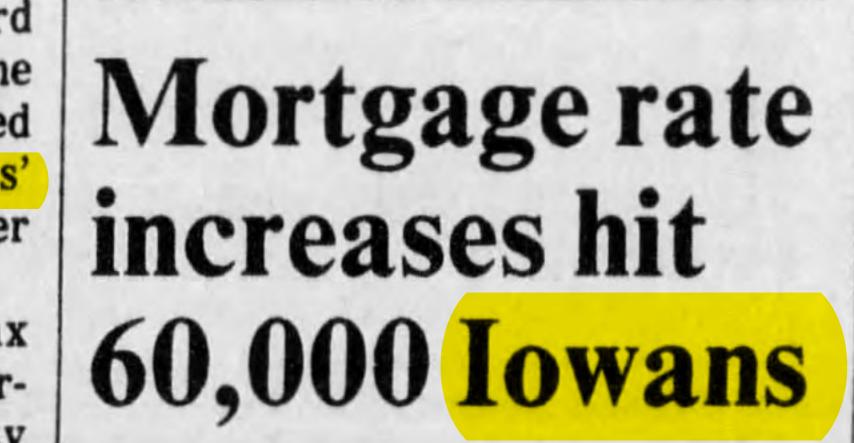
and declared: "In the 34 years I've WASHINGTON, D.C. - House

The 1 million Iowa households that use the standard deduction on their state income-tax returns would be helped by the change in "tax indexing," which protects taxpayers from the effects of inflation. People who itemize their tax deductions - generally lowans with higher incomes would not.

Under the tax plan, the standard deduction — not tax brackets as is the usual practice - would be adjusted upward as inflation pushes Iowans' incomes higher, said House Speaker Donald Avenson.

	The Register		
How th	iey vi	oted	
House and million pack to the contr	Senate kage of ras. Hou	approve non-milit se totals	a \$67 tary aid
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House		Yes	No
Fred Grandy	(R):	Ø,	
James Leach	(R):		
Jim Ross Ligh	ntfoot (F	3):	
David Nagle ((D):	Ø	
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Tom Tauke (I	R):	V	
Senate			
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Tom Harkin (I	D):		V
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tarian aid, 309-110, and the Senate later completed congressional action on the measure on an 89-9 roll call vote.

Although their motivations differed, both sides agreed the bipartisan compromise for the aid - designed to keep the contras going until after next year's elections in Nicaragua - represented the best deal possible.

A Unified Policy

Trying to heal a feud over Central America that split largely along par-

Appeal Planned

Defense lawyers expressed disappointment in the verdict, but said they were confident of a successful appeal.

"There will be an appeal and we believe strongly that it can be won," Molo said.

Defense lawyers had tried to attack the charges by contending no university had been defrauded. In particular, they attacked the academic records of former University of Iowa football players Ronnie Harmon and Devon Mitchell in an attempt to raise questions that the university was guilty of using athletes despite poor academic performance. In cross-examination, Mitchell and Harmon both conceded that they

Speaker Jim Wright, his voice choked with emotion and eyes welling with

tears, defended his reputation Thursday against charges that he violated House rules and vowed to fight his accusers "to the last ounce of conviction and energy that I possess."

Flanked by some 60 veteran House WRIGHT Democrats, among

them the most powerful men and women in Washington, the 66-yearold speaker stood beneath a life-size painting of George Washington who legend says never told a lie -

Huge tax break for oil cleanup

The Exxon Corp. is expected to receive an enormous tax break for cleaning up the 10-milliongallon oil spill from one of its supertankers off the coast of Alaska last month, experts say.

Every American taxpayer could pay 46 cents more to make up the revenue loss from Exxon's tax break, which could exceed \$50 million.

Counting increases in gas prices and other retail products, the cleanup bill is expected to total more than \$500 million more than \$2 for every man,

served in the Congress, I have not violated any of [its] basic rules nor any commonly accepted standard of ethical conduct."

For the last 10 months, Wright has been under investigation by the House ethics committee, accused of rules violations that could lead to his ouster as speaker.

Circumventing Limits

In the past few days, the committee - which is expected to release its investigative findings early next week - has voted to accuse Wright of circumventing House limits on outside earned income and of accepting gifts improperly from a Texas business associate with a direct interest in legislation before Congress.

In an emotional 30-minute soliloquy, Wright took particular issue with a reported finding by the ethics panel that he and his wife, Betty, had received upwards of \$100,000 worth of gifts from their former business partner, entrepreneur George Mallick of Fort Worth, Texas. The "gifts" in part were salaries paid to Betty Wright, the committee believes.

That allegation has enraged Wright.

His voice quaking and eyes flooding, Wright faced a crowd of reporters and cameras and said: "I want to say to you that my wife is a good, decent, caring, thoroughly honorable person. I'll ... fight to protect her honor and her integrity against any challenge by any source, whatever the cost."

As Wright paused to collect his

"We'll provide some income-tax relief, but we'll send it to some different people," said Senate Majority Leader C.W. "Bill" Hutchins.

Still other tax changes under consideration are proposals to give the working poor a state income-tax credit and to target tax breaks for capital gains toward Iowa-based businesses.

"More Progressive"

say.

Indexing is designed to prevent Iowans from having to pay higher taxes simply because inflation causes their incomes to grow. But legislative leaders complain that adjusting tax brackets doesn't help lower-income Iowans as much as raising the standard deduction would. And wealthy Iowans don't need the tax break, they

Raising the standard deduction "does a better job of targeting dollars at individuals who could use the tax savings. It makes it a little more progressive," said Representative David Tabor, chairman of the House Ways and Means Committee.

About two-thirds of Iowa households elect to take the standard deduction in figuring their tax returns. The current deduction is \$1,230 for individuals and \$3,030 for married couples.

Although estimates vary, Iowa taxpayers will save up to \$9.6 million in 1989 because of indexing of tax brackets. Bracket limits have been raised by amounts ranging from \$16 to \$720, meaning that a slight boost in Iowans' incomes this year won't

By DAVID ELBERT Register Business Writer

Some 60,000 Iowa homeowners who opted for adjustable-rate mortgages in recent years are starting to pay the price.

Interest rates generally are rising, meaning that the adjustable rates are being adjusted. And that means bigger monthly payments - in the case of a \$50,000 mortgage, this year's adjustment could add up to \$70 a month; for \$100,000, it would be about \$140 a month.

When the homeowners signed up for the adjustable loans, most got good deals. In many cases, the mortgages came with one-year teaser rates that were as much as 3 percentage points below comparable fixed rates.

This year, however, their annual statements - most adjustable mortgages are adjusted once a year - are likely to show a rate adjustment that is up the limit -2 percentage points in most cases.

For borrowers who got a first-year teaser rate of 7.5 percent a year ago, even a 2 percentage point increase this year to 9.5 percent still leaves them below the 10 percent rate prevalent on fixed-rate mortgages a year ago. It is also well below current fixed rates, which are running about 11.5 percent.

But for those with adjustable mortgages that don't have a 2-point cap on

ty lines during the Reagan years, Bush called early in his administration for a unified U.S. policy for Central America.

"I really do believe it is the best we can do," said House Speaker Jim Wright (Dem., Texas) moments before the House approved the measure. "This bill tries to set in motion a united, single-voice policy."

Senator Mark Hatfield (Rep., Wash.), who has voted against all previous aid proposals, said he voted for the compromise plan after concluding that "simply abandoning them contras because they have become a political embarrassment would be as immoral as the policy we were pursuing.

After 1990 Election

The bill calls for \$49.7 million in food, clothing and medical supplies intended to keep the contras going until after elections scheduled by Nicaragua for February 1990.

An undetermined amount can be used for the voluntary relocation of the rebels - most of whom are living in neighboring Honduras - to their homeland or to other Central American countries.

It will cost an estimated \$7.7 million to transport the supplies to the contras and another \$5 million for the U.S. Agency for International Development to administer the assistance. An additional \$4.16 million could be given to the Catholic church of Nicaragua to provide medical care for the civilian victims of the civil strife but only if the leftist Sandinista gov-RATES ernment changes its policy of disallowing such church help.

VERDICT

Please turn to Page 8A

woman and child in America. **STORY: PAGE 4A**

Iowa Reception' in N.Y. woos East Coast business

By MARIE McCARTAN Register Staff Writer

NEW YORK, N.Y. - Iowa Gov. **Terry Branstad and business leaders** from across the state held an Iowa reception Wednesday evening at the Time-Life Building in New York, unveiling the Department of Economic Development's new \$24,000 video, "Iowa: The Time is Right."

The event was part of a four-day promotional effort in which teams of business people called on 75 companies identified as potential candidates for expanding their operations and locating in Iowa.

Branstad told the group about Iowa's economic growth and the good business climate in Iowa. "There are 77,000 more people working this year in Iowa than last year," he said. "We had more people move back last year maceutical companies." than move away."

General Foods Corp. in White Plains was one of Branstad's stops. The company opened an operation in

Mason City in 1986.

According to Allan Thoms, director of the development department, there have been 2,000 new jobs in owa since 1985 that resulted from the state's marketing efforts aimed at businesses. "This is one of our better trips as far as receptiveness," Thoms said. "They're a good return on our investment."

"I'm confident that some of the companies we've talked to will be ones that the state will get a reaction from in the next few years," said Ray Muston, who belongs to the Iowa Ambassadors, a private group concentrating on recruiting new businesses to lowa. "There's a high level of interest in Iowa, especially among phar-

In addition to the pharmaceutical

NEW YORK Please turn to Page 8A

Please turn to Page 3A

Please turn to Page 8A

"Last Gasp"

Congressional sympathizers with the contra cause voted for the measure with unconcealed bitterness and skepticism that it would lead to the democratic reforms sought in Nicaragua

Representative Jerry Lewis (Rep., Calif.) said he reluctantly supported the "last gasp effort" with "very, very little faith" in its chances of success.

In the Senate, supporters of the bipartisan agreement earlier voted down a series of amendments aimed at altering or scuttling a plan they said has the potential to usher in an era of cooperation between the executive and legislative branches of government on Central American policy.

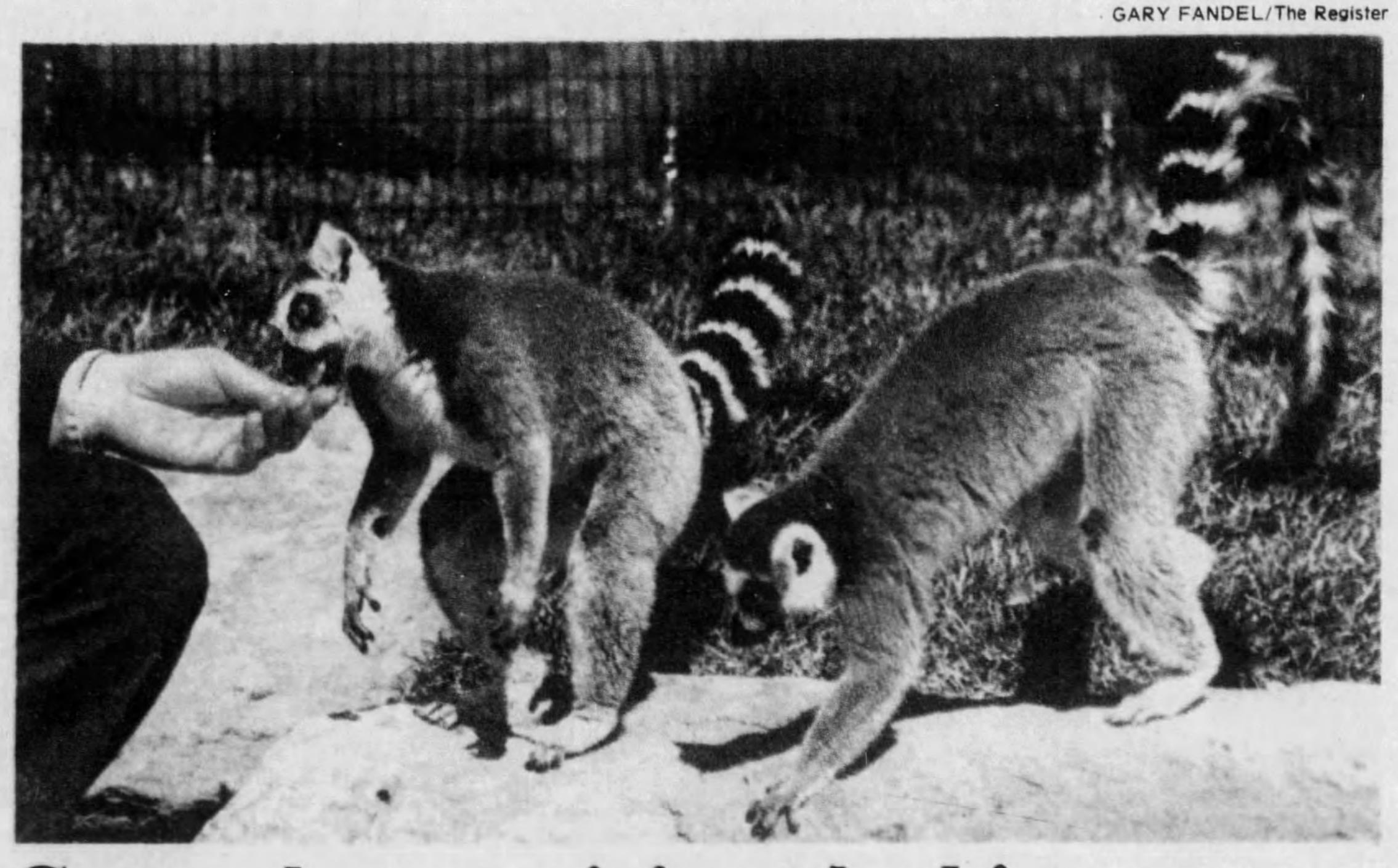
"If this accord is circumvented or exploited, it would be an enormous blow to the chances for bipartisan cooperation in a broad range of areas," said Senator Patrick Leahy of Vermont, the Democratic floor manager of the package.

But Republican Jesse Helms of North Carolina, one of the Senate's strongest supporters of the contras, called the Bush administration's plan "little more than beans and Band Aids."

Somewhat suspicious-looking 0

These shadow-eyed animals - ring-tailed lemurs from Madagascar - are in an exhibit that opens Satur-

day at Des Moines' Blank Park Zoo. The one at left is taking a bite of banana from zoo keeper Steve Walker.



WRIGHT Please turn to Page 4A

TAX

8A / THE DES MOINES REGISTER 📕 Friday, April 14, 1989

ADVERTISEMENT

Adjustable-rate mortgage holders start paying the price

3 percentage points from a year ago.

ADVERTISEMENT

Iowa lenders have sold a wide vari-

RATES

Continued from Page One

increases, or who are into their second year of payments, this year's increases are likely to be more significant.

For example, a homeowner facing his second annual adjustment of what was initially a 7 percent loan is likely to pay 11 percent, assuming the loan contract had a 2-point-per-year cap on increases.

Without that limit, the rate could

"I don't think Christians should use birth control."



ety of adjustable-rate products in jump to more than 12 percent this recent years, and no one knows for year, Iowa lenders said. That is besure how much this year's adjustcause rates on one-year U.S. Treaments will total. An examination of sury bills, which many lenders use to loan records and interviews with exprice adjustable loans, are up nearly perts suggest that the increases could add up to as much as \$40 million in higher payments.

> That is disposable income homeowners won't have to save or spend this year for cars, clothing, new lawn mowers, eating out and a variety of other purchases.

> Even so, though, the total won't make much of a dent in the state's consumer budget, which last year topped \$20 billion, according to state tax receipts.

Still, said state budget director Patrick Cavanaugh, "It's one sign of the effect that adverse interest rates are having in Iowa."

A more subtle impact that the higher rates are having was suggested by Hassan Honarmand, vice president of the Home Loan Bank of Des Moines.

"They are causing a redistribution of income" from the young to the old,

"The yuppie class is being hit the

hardest by higher rates," Honarmand

said, noting that the baby-boom gen-

eration is most likely to be carrying a

lot of debt at this point in their lives.

net savers are those in the age group

of 45 to 65. Those people and the re-

tired depend on interest income, and

when rates go up, they benefit." When

rates go up, there is a balancing

effect between borrowers and savers,

"On the other hand," he said, "the

In fact, added Iowa State University economics professor Dennis Starleaf, "It's not even clear that higher interest rates cause consumption expectations to fall," particularly in a state like Iowa that has an older population.

Older, retired Iowans, who are most likely to benefit from an increase in savings deposit rates, "are also the people who are high spenders," Starleaf said. "That's why they saved. So that they can spend it in retirement."

Less Common in Midwest

The effect of the rate increases on lowans and the Iowa economy may be less pronounced than in other states. Adjustable-rate mortgages have not caught on in the Midwest as much as they have on either coast, Iowa lenders said.

The estimated 60,000 Iowa families holding adjustable mortgages make up less than 10 percent of the more than 750,000 owner-occupied houses counted in the state's 1980 census.



NEW YORK

Continued from Page One

industry, other types of businesses called on during the sales effort were telecommunications, insurance, biotechnology, food processing and auto parts manufacturing.

Companies that were called on are interested in Iowa's labor costs, labor availability, cost of office space and manufacturing space, said Todd Bergen, a member of the Cedar Rapids Chamber of Commerce. "Iowa is exactly what many of the companies are looking for because it's exactly what they don't have."

The reception was also the development department's first opportunity to show its new promotional video.

"It makes you kind of want to go back home," said Terry Cameron, a staff analyst for Sloan Kettering Cancer Center and a native of Cedar Rapids. Cameron was one of many Iowans who live in New York who were invited to the event along with

Leading "pro-lifers" want to outlaw abortion for any woman, even in the case of rape or incest.

But they don't stop there. They also oppose the use of birth control by millions of American couples.

Randall Terry (photo), one of the men behind the current campaign to blockade health clinics and publicly harass and humiliate women, has stated: "I don't think Christians should use birth control. You consummate your marriage as often as you like and if you have babies, you have babies." Another "pro-life" activist declares: "We are totally opposed to abortion under any circumstances. We are also opposed to...all forms of birth control with the exception of natural family planning [methods based on periodic abstinence]." Other "pro-life" speakers denounce contraception as "disgusting," call the family

planning movement "satanic," and warn that birth control will lead to the death of Western civilization.

Leading "pro-lifers" are usually careful to avoid condemning birth control in public. Yet they lobby behind the scenes, and have already succeeded in shaping federal policy and limiting family planning assistance.

The tragedy is that responsi-

Make time to save your right to choose. Before the "prolifers" start making your choices for you.

Take action!

Contribute to the campaign to Keep Abortion Safe & Legal. Please mail this coupon & your check to: Planned Parenthood of Mid-Iowa, P.O. Box 4557, Des Moines, IA 50306.

cials. "This was a very sophisticated jury that dealt with some very complex, almost novel concepts and they did a very good job. I don't think any inference should be drawn from the jury's verdict on Michigan and Iowa simply because you don't know what constituted a reasonable doubt in their

"They are popular with people who don't expect to say in the same house three to five years down the road," and most Iowans don't move that frequently, said Charles Pierce, senior vice president of American Federal Savings and Loan in Des Moines.

Also, most lenders have now stopped offering below market teaser rates, and that has helped to slow down the volume in adjustable-rate loans, said Robert Price, president and chief executive officer of Perpetual Savings and Loan in Cedar Rap-

NCAA rules. Breaking those rules

subjected the athletes to being de-

the officials of targeted businesses.

Nancy Geshner, a retired English teacher in Tewksbury Township, N.J., said she came to the reception because she and her husband are going to sell their home and property and move to either Iowa or Wisconsin. Her home and land are for sale for \$1.2 million. "We want to move where the living is easy - and cheaper," she said.

James B. Hayes, publisher of Fortune magazine, arranged for the group to use the Tower Suite in the Time-Life Building for the reception.

Agents guilty, but not in U of I case

scholarships.

eligibility.

VERDICT

Honarmand said.

he said.

Yuppies Hit

Continued from Page One

attended Iowa only to play football and worked only to keep themselves academically eligible.

That testimony, plus the admission by former Michigan State wide receiver Mark Ingram that he kept his scholarship despite being convicted

The Associated Press also contributed to this article.

of burglary and spending 30 days in jail, was considered to be the most damaging to the prosecution's case.

But U.S. Attorney Anton Valukas warned against drawing any conclusions that the jury was critical of either Iowa or Michigan State offi-

By TOM WITOSKY

ment and paid Mitchell about \$2,000 three months later.

clared ineligible and losing their In one of the guilty verdicts, Walters was convicted of using ad-Rivers, Perryman and Woodson, mitted mobster Michael Franzese to who testified under a grant of immu- threaten the managers of the Jacknity, admitted they received several sons music group to keep Walters on thousands of dollars from the agents as the group's booking agent before a to sign contracts postdated to a time 1981 tour.

when the athletes no longer had any But Bloom was found guilty of defrauding all-America running back In the original indictment, Walters Paul Palmer, then of Temple Univerand Bloom were charged with de- sity and now with the Kansas City frauding Iowa when they paid Har- Chiefs, of \$145,000 in a phony investmon about \$54,000 to sign an agree- ment scheme.

Harmon never repaid \$250 he borrowed from university

ble family planning programs do much more to actually avert abortions than the "pro-life" campaign of violence and intimidation ever can.

In fact, restricting Americans' birth control options will inevitably lead to more crisis pregnancies and more abortions.

That's the exact opposite of what "pro-lifers" say they're for. And an urgent reason to ask what their leaders are really against.

Don't wait until women are dying again.

D Planned Parenthood[®] of Mid-lowa

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*15	<u>*25</u>	\$50\$100	more
	-Add my na	me to the petitio	ons being to Keep

minds," Valukas said. The two agents were found guilty of breaking the law when they signed **Michigan players Garland Rivers and** Robert Perryman as well as Purdue defensive back Rod Woodson.

Under the prosecution's theory, Walters and Bloom conspired with the athletes to defraud their universities of the money spent on their scholarship by signing them to contracts prior to the end of their eligibility.

Each athlete testified they had lied when they signed sworn statements saying they had complied with all

Register Staff Writer

IOWA CITY, IA. - At the same time former running back Ronni Harmon was collecting thousands of dollars from agents Norby Walters and Lloyd Bloom, the University of tation agreements with the agents Iowa lent him \$250, school records show

The records also show Harmon never repaid the money.

The documents concerning a \$250 short-term loan made to Harmon on Feb. 13, 1986, were included with Harmon's academic transcript.

That transcript became public record last week when it was submitted into evidence during the trial of **Bloom and Walters**.

The records also show that university officials wrote off the loan and transferred it to a collection agency on Oct. 30, 1986.

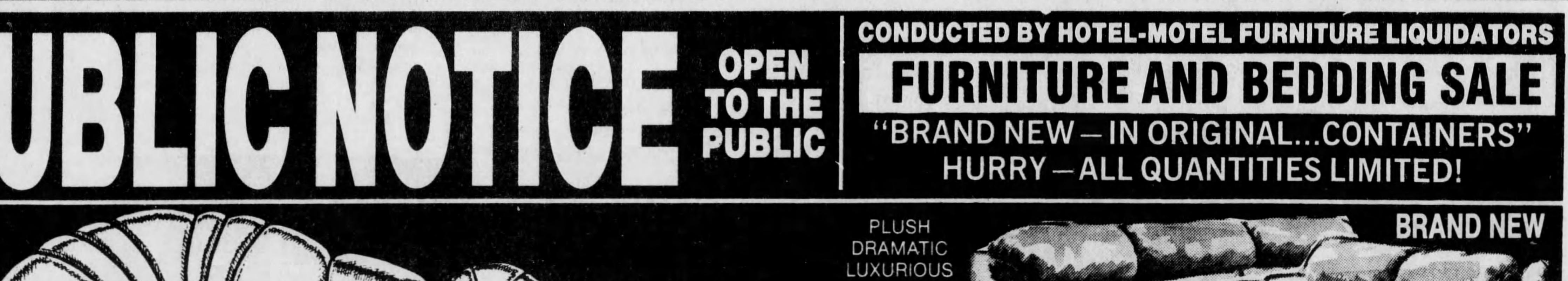
Harmon, who signed a \$1.3 million contract with the Buffalo Bills in the summer of 1986, was one of more than 50 athletes who signed represenduring their college careers.

Harmon testified he received more than \$54,000 from the agents and only repaid about \$4,000.

Ann Rhodes, assistant vice president for the university, said all students can receive short-term loans.

"I guess he had a lot of expenses," Rhodes said.

Rhodes also said the school has received Harmon's \$8,132 payment for one year's scholarship as part of a presentence deferral agreement that allowed him to avoid federal prosecution on charges of fraud.



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