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UT's new president, coach dig in to jobs

TUESDAY, APRIL 14, 1998

New bids sought on airport contracts

City manager wants more competition to run shops; move comes after flap over firm's criminal record

BY DEBBIE HIOTT American-Statesman Staff

Saying he was not satisfied the city had done its best to promote competition, City Manager Jesus Garza said Monday the city will start over in its quest to award contracts for news and gift concessions at the new airport.

The decision to throw out proposals follows weeks of controversy over city aviation staff's selection of Paradies Shops Inc. to receive one of the two multimillion-dollar concessions contracts. Paradies was convicted in 1994 on 83 counts of mail fraud related to a bribery scheme in Atlanta.

The citizens Airport Advisory Board and some City Council members first learned about the conviction from the Austin American-Statesman. The revelation cast shadows on the process, and some appointed and elected officials complained that city aviation staff should have informed them about Paradies' past problems.

"It didn't really drive this decision (to rebid), but there obviously are issues with how this played out," Garza said.

Garza said the decision to seek new proposals would not delay the opening of Austin-Bergstrom International Airport, scheduled for late April 1999.

He said he asked that the proposals be reissued for two reasons: to give potential concessionaires more information and to broaden

competition. "I started going through and asking questions about how the proposals were put together,"

Garza said. He said he was not satisfied the city had done its best to get the best deals.

Council members reached late Monday were pleased the contracts would be reissued, saying they had lost some confidence in the city's selection process after questions about Paradies Shops

See New, A7

David Kennedy/AA-S

UT's new president, Larry Faulkner, right, feasts on chiliner is lunching with students Eric Opiela, front, and Kurt Satcheese dogs and other delights at Kinsolving cafeteria. Faulktelmeyer and Xerses Sidhwa on his right. Story, B1.

'I want to hear what's on the students' minds.'

> Larry Faulkner, UT president

'To be highly successful, you've got to understand: It's hard. It's not easy.'

Rick Barnes, UT basketball coach



Rick Barnes, the new head coach of the University of Texas men's basketball team, talks about his plans at a news conference Monday afternoon. Barnes' day started early: He had the team gather at 5:45 a.m. for practice and a whole new set of rules. Story,

Taylor Johnson/AA-S

Megabank mergersi convenient or costly?

Consumer groups predict higher fees; banking industry sees more services

From Staff and Wire reports

Depending on your perspective, the megabank mergers announced Monday could result in one of two things.

One view, the one espoused by consumer groups, is that the rash of bank consolidations will result in less competition and a drive for ever-higher prof-Effect on Texas. D1 spawning higher transac-

tion fees for consumers and fewer loans to small-business owners.

The other perspective, as touted by bank executives Monday, is that the mergers enable them to offer a wider variety of financial services for consumers, making customers' lives easier to manage.

The outcome, however, is one that most experts say will take many months to sort out.

BankAmerica Corp. and NationsBank Corp. on Monday detailed plans for a \$62.5 billion merger that would create the United States' second-largest banking company and its first coast-to-coast branch network, with full-service offices in 22 states from California to North Carolina.

The deal will solidify NationsBank's position as the largest bank in Texas. Already, NationsBank has more than 380 branches and \$60 billion in assets. The combination of NationsBank and BankAmerica comes just six weeks after BankAmerica announced it wanted to get out of retail banking in Texas. Now, since the combined banks plan to

See Mergers, A4

What it means

■ The deal gives NationsBank and Bank of America customers free access to nearly 15,000 automated-teller machines in 22 states and Washington, D.C.

Bank fees might go up.

Some job cuts will be cut and some branches will be closed.

Consumers with

deposits at both NationsBank and Bank of America may find they need to move money if the merger means they exceed the maximum for insurance coverage. The Federal Deposit Insurance Corp. insures accounts for up to \$100,000.

More services will be available to PC customers. Only larger, financially strong institutions can afford to invest in the lat-

est technology.

Business customers should expect a wider array of banking products. The merged institution will be able to work more easily with companies that do business across state

Chile summit to renew push for free trade

BY SUSAN FERRISS American-Statesman Mexico City Staff

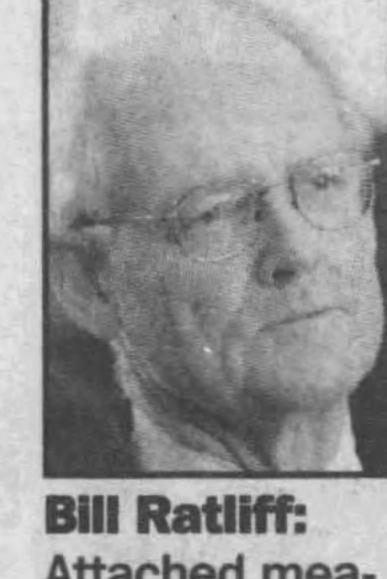
SANTIAGO, Chile — In the shadow of the snow-capped Andes, this bustling South American city is preparing to host President Clinton and 33 other leaders in an unusual event: the second Summit of the Americas in the post-Cold War

The mood is generally upbeat among leaders as they ready for negotiations Saturday and Sunday on hemispheric strategies for fighting poverty, boosting education, stemming the flow of drugs and quickening the spread of democracy and free trade in the Americas.

But undercutting that optimism are reminders that not all residents of the hemisphere joyfully embrace free trade or think that democracy has lived up to its promise.

Clinton, for example, arrives in Chile for the summit after Congress refused to renew his socalled fast-track authority to negotiate trade agreements that Congress could not amend.

Regardless, summit participants are expected to push ahead with a lofty goal they set at the first such



Attached measure to budget to stop investment in offen-

Best Bets

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TV listings

'Gangsta rap' investment ban narrowed Despite budget measure's tighter focus, music

industry argues it limits free speech

BY A. PHILLIPS BROOKS American-Statesman Capitol Staff

When state Sen. Bill Ratliff, R-Mount Pleasant, quietly attached a measure to the budget outlawing the use of state money for investment in "gangsta rap" sive lyrics. and other music with offensive lyrics,

Metro & State, B8

Life & Arts, E6

Life & Arts, E7

News, A8-9

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Sports, C6

Entertainment Life & Arts, E3-4

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Metro & State, B4

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Business, D4-7

Life & Arts, E5

he aimed to send the music industry a

billion-dollar message. On Monday, that message was devalued significantly in a move that surprised Ratliff and others.

State lawyers defending the measure against a court challenge from the recording industry argued that the bud.get measure does not affect an estimated \$1 billion in investments by virtually all state agencies and pension funds.

Instead, the lawyers said, it applies only to two pension funds, the Teacher Retirement System and the Employees Retirement System, the state lawyers

Their argument is based on the Texas Constitution, which prohibits legislators from making general laws by attaching them to the state budget as riders. Such riders apply only to money appropriated by the Legislature for the two-year budget cycle.

"We are arguing that the Legislature did not create general law, but simply placed à very limited restriction on how two agencies can invest appropriated funds," said Ron Dusek, a spokesman for Attorney General Dan

See State, Back page

Ex-mobster warns athletes about gambling

Back to

the polls

Voting booths open at 7 a.m. and close at 7 p.m. today in statewide runoff elections. All registered voters are eligible. For details on voting, see B7. For a list of polling places, see B6.

once dubbed the "Yuppie Don," warned, "If you bet with a bookmaker, even a student bookmaker, you've got a problem. ... Everybody in organized crime is connected in some way, shape or form with gambling. Gambling is the main business of organized crime. It always has been; it always will be." Franzese, along with the NCAA's Bill Saum and the FBI's Tom French, spoke Monday at a mandatory

BY JOHN MAHER

American-Statesman Staff

very unlikely messenger.

gambling awareness seminar for all UT male and female athletes, sponsored by the UT athletic depart-

University of Texas athletes received a message

about the evils of sports gambling Monday from a

Former organized crime figure Michael F

"If someone had told me I'd be doing this three years ago, I would have said they were crazy," said Franzese, who has spent more than six years in

Taylor Johnson/AA-S

Michael Franzese, a convicted mobster, talks to University of Texas students Monday about the evils of gambling.

See Free, A4

See Athletes, Back page

Athletes at UT get se word on gambling

Continued from A1

prison.

"It's a little bit different being on the same program with Michael," said French, an organized crime supervisor for the FBI who has worked on the case of mobleader John Gotti. "Sometimes even though the message is good, it gets lost if the messenger isn't. Michael gets their attention. Most of the athletes haven't met anyone like him."

They have, however, met some of the kinds of people Franzese, once likened to the Michael Corleone figure in "The Godfather," used to do business with: bookies. Student bookmaking has become an unsettling trend in the 1990s.

"There is bookmaking going on at every college in America," Saum said. "There are people in this room who gamble on college athletics. The studies prove it." Sports gambling has become an

increasing concern at campuses. A basketball point-shaving scandal recently rocked academic bastion Northwestern University. "People are saying that if it could happen at Northwestern, it

could happen anywhere," Saum A recent survey found that 25.5 percent of men's basketball and football players had bet on college sporting events even though it is

against NCAA rules, and that 3.7

percent had bet on games in which they played. In addition, law enforcement officials and sports books say that that the NCAA's men's basketball tournament now rivals the Super Bowl for betting frenzy, with more than \$2.5 billion wagered illegally

this year. "There was a betting line on every women's game in the NCAA basketball tournament," Saum added.

Although his Breaking Out Entertainment organization now



Taylor Johnson/AA-S

Bill Saum of the NCAA, left, and Tom French, an FBI speaking to University of Texas athletes at a gambling agent, right, joined ex-mobster Michael Franzese in awareness seminar on Monday.

Sports gambling has become an increasing concern at campuses. A basketball pointshaving scandal recently rocked academic bastion Northwestern University.

uses entertainment and sports figures to reach youth, Franzese was once named by Fortune magazine as one of the most powerful mob figures in the United States. Fran ese, a former member of the Colombo crime family in the 1970s and 1980s, was known mostly for defrauding the government of millions of dollars in a gasoline taxes, but he also was involved in the widely publicized ra case of sports agents Norby Wa ters and Lloyd Bloom.

ese testified that he in- said. vested \$50,000 in their business and that he gave Walters permission to use his name to enforce the contract. Before they were convicted of conspiracy, racketeering conspiracy and other counts, W ters and Bloom signed 43 athletes from 1984-87 who still had NCAA eligibility, a violation of NCAA rules. Walters and Bloom did a lot of work in the freewheeling Southwest Conference and signed several Texas players, including running back Edwin Simmons

and tight end William Harris. "Those names sound familiar," Franzese said Monday. When he mentioned Walters' name and Texas athletes in the same sentence, the audience of current UT athletes buzzed.

"Norby was a guy who'd been operating legally for 40 years in entertainment. But he approached us, and we thought it would be appealing," Franzese said.

Franzese said it was a plan to eventually use the athletes for gambling information and pointshaving.

"That was our intent clear and simple from day one," Franzese

Franzese, who was convicted on federal racketering charges, was born to a life a crime. The adopted stepson of John "Sonny" Franzes of the Colombo family, he was once a high-flying money-maker in white-collar crime.

During his imprisonment, however. Franzese let it be known that he was going to try to walk away from the mob, something thought to be a first.

"I wanted a better life for my wife and children," he said. " knew it would not be easy."

Major League Baseball and the National Basketball Association have found him to be a compelling speaker on how athletes can become victims to gambling interests. He recently spoke at an NCAA convention and his message got the attention of the UT athleres.

"I think it was very helpful," said Alex Valles of UT's women's track team. "We're exposed to a lot of things that people don't know

"We learned a lot. This stuff could happen to anyone," said Aaron Babino, of the Texas football team.

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KEDS TECHNO CASUALS

State narrows focus of investment ban

Continued from A1

Morales, whose office is defending the measure.

A surprised Ratliff said he will take what he can get.

"If that is the best the (attorney general) can do, I will live with it," Ratliff said.

The new interpretation of the rider came at a Monday court hearing in a lawsuit challenging the ban — the first prohibition of its kind in the nation.

The Recording Industry Association of Americaand pension fund beneficiaries are challenging Ratliff's ban, which is scheduled to take effect Sept. 1. They have asked a state judge to dismiss the case without a trial, on the grounds that the rider is unconstitutional.

When asked to respond to the attorney general's argument, industry lawyer Peter Kennedy said, "If that's right, then it's got a smaller impact on my clients."

But he added, "It would still have an effect, and it would still be unconstitutional."

State District Judge Scott McCown heard arguments on the motion for summary judgment Monday and said he would decide the matter in a few weeks.

But the legal positions staked out at Monday's hearing almost certainly will quell the furor that followed the Legislature's action a year ago. Initially, the reach of Ratliff's rider seemed enormous, covering virtually all state agencies, pension and investment funds, which have an estimated market value of over \$100 billion.

For months, officials administering those funds have debated how Ratliff's rider would affect their investments. The consensus was that \$1 billion of the total \$100 billion in investments would be affected. (By comparison, the teacher and employee pension systems received \$1.5 billion in the 1998-99 budget, although only a portion is used for investments.)

At the State Board of Education, board members worried about its effect on the \$16.6 billion Permanent School Fund are scheduled to

The Senate passed the controversial measure a year ago, but it was presumed dead after a House committee threw it out. Ratliff quietly resurrected it by attaching it to the 1998-99 budget.

discuss the Ratliff rider at its meeting next month.

"I am pretty surprised," said board member Richard Neill of Fort Worth of the attorney general's interpretation of the rider. "This is the first I've heard of it being narrowed."

He said he is disappointed with the turn of events.

"I fully supported Sen. Ratliff's bill, getting rid of raunchy lyrics that go against what we are trying to do — help kids get a better education," Neill said.

The Senate passed the controversial measure a year ago, but it was presumed dead after a House committee threw it out. Ratliff, chairman of the budget-writing Senate Finance Committee, quietly resurrected it by attaching it to the 1998-99 budget.

The rider targets companies that release music with lyrics that promote violence, denigration of women, illegal drug use, criminal street gang activity and sexual acts including pedophilia.

Music industry officials have argued that it infringes on free speech and is written so broadly that it could be applied to countless mainstream recording artists. It would apply equally to profane lyrics in the repertoire of gangsta rap act 2 Live Crew and to Bob Marley's "I Shot the Sheriff," the industry argued.

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