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COLLEGES

The FBI also probed payments to college athletes in the '80s. It didn't end well.



By Will Hobson

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SMU fans hold up balloons shaped to read "FBI" in a game against Wichita State in February. Former Wichita State players were among those reportedly named in the FBI's current NCAA basketball investigation. (Tony Gutierrez/Associated Press)

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When music agent **Norby Walters** came up with a novel plan to break into the sports agent business in the 1980s — he wanted to sign college football and basketball players to secret contracts, agreeing to pay them thousands while they toiled as amateurs in exchange for their promise to retain **Walters** when they went professional — he decided to consult some lawyers first.

This plan would flagrantly violate NCAA rules, the lawyers said, but it wouldn't break any laws. So **Walters** got to work, signing dozens of pro prospects at colleges across the country. Then — because of **Walters's** mob ties and rumors of threats of violence — the FBI got involved. Six

years later, Walters was finished as a sports agent, but a lengthy, expensive criminal investigation and prosecution collapsed in appeals courts, where a judge made wry observations about the NCAA's role in creating the black market Walters had exploited.

Three decades later — as the men's basketball Final Four takes place with another FBI investigation shaking the foundation of college sports — it's worth revisiting what happened to Walters, whose story demonstrates the timelessness of the allegations at the core of the current federal probe and serves as a cautionary tale for the prosecutors and FBI officials in New York leading the current investigation.

The son of a Polish immigrant who opened a nightclub in Brooklyn, Walters took over for his father and expanded in the 1950s and '60s, eventually owning 21 bars and restaurants across New York. As Walters later explained to The Washington Post, this was how he grew acquainted with John "Sonny" Franzese, underboss of the Colombo crime family.

"When you're in the restaurant business, you really meet a lot of people. I mean, you really meet a lot of people," Walters said in 1987. "He was just a kind of a person that you know."

[*Is the FBI cleaning up basketball or wasting its time?*]



Three decades ago, music agent Norby Walters came up with a plan to sign college football and basketball players to secret contracts that would pay them money in return for their agreement he would represent them when they turned professional. (Joe Kohen/Associated Press Images for KPP)

In the 1970s and '80s, Walters moved into the music business, becoming a booking agent whose clientele included Janet Jackson, Kool and the Gang and Patti LaBelle. Michael Franzese — Sonny's son, known as the "Yuppie Don" — became a business partner, offering financial support and, Franzese would later testify, his unique persuasive abilities. In 1982, when Dionne Warwick was considering dropping Walters, Michael Franzese said, he paid the singer's representatives a visit, and she changed her mind.

In 1984, Walters, then in his 50s, was approached by Lloyd Bloom, a former bouncer in his mid-20s who worked for his father's collection agency while maintaining aspirations of becoming a sports agent. Bloom suggested Walters expand into sports and offered to help him acquire clients. Franzese agreed to bankroll the new sports agency, he said later, and allowed the men to use his name, and reputation, to convince prospective clients to sign.

Before Walters and Bloom hit the road, Walters met with lawyers at the prestigious New York law firm Shea & Gould to discuss his idea to pay college athletes to sign with him.

"I told him his conduct violated the rules of the NCAA," attorney Michael Feldberg later testified. "But rules of the NCAA aren't law."

Over the next two years, Walters and Bloom were wildly successful. Offering \$2,500 to \$5,000 up front, with a couple hundred more each month, plus gifts including clothes and cars, the two signed nearly 60 athletes, mostly football players, with a few basketball players as well.

In early 1987, as the NCAA and several newspapers started investigating the tactics of Walters and Bloom, the pair brazenly flouted their indifference to NCAA amateurism rules.

"Part of being a businessman is making investments," Walters told the Atlanta Journal-Constitution. "If I were going to invest \$500,000 in a McDonald's franchise in downtown Atlanta, would anybody question my investment?"

[*Rick Pitino says he did nothing wrong. He also wants to coach again.*]

Among the athletes Walters admitted he'd paid: Ohio State wide receiver Cris Carter, who went on to a Hall of Fame career; Temple running back Paul Palmer, runner-up in the 1986 Heisman Trophy voting; and Purdue safety Rod Woodson, who also went on to a Hall of Fame career.

In Chicago, rumors that Walters and Bloom were threatening to break the legs of players who reneged on their deals drew the interest of the FBI and federal prosecutors. A grand jury began looking into their tactics in 1987.

When Walters was asked by a Post reporter in 1987 where he thought the grand jury investigation was going, he replied: "To hell, I hope."

In August 1988, the grand jury indicted Walters and Bloom on a raft of charges, including racketeering, mail fraud, conspiracy to commit extortion and wire fraud.



Walters after his indictment in 1988. (Associated Press)

To charge Walters and Bloom with fraud, prosecutors in Chicago deployed an unusual legal theory. To charge someone with fraud, prosecutors needed victims. Paying college athletes seemed, on the surface, to be a victimless crime.

The victims, according to prosecutors, were the schools — including Michigan, Michigan State, Notre Dame and Auburn — that paid scholarship money to athletes who, in conspiracy with

Walters and Bloom, fraudulently professed to be amateurs.

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Before charging the agents, prosecutors reached pretrial agreements with 43 former college athletes, who agreed to reimburse schools for their scholarships to avoid facing charges. Carter, then with the Philadelphia Eagles, was the only athlete charged with a crime, because

he lied to the grand jury. He later received probation and a \$15,000 fine as part of a plea deal.

Prosecutors had more severe punishments in mind for **Walters** and **Bloom**. The trial, in March and April 1989, was a bit of a circus, with witnesses including Michigan football coach Bo Schembechler, the singer Warwick (who denied mob figures influenced her decisions) and Michael **Franzese**, the Mafioso, who was serving a prison sentence of his own, for **racketeering** and tax evasion. The jury convicted **Walters** and **Bloom** of **racketeering**, mail fraud and **racketeering** conspiracy, and the judge sentenced **Walters** to serve five years in prison and **Bloom** to serve three years.

[*Perspective: Want to clean up basketball? Pay its workforce*]

Neither man served a day. They were allowed to remain free during appeals, and in 1990 an appeals court threw out the convictions, ruling the judge had erred, in part, for improperly instructing the jury how much weight to give the testimony from the lawyers, who said they advised **Walters** and **Bloom** it wasn't a crime to break NCAA rules.

Prosecutors moved to retry **Walters** on mail **fraud**, and he submitted an Alford plea — a type of guilty plea that essentially means he admitted the prosecution could prove its case but denied he felt what he had done was a crime — and immediately appealed.

In June 1993, an appeals court ruled, again, in favor of **Walters**, throwing out the lone remaining conviction. Paying college athletes was not **fraud**, wrote Judge Frank H. Easterbrook, who described **Walters** as “a nasty and untrustworthy fellow” but also criticized NCAA amateurism rules and the colleges these athletes attended.

“Many scholars understand the NCAA as a cartel,” Easterbrook wrote. “The NCAA depresses athlete’s income — restricting payments to the value of tuition, room, and board, while receiving services of substantially greater worth. The NCAA treats this as desirable preservation of amateur sports; a more jaundiced eye would see it as the use of monopsony power to obtain athletes’ services for less than the competitive market price.”



Acting U.S. attorney for the Southern District of New York, Joon H. Kim, left, and FBI Assistant Director William Sweeney Jr., right, announce the arrests of four assistant basketball coaches from Arizona, Auburn, Southern California and Oklahoma State on federal corruption charges in September. (Bebeto Matthews/Associated Press)

Anton R. Valukas, the former U.S. attorney who prosecuted **Walters** and **Bloom**, said in a phone interview this week that he had no regrets about the case, which he felt was a worthwhile use of federal law enforcement resources because of the threats of violence and the possibility **Franzese** family members would have leaned on Walters’s clients to influence the

outcome of games, for betting purposes.

"I wasn't terribly concerned about protecting the NCAA or college teams . . . but much more interested and concerned that the money and muscle for Walters was coming from the Colombo family," said Valukas, a senior partner at the firm of Jenner & Block in Chicago. "You had mob money and the ability to blackmail or extort these athletes. It wouldn't take too much to encourage someone to drop two key passes in a key game."

The current FBI probe out of New York has yet to uncover any allegations of violent threats or organized crime ties. Two Adidas officials and an aspiring NBA agent are charged with wire **fraud**, accused of conspiring to pay the families of players. The victims, according to prosecutors, are Louisville and Miami, under the same theory rejected in the **Walters** case. Four assistant coaches and a suitmaker also face charges — including bribery conspiracy and conspiracy to commit wire **fraud** — in which NCAA rules also figure prominently.

Asked whether he would have pursued his cases had there not been any mob involvement or allegations of violent threats, Valukas replied, "I don't know the answer to that."

Bloom was found shot dead in his Malibu home in August 1993, at the age of 34. He'd made many enemies, and the headline in the Los Angeles Times story about his death read, "Few Surprised by Agent's Slaying."

Walters, meanwhile, retired to Los Angeles, where he still runs with a high-profile crowd at 85. Until this year, he hosted an annual Oscar party, called "Night of 100 Stars," in Beverly Hills. Reached by phone this week, Walters spoke very briefly to a reporter before hanging up.

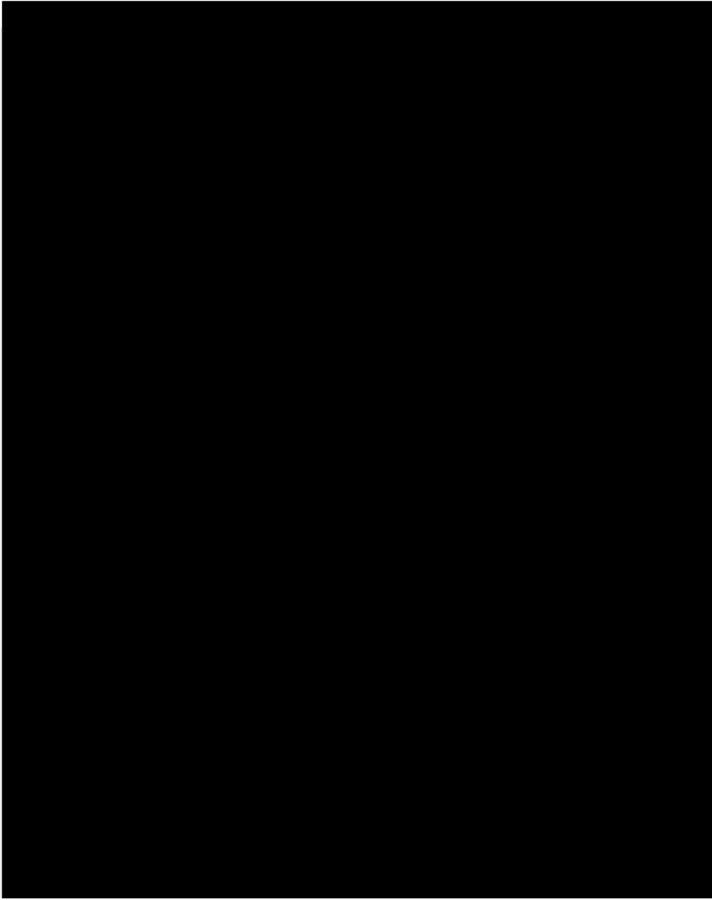
"Listen, Mr. Post — by the way, I loved the movie, 'The Post' . . . but that's 30 years ago, and I don't want to talk about it," he said.



By **Will Hobson**

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