

# 'Arrow Murder' Case Agent Owes \$204,886

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In a footnote to the bizarre murder-for-hire charges against sports agent Michael Blatt, a state appeal court has affirmed a \$204,886 arbitration award on behalf of one of Blatt's alleged targets, former professional football player John Farley.

The 3rd District Court of Appeal in Sacramento ruled Monday that Farley, a one-time running back with the Cincinnati Bengals, was entitled to recover out-of-pocket costs, plus interest and tax liability, attorneys fees and punitive damages under the terms of a management agreement with Blatt's agency.

Blatt, the former operator of Sun West Sports, was indicted for commissioning the murder of a real estate associate, Laurence Carnegie, because of business differences, and for the attempted murder of Farley, allegedly over the arbitration dispute.

Two men who admitted killing Carnegie testified they were first instructed by Blatt to murder Farley. When Farley could not be located, Blatt allegedly told the men to concentrate on Carnegie, who was killed with an arrow fired from a crossbow in February 1989.

On Oct. 31, a jury in Oakland deadlocked 8-4 for Blatt's conviction on a conspiracy charge in the attempted murder of Farley, and 9-3 on a similar charge in the Carnegie slaying. Prosecutors said they will retry the case next month. Blatt remains in jail without bond.

The civil dispute in *Blatt v. Farley*, 90 Daily Journal D.A.R. 14637, involved an arbitration clause in a management contract Farley signed with Blatt in 1984.

Farley, a running back at Sacramento State University, was drafted by Cincinnati and signed to a one-year contract for approximately \$100,000 for the 1984 season.

As Farley's registered agent and in-

vestment adviser, Blatt placed his client in an \$80,000 tax shelter that was "totally unsuitable" to his financial situation, according to Farley's attorney, Cary S. Lapidus.

"It was clearly unsuitable because the average life of a professional football player is about three years," said Lapidus, a name partner in San Francisco's Lapidus & Reiff. "There was no way Farley would need that kind of sophisticated tax shelter for five or six years."

In fact, Farley played only one year with the Bengals before a crippling knee injury ended his career. As a result, he was unable to make additional payments to the shelter agreement and lost his contribution.

Farley filed an arbitration claim for \$80,000 under the terms of his contract with Blatt. The arbitrator upped the award to \$204,886 to include more than \$60,000 in lost interest, tax liabilities and administrative expenses; \$10,000 in punitive damages; and \$49,000 in attorneys fees.

Blatt's attorney, Michael F. Babitzke, argued that Farley's demand was for \$80,000 with no provision in the agreement for tax liabilities or legal fees. He also argued that the arbitrator failed to deduct \$50,000 Farley recovered from Prudential Bache Securities, which marketed the tax shelter to investors.

The 3rd District disagreed. "We may set aside the arbitrator's construction of the contract only upon a finding that 'the arbitrator gave a completely irrational construction to the provisions in dispute,'" wrote Justice Richard M. Simms III. The award, which included fees and charges, was clearly rational, Simms noted. Justices Robert K. Puglia and Frances Newell Carr concurred.

Babitzke, a sole practitioner from Stockton, said he would like to appeal the ruling but Blatt would have to make the final decision.

# Oil Company Sues Insurers Over Cleanup

From Wire Report

LOS ANGELES — World Oil Co. Wednesday sued 27 insurers that have provided the firm coverage from 1975 to 1990, alleging the insurers have failed to pay for cleanup damage claims.

The lawsuit comes about a year after the state Supreme Court ruled that cleanup costs for toxic spills are covered by insurers that provide comprehensive general liability.

World Oil, a California company, filed the Los Angeles Superior Court suit against insurance companies that insured the oil company's assets dating back to 1975.

The suit, filed by attorney Perkins, cites only a \$130,000 cleanup reached in 1987 following an alleged contamination of a water station. The case is *World Oil Co. v. American Insurance Co.*

Perkins could not be reached for comment on how many environmental suits naming World that are pending by the Supreme Court ruling.

The suit alleges that "[the insurance companies] have a duty to indemnify World for cleanup. World has become legally liable as a result of bodily injury, [and] the injuring or damage to the claims occurred during the period, including but not limited to which were continuous and

In November, ARCO sued 70 insurance companies for coverage of hazardous waste cleanup back to the 1930s.

