

Justice Department sues to block Microsoft buy

WASHINGTON — Microsoft Corp.'s \$2 billion purchase of Intuit Inc., the biggest software merger ever, was dealt a potentially fatal blow Thursday. The government sued to block the deal as a threat to competition.

The Justice Department's anti-trust division charged that Microsoft's buying of Intuit, Inc. — maker of the highly popular Quicken personal finance program — was likely to "lead to higher prices and lessened innovation" in the growing market for such programs. The suit was filed in U.S. District Court in San Francisco.

The merger "threatens to harm consumers in other important areas of commerce," such as home banking services for personal computers, the department said.

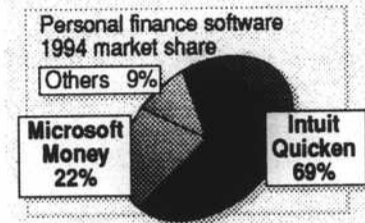
At the very least, the lawsuit delays the merger, a stock swap valued at \$1.5 billion when the deal was announced Oct. 13, 1994. Microsoft's stock price has since increased, boosting the price tag to more than \$2 billion, the Justice Department said.

Microsoft said it's prepared to strongly defend the merger in court. "Our enthusiasm for bringing Microsoft and Intuit together is very, very strong," Microsoft Chairman Bill Gates told reporters in a conference call after the suit was filed. "This merger is very clearly in the interest of consumers."

Microsoft and Intuit agreed not to close the deal until resolution of

Quicken's Appeal

Intuit Inc. survived years of challenges from big companies, including Microsoft, to dominate the market for personal finance software. More than 7 million copies of its Quicken program have been sold.



Source: Justice Department, AP research AP

the Justice Department's lawsuit, said Steven C. Sunshine, a deputy assistant attorney general who handled the case. William Neukom, Microsoft's chief counsel, described the agreement differently. Neukom said the companies would not close the merger without "two court days' notice to the Justice Department." He declined to elaborate.

Both sides are seeking an expedited trial, but no date was set. Neukom declined to discuss whether there have been any settlement talks with the government, but said the company cooperated fully with the investigation. He added that the company will vigorously contest the suit.

Senators want to take time on anti-terrorism proposal

WASHINGTON — President Clinton's request for new tools to combat terrorism won a bipartisan welcome at a Senate hearing Thursday. But several senators urged a go-slow approach to ensure the protection of civil liberties.

"I am concerned that we not go too far and that we not go too fast," said Sen. Arlen Specter, R-Pa. He urged that law enforcement agencies be given more powers "to assure that there is never another devastation like Oklahoma City."

"I don't want us to panic," said Sen. Joseph Biden, D-Del. He said a key to preventing future terrorist acts is to identify danger signals in advance.

Senate Majority Leader Bob Dole, R-Kan., leadoff witness at the packed hearing, presented a Republican anti-terrorism plan that he said demonstrates "America will not be paralyzed into inaction by those who have committed this evil deed" that killed more than 100 in Oklahoma City.

But Dole, too, said there was "no big rush" to pass legislation.

"The American people deserve the straight story," he said, "and the straight story is that America is not an impregnable fortress."

Orrin Hatch, R-Utah, chairman of the Judiciary Committee, was seeking a three-part deal. It would include support for Clinton's proposals, the addition of long-sought GOP curbs on appeals by condemned prisoners, and a pledge that Republicans would not

offer amendments to repeal last year's assault weapons ban.

Democrats were resisting the death-penalty appeals change.

Jamie Gorelick, the deputy attorney general, presented Clinton's anti-terrorism plan, which she said carried a price tag of \$1.25 billion over five years, including an addition of \$150 million to the current 1995 budget.

Clinton's proposal, which she called "a strong and solid and cohesive approach," includes:

-Hiring about 1,000 new law enforcement personnel to investigate, deter and prosecute terrorist activity.

-Allowing the FBI to obtain credit reports for counterintelligence and counter-terrorism cases; relax the standards for authorities to obtain telephonerecords identifying numbers that were dialed and where calls originated.

-Requiring hotel and motel operators as well as airlines, bus companies and other transportation carriers to provide records to the FBI in national security cases. These records now are provided to state and local law enforcement, but the FBI must obtain them voluntarily.

FBI Director Louis Freeh testified there are "serious gaps in the federal criminal laws presently used to combat terrorism." He said there is a need for a more comprehensive approach.



- Oklahoma bombing update**
Wednesday, April 26, 1995
- ▶ **DEATHS:** As of 11 a.m. EDT, 98, including 14 children.
 - ▶ **INJURIES:** More than 400
 - ▶ **MISSING:** Approximately 105
 - ▶ **SUSPECTS:** Brothers Terry Lynn Nichols and James Douglas Nichols were charged Tuesday as conspirators with Timothy McVeigh. The three allegedly built bombs in Michigan. The Nichols brothers are not charged in the Oklahoma bombing.
 - ▶ **INVESTIGATION:** A slightly revised FBI composite sketch of "John Doe 2" was recognized by a motel manager in Junction City, Kan. He remembered him as a guest who drove a Ryder rental truck and stayed there two days before the bombing.
 - Nitrates, one of the components believed used in the bomb, were detected at the site of an explosion Feb. 21 near the Kingman, Ariz., trailer where McVeigh once lived.
 - The government's toll-free hotline: 1-800-905-1514.

News... in a Minute

Spanish cake denied

SOUTHINGTON, Conn. — The manager of an ice cream store has been suspended after refusing a customer's request to write "Happy Birthday" in Spanish on a cake, telling her, "This is America."

Ana Dicklow had gone to the Carvel store Saturday to get an ice cream cake with a Spanish "Happy Birthday" greeting for her 80-year-old father.

Dicklow said she offered to spell it out for store manager Fred Craig or write it herself on the frosting, but Craig said: "Nope. This is America and I'll only write it in English."

"If someone had a match on me, I would've blown up!" she said. "Why would anybody think this way any more? It's very backward."

At first, Craig was unrepentant: "I don't feel it's discriminatory. I was just stating my feelings," he told the Meriden Record-Journal on Wednesday.

But in a second interview, after his suspension without pay pending a company investigation, he said he realized his comment was "really stupid."

"I feel I brought dishonor to the company," he said.

At the privately owned Carvel Corp., officials said Thursday that customers often ask for Spanish-language writing on cakes and that the requests are fulfilled.

"What Fred did was very distressing and surprising," said Randall Mathieson, Carvel vice president and general counsel. "Anybody who knows Carvel recognizes that we're a virtual United Nations."

Canada looking at gun control

TORONTO — Justice Minister Allan Rock says a tough, universal gun control law is necessary to stem crime in Canada—and could head off the formation of private American-style militias.

Gun control opponents complain that the clear reference to the Oklahoma City bombing, that has been linked to a private militia, is fearmongering.

A gun control bill in its final stages, with a parliamentary committee conducting a month of hearings before the House of Commons gives final approval, probably before summer.

The justice minister says he will accept only minor alterations, and passage is near certain.

The government's bill would stiffen jail terms for people convicted of using guns in the commission of a crime, crack down on firearms smuggling, restrict ammunition sales and require registration of all of the estimated seven million guns in Canada by 2002,

including handguns, rifles and shotguns.

Rock told the parliamentary committee earlier this week that a universal firearms registry will make it harder to create private militias, such as those targeted in the bombing investigation. He referred to the Oklahoma City bombing to bolster his arguments.

"Registration will provide information to police about whether someone is stockpiling firearms," the justice minister said. "Isn't that what authorities should know, whether someone is stockpiling guns, creating their own militias?"

Opponents say that's a scare tactic.

"I haven't seen any sign that anybody is trying to create a militia in Canada," said David Tomlinson, president of the National Firearms Association. "As usual, the Canadian government is reacting to events in the United States."

Gun lobbies in Canada are not nearly as powerful nor as organized as

those in the United States. The National Firearms Association, an Alberta-based group, is made up largely of rural and small-town gun owners. It's membership is only about 30,000.

However, there is a lot of opposition to the gun control bill, much of it from rural Canada, particularly in the north where guns are a way of life.

Other critics say registration will do nothing to reduce crime, but instead would make criminals out of law-abiding citizens. Some gun owners say they will refuse to obey the new registration law.

"It's a mockery of a bill," said Olympic shooting medalist Linda Thom. "We want it killed."

Even Americans will feel the effects.

Under the bill, people visiting Canada to hunt would require a temporary license and registration certificate to bring a gun into the country.

Heroin usage increasing in many areas

WASHINGTON — Heroin use appears to be increasing in many parts of the country, with some crack users switching to heroin for its price and availability, the nation's top anti-drug official reported Thursday.

"Heroin of high purity continues to be a major story in many areas of the country with use in the Northeast and South having stabilized at a high level or with increasing use," said Lee P. Brown, director of the White House Office on National Drug Control Policy.

Brown's quarterly report on national trends in drug abuse also said that heroin is attracting younger users and that cocaine and marijuana are readily available across the country.

While older users still dominate

the heroin market, researchers in New York, Colorado, New Jersey, Connecticut, California and Georgia interviewed by Brown's office said that younger users are increasing.

Police in New York, Seattle and Washington reported similar trends, but treatment providers said the average heroin user they see remains essentially the same: over 30 years old and male.

"Street sales of heroin are reported as brisk, with areas like Connecticut reporting as many as seven or eight sellers on a single street corner," according to the report.

The \$10 to \$20 bag is the favored unit of distribution. New York and Delaware reported lower-price units, \$3 to \$5 per bag, while Los

Angeles reported bags selling for \$20 to \$40.

"In Atlanta and other areas where heroin is becoming increasingly popular, crack and cocaine dealers are changing their product lines completely — getting out of cocaine and into heroin," the report said. It said some crack users in the Northeast are switching to snorting heroin because it is cheaper, more plentiful and carries less of a stigma than crack.

Maryland police also reported that crack dealers were switching products.

Another report found that users spent \$49 billion on illicit drugs in 1993, down from \$64 billion in 1988. That decrease largely reflected dropping prices, the report said.

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Editor	Jeff Zelony 472-1766	Night News Editors	Ronda Vlesin Jamie Karl Damon Lee Pat Hambrech Kai Wilken Dan Shattil Katherine Policky Amy Struthers Sheri Krajewski Tim Hedegaard 436-9258
Managing Editor	Jeff Robb	Art Director	General Manager
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