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16, 1970

A Yes.

Q Have you seen that before Mr. Selig?

A No, I haven't, at least not to my recollection. I may have, that is a new document to me.

Q Let me read part of it then or all of it, rather.

"Following is letter you received this date from William R. Daley quote American League of Professional Baseball Clubs, 520 Boylston Street, Boston, Massachusetts 02116. Attention: Mr. Joseph E. Cronin, President. Power of Attorney. I, Wm. R. DAley, Chairman of the Board of Pacific Northwest Sports, Inc., individually and on behalf of Max D. Soriano and all of the other Shareholders, Officers and Directors of Pacific Northwest Sports, Inc. being thereunto duly authorized, due hereby irrevocably constitute and appoint Alan H. Selig and his nominees my attorney in fact. with full powers of substitution, to act in my place and stead at any and all meetings of the American League and to take at such meetings all action and perform all things including without limitation the right to vote on, discuss and present all motions or resolutions for or on behalf of Pacific Northwest Sports, Inc. which I might do if personally present and free to act, and specifically without limitation, to vote in favor of the application of

1 as I was concerned, that was one of several factors yet  
2 to be determined.

3 Q Were you present at the Tampa meeting?

4 A I had a room and sat in the lobby and visited with the  
5 newspapermen for most of the day.

6 Q Did you talk with any of the American League club owners?

7 MR. ZARWELL: Exclusive of Seattle?

8 Q Let's take it that way first, exclusive.

9 A On that particular day?

10 Q Yes, or during that visit to Tampa.

11 A I may have, I don't remember. I had seen Mr. Hoffberger  
12 the week before down in Milwaukee.

13 Q When you saw Mr. Hoffberger the week before, did you  
14 discuss the sale of the Pilots franchise to Milwaukee?

15 A We may have but frankly I was a little worn out. We went  
16 out one night and played tennis and we went and saw a  
17 show. The next morning I got up early and went up to  
18 Fort Lauderdale to see my parents and that was it, Mr.  
19 Hoffberger was gone at that point.

20 Q Are you a personal friend of Mr. Hoffberger?

21 A Yes, I would say so, very definitely.

22 Q Now during the week of the Tampa meeting did you talk with  
23 any of the American League club owners, either the Seattle  
24 owners or any others?

25 A It well may be that I talked to them as I had been talking

1 to them for five years. They knew why we were there and  
2 we were there and we were sitting in our 7,894th hotel  
3 lobby over five and a half years.

4 Q Can you recall whether they had advised you they had  
5 convened in Tampa to approve the sale of the franchise  
6 to the Brewers?

7 A That is one thing I can say flatly they hadn't advised  
8 us of anything since October.

9 Q Can you recall any of your conversations with any of them  
10 in Tampa?

11 A No, I really can't. It is a long time ago.

12 Q Did your group receive indemnity from the other American  
13 League owners with respect to the lawsuit to be brought  
14 by the State of Washington, the City of Seattle and  
15 King County?

16 A No, not at all.

17 Q Did you ever ask for such indemnity?

18 A No.

19 Q Under the lease that the Milwaukee Brewers have with the  
20 County Stadium, who gets the parking revenue?

21 A The County.

22 Q What does that amount to?

23 A We have the figures, I don't think we have them for last  
24 year yet. I think the first year was a quarter of a million  
25 dollars, in excess of a quarter of a million. It might

1 have been even close to \$300,000. Of course it dropped  
2 of, as our attendance dropped off last year, it would  
3 have dropped off again. Naturally this year it will be  
4 damn good before the year is over.

5 Q Does the County receive any other return from its lease  
6 besides the parking revenues?

7 A No.

8 Q Now during the period late 1969 and early 1970, to be more  
9 specific I will direct your attention to the time you met  
10 the Sportservice people in New York, which you said was  
11 about the middle of October?

12 A That is right.

13 Q From then through the time your group actually acquired  
14 ownership of a franchise, did you have any further  
15 conversations with anybody of the Sportservice organization?

16 A I recollect that I saw them at one of the meetings, I  
17 believe in February and we just exchanged pleasantries  
18 because at the time there was nothing to talk about.

19 Q That was one of the meetings of the American League?

20 A Yes. If my memory serves me correctly, it probably was the  
21 Chicago meeting but I am not 100% sure, but I believe it  
22 would be the February 10th Chicago meeting.

23 Q Who from Sportservice did you see at that meeting?

24 A I remember seeing Jack Zanders. I don't know that Jerry  
25 Jacobs was there.

1 Q Can you recall any of the conversation you had with  
2 Jacobs or Zanders at that League meeting in Chicago?  
3 A Only that I asked them if they knew what was going to  
4 happen with the mess in Seattle, if you will pardon me  
5 for calling it that and he said no, he didn't, and that  
6 was really the thrust of the conversation. I mean, that  
7 was the question I asked everybody, I even asked the  
8 janitor at the hotel if he had the answer.  
9 Q Did you have any other conversations then with any of the  
10 Sportservice people during that period?  
11 A Not until late March of 1970, at which time we determined  
12 we really didn't have an agreement at all and, of course,  
13 had to redo the thing.  
14 Q When you redid the thing, did Sportservice still end up  
15 with an exclusive contract on the County Stadium?  
16 A Yes, they did but it did not include the parking.  
17 Q The parking then was --  
18 A Left in the hands of the county.  
19 Q How long is that agreement to run for?  
20 A I believe it has twenty-one years after this year.  
21 Q Does it cover all events at the Stadium or just baseball?  
22 A From our standpoint it covers just baseball but Sportservice  
23 is the concessionaire for the Greenbay Packers and any  
24 other event here.  
25 Q As to all events held in the Stadium where there is

1 concession activities?

2 A Yes, in essence that is the way it works out.

3 Q And is that covered in just one or more than one

4 written contract?

5 A It is covered in only one written contract for the baseball

6 club.

7 Q As a result of that contract with Sportservice, was

8 another concessionaire removed from the Stadium?

9 A Yes.

10 Q What was their name?

11 A Ogden Foods.

12 Q You mentioned the Greenbay Packers, do they play ball at

13 the Stadium?

14 A They play ball in the County Stadium, they play three

15 league games and two exhibition games every year.

16 Q Who owns the Greenbay Packers?

17 A The Greenbay Packers are a non-profit corporation, the

18 essence of which to my understanding there are about

19 1500 stockholders who helped bail the club out of its

20 financial difficulties in the late 40's and early 50's

21 and the American Legion Post in Greenbay is the benefici-

22 ary if the Greenbay Packers should ever be sold.

23 Q Who, if you know, owns the Milwaukee Bucks basketball

24 team?

25 A The Milwaukee Bucks basketball team is owned by Milwaukee

1 Professional Sports and it is a public-held corporation.

2 Q Does your organization still have a loan balance with  
3 Sportservice?

4 A Yes.

5 Q What is the amount of that balance at the present time?  
6 (Off the record.)  
7 (On the record.)

8 Q While we are waiting for that, what activities was Ogden  
9 the concessionaire for before they were removed from the  
10 Stadium?

11 A The 1969 season for the White Sox games that we sponsored  
12 here and other baseball games that we had, for the Packers  
13 games and any other events that were held, sporting or  
14 otherwise.

15 Q While we are waiting for that figure, Mr. Selig, has the  
16 Milwaukee Brewers Club made any repayments on the loan to  
17 Sportservice?

18 A Yes.

19 Q Has it repaid principal or just interest?

20 A Both.

21 MR. ZARWELL: How do you repay interest?  
22 MR. DWYER: Paid principal or interest.  
23 (Off the record.)  
24 (On the record.)

25 Q We have had a short recess, Mr. Selig, and just a couple

1 more questions. What kind of beer is served by the  
2 concessionaire in the Milwaukee Stadium?

3 A All Milwaukee beers.

4 Q And you mentioned Ogden and I think you mentioned that  
5 Sportservice had been a concessionaire here earlier.

6 A Yes.

7 Q When was that?

8 A 1968 and I believe for all years after the Braves left,  
9 although there wasn't much here but Packer games and  
10 whatever other events they had here.

11 Q So Ogden replaced them in 1969?

12 A Yes.

13 Q And what was the reason for that?

14 A The County had a bid situation and I believe Ogden's bid  
15 was the high bid.

16 Q That is, it would return the most to the County?

17 A Yes.

18 Q And then as you told us, Sportservice came back in 1970?

19 A That is correct.

20 Q What is the balance, if you have had a chance to look it  
21 up, that the Milwaukee club owes to Sportservice now on  
22 the loan indebtedness?

23 A \$2,125,000.06.

24 MR. DWYER: That is all on direct examination.

25

1 CROSS-EXAMINATION

2 BY MR. ZARWELL:

3 Q Have you had any second thoughts, Mr. Selig, in connection  
4 with the request for indemnification in connection with  
5 the Washington litigation?

6 A I believe we made some requests of the League in connection  
7 with if the ball club were to be returned to the State of  
8 Washington that we would be indemnified. I have a vague  
9 recollection of that. Whether that request was acceded to  
10 or not, I don't remember, frankly. I do remember there  
11 was conversation about that.

12  
13 CROSS-EXAMINATION

14 BY MR. TOMLINSON:

15 Q Mr. Selig, as you are aware, I am counsel for Sportservice  
16 Corporation in this action and Washington Sportservice,  
17 Inc. Now you testified concerning a conversation which  
18 you had in approximately October 14th -- October 15th in  
19 New York with Mr. Jerry Jacobs and Mr. Jack Zanders. At  
20 this meeting you further testified that a general  
21 discussion of the Seattle concession franchise agreement  
22 was discussed. I believe you said you requested a three  
23 million dollar loan.

24 A That is correct.

25 Q Do you recall at that time being advised by Mr. Jacobs or

1 Mr. Zanders, or both of them, that if they were to extend  
2 this additional million dollars, that is, extend the loan  
3 from two million to three million, that additional  
4 considerations would be required?  
5 A Yes, I do.  
6 Q Do you recall what these additional considerations were to  
7 be?  
8 A Well, very candidly, they drive a very hard bargain and  
9 it is no bargain at all, that is a misnomer. They asked  
10 for the advertising rights and the parking rights and,  
11 of course, the advertising rights we were free to grant  
12 them if we so desired. The parking belonged to the County  
13 under the terms of our proposed lease and, therefore,  
14 that was going to have to be a subject for discussion with  
15 the County, which of course, the County turned down.  
16 Q Now in Exhibit 9, which was the letter of October 17th  
17 from Sportservice Corporation, Mr. J. M. Jacobs, president,  
18 to you, there was a discussion of these additional  
19 considerations which would be required in order for you  
20 to obtain the additional one million dollars, was there  
21 not?  
22 A That is correct.  
23 Q And these additional considerations, which were in  
24 addition to the considerations provided in the existing  
25 agreement, were for parking and advertising?

1 A And a score card, year book, any other publications. We  
2 don't happen to have a year book but it would be score  
3 card advertising.

4 Q Now I believe you testified what the revenues would be  
5 from the parking.

6 A Yes.

7 Q What type of revenues are obtained from the advertising,  
8 say, average during the last two years.

9 A During the course of the year, if my advertising people  
10 are on the ball the way they should, it should be about  
11 \$125,000 a year. I would say it runs between ninety and  
12 115 or \$120,000. It will be better this year.

13 Q Now at the time you met with Mr. Zanders and Mr. Jacobs,  
14 you were aware, were you not, of the practice in the  
15 concession industry to loan substantial sums of money  
16 by concessionaires to their ball clubs?

17 A Yes, I have been aware of that for at least twenty years.

18 Q Baseball clubs?

19 A Yes.

20 Q What generally has been your understanding or had been  
21 your understanding at that time as to this practice?

22 MR. DWYER: This calls for hearsay and we will  
23 object.

24 Q I am asking what your understanding was at this time.

25 A I had a good bit of experience, as I testified earlier,

1 because we had negotiated a deal for a National League  
2 expansion team. I had talked to various people who had  
3 engaged in those practices, Mr. Vike, amongst others.  
4 I talked to other concessionaires during the 60's as well  
5 as Sportservice. I talked to other clubs who entered into  
6 these deals so I was pretty familiar with it.  
7 Q What other concessionaires did you talk to?  
8 A ABC, which later became an addition of Ogden. I talked to  
9 Joe Stevens of Harry M. Stevens. I talked with -- I have  
10 had some contact with ARA. I guess that about spells it  
11 out.  
12 Q As a matter of fact, at one time you obtained a letter  
13 of commitment, did you not, from ABC?  
14 A That is correct.  
15 Q What was the nature of that letter of commitment?  
16 A It is a little hard to recollect, but it was for a long-  
17 term concession contract if we got a National League  
18 expansion club and there was a loan of four and a half  
19 million dollars involved.  
20 Q When did you learn that the County was not going to be  
21 willing to relinquish their parking rights?  
22 A Would you believe about a day, I would say about three  
23 or four days before we were scheduled to open up the  
24 season here, April 7th.  
25 Q I take it at that point you had not obtained the additional

1 million dollars you were seeking from Sportservice  
2 Corporation?  
3 A No.  
4 Q So this then required a negotiation with Sportservice  
5 Corporation?  
6 A We were in the process of doing it, that is what we were  
7 in.  
8 Q What was the result of these negotiations?  
9 A The result of the negotiations was the loan was increased  
10 by half a million dollars, which included the advertising  
11 rights for all our printed publications that we sold here,  
12 the year book and score card principally.  
13 Q In other words, upon the transfer of the franchise from  
14 Seattle to Milwaukee, you assumed the existing Sportservice  
15 loan agreement?  
16 A Correct.  
17 Q The two-million-dollar loan agreement?  
18 A That is correct.  
19 Q And in addition to that you obtained an additional  
20 \$500,000?  
21 A That is correct.  
22 Q And the consideration for this \$500,000 was what?  
23 A The advertising.  
24 Q And just what generally do you mean when you say the  
25 advertising?

1 A In other words, let's take the Sports card this year.  
2 We will have about \$120,000 of advertising in which the  
3 ball club, instead of selling it themselves, it is sold  
4 by Sportservice and the ball club receives 35%.  
5 Q Sportservice receives the remainder?  
6 A Sportservice receives the balance.  
7 Q So Sportservice receives 65% of this \$120,000?  
8 A Yes.  
9 Q For this one year alone?  
10 A That is correct.  
11 Q Is there any additional advertising that would be  
12 included under this portion of the agreement?  
13 A There could be if you had a year book but we have decided  
14 that this kind of obviates all our direct efforts so we  
15 have cut out the year book.  
16 Q You mentioned that you recall seeing Mr. Zanders  
17 previously, you thought it was in Chicago. That would  
18 have been in the hotel?  
19 A In the hotel.  
20 Q That was not at the American League meeting itself?  
21 A No, it was during the course of my lobby sitting, I saw  
22 everybody. They all floated in and out of there.  
23 Q By virtue of the fact that the County was unwilling to relin-  
24 quish their parking revenues and in order to consummate  
25 the \$500,000, that portion of the additional \$500,000

1           commitment, you understanding with Sportservice Corporation,  
2           did you have to go elsewhere to obtain those funds?  
3       A       We went to the most logical and obvious place, ourselves.  
4           We just put more equity money in.  
5       Q       In addition to your loan arrangement with Northwestern  
6           Mutual, you also have a bank line you use from time to time?  
7       A       We had a bank line of credit at that time.  
8       Q       Do you recall what it was?  
9       A       It was up to half a million dollars, I believe. There was  
10           some general understanding it might be a million. When  
11           it all worked out in the practicality of life, it was  
12           half a million.  
13       Q       What bank was that?  
14       A       The First Wisconsin National Bank.  
15       Q       Do you recall whether there was any provision in Ogden  
16           Foods' lease of the Stadium providing for their  
17           relinquishment of their lease should a professional  
18           baseball team come in?  
19       A       No, I don't recollect that. That was a legal problem and  
20           since their arrangement was directly with the County, it  
21           did not involve us.  
22       Q       Is it fair to say, Mr. Selig, that by virtue of your  
23           prior experience with concessionaires and concessionaire  
24           loans, that you had no doubt but that if you were unable  
25           to arrange for a continuation of the Seattle loan with

1 Sportservice Corporation that you would have been able  
2 to obtain it elsewhere from another concessionaire?

3 MR. DWYER: The question is leading in form and  
4 I object to it.

5 (Reporter reads last question.)

6 A No doubt about it, I knew of two or three other places we  
7 could go.

8 Q Where?

9 A ABC or Ogden. I had contact from ARA and I don't remember  
10 the other one but there was another one.

11 Q And you felt confident you would be able to borrow money  
12 from these concessionaires in exchange for a long-term  
13 concession agreement?

14 MR. DWYER: The same objection to that.

15 A Yes.

16 Q Do you recall when it was that you received this  
17 commitment letter you refer to earlier for four and a half  
18 million dollars?

19 A May of 1968.

20 Q Who is ABC?

21 A ABC was a concessionaire that was since acquired by Ogden  
22 Foods. They were also the concessionaire in Huston and  
23 Dodger Stadium at one time. I don't know if they still  
24 are, they may be.

25 Q Would you please tell us what your experience has been

1 with your concessionaire, Sportservice Corporation, from  
2 an operating standpoint?

3 A Probably the best way I can answer that is, I would tell  
4 you today I think unquestionably we are the highest  
5 concession per capita in the Major Leagues this season.  
6 That means we take in more dollars per paid head for  
7 concessions than any other club in baseball. If we aren't  
8 the highest, we are very close to it. Our concessions  
9 per capita has been excellent ever since we arrived here  
10 but it has even improved in the past years.

11 Q Does that in any way reflect upon the job that the  
12 concessionaire is doing?

13 MR. DWYER: That calls for an opinion of the  
14 witness. I object to the form of the question.

15 Q I will rephrase the question. What is the significance of  
16 this rate of return you have indicated?

17 MR. DWYER: The same objection to that.

18 A I think there are several factors involved. One is  
19 obviously you can't have an excellent concession per  
20 capita without the concessionaire doing an excellent job.  
21 They are certainly doing that, there are other factors  
22 involved. Our fans are enthusiastic and they do like to  
23 eat and drink, especially when we win.

24 MR. TOMLINSON: I have nothing further.

25 MR. WAGONER: No questions.

1 REDIRECT EXAMINATION

2 BY MR. DWYER:

3 Q In your dealings with these various concession companies,  
4 did you learn which one is the largest of those companies?

5 A No, I didn't.

6 Q What is the split of the concession revenues between the  
7 Milwaukee baseball club and Sportservice?

8 A We get 32% of all foods and drink and we get, I believe,  
9 it is 10% of all tobacco sold and I am not sure on the  
10 novelties, I would have to look that up.

11 Q Now with respect to the loan between your club and  
12 Sportservice, did they ever ask you to pay any more than  
13 you actually have paid up to the present time?

14 A No. Any more of the principal?

15 Q Yes.

16 A No.

17 Q How much beyond the existing Seattle loan did Sportservice  
18 advance your club?

19 A \$500,000.

20 Q That made a total of two and a half million dollars?

21 A Two and a half million dollars.

22 Q That is what you now have paid down to a figure of  
23 \$2,125,000 that you testified to?

24 A That is right.

25 Q Finally, referring to your deposition in the California

1 litigation of July 16, 1971, page 69 and 70, did you  
2 testify as follows:

3 "Question: Did you ever have occasion to call upon  
4 ABC or Ogden for a loan.

5 "Answer: Yes, we did in September of 1969 on the  
6 proposed Chicago White Sox sale, August and September of  
7 '69.

8 "Question: And with whom did you discuss that matter.

9 "Answer: With Mr. Herbert Krause and they sent a man  
10 in from New York, they being Ogden. The name escapes me  
11 at the moment. I met with him on the basis of a letter  
12 that they had sent us. David Smerling was no longer with  
13 the company and they informed us about a week later that  
14 they were sorry but the money had gotten so tight they  
15 could not live up to their commitment letter of the previous  
16 year."

17 Do you recall now giving that testimony?

18 A Yes, I do.

19 Q Was that correct?

20 A That is correct. They also, however, a month later did call  
21 and say that if we got involved in any future acquisitions,  
22 we had been involved in so many acquisitions up to that  
23 time, that they certainly would hope we would come and  
24 talk to them and not go right by them.

25 Q Did you talk to them again or just deal with Sportservice?

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A No, we just dealt with Sportservice.

MR. DWYER: That is all.

(Witness excused from stand.)

*Submitted Dec 7 3 40*  
(Signature of Witness)  
*Sign. returned 4/18/14*  
*Forjelling CE Gray*

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