

# UW School of Law

## Transcript - Moneyball

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**Jason:** All right, everybody. Thank you for showing up today. Now I'm just going to give you a little, brief introduction of our speaker, Chuck Armstrong. Graduated from Stanford Law, and then went on to serve in the Navy. After serving in the Navy, he worked in a commercial holdings company named Argyros, in which he was their general counsel. Argyros actually purchased the Seattle Mariners in 1981. By 1983, Mr. Armstrong was the president of the Mariners.

After that, he had a brief stint, in the late '80s and early '90s, where he was away and, among many things that he did at the time, he actually served as the interim athletic director at the University of Washington. So, he has ties here, and he was obviously nice enough to come today.

In 1992, he regained his position as president and has held that ever since. During that time period, the Mariners have seen unprecedented growth. They're one of the main revenue-earning ball clubs in all of Major League Baseball. His jobs include everything in the business that they do, he basically is in control of. And, like I said, he's overseen the building of Safeco Field, which was a very big deal, the strike in '94, and was part of the winningest team - Seattle Mariners, most wins in all of Major League history.

So, without further ado, ladies and gentlemen, Chuck Armstrong.

[applause]

**Chuck Armstrong:** Thanks, Jason. Am I miced up OK? Can everybody hear me all right? I'm not sure what all you all want to talk about, so I want to leave a lot of time for Q&A. But I want to thank you for inviting me out here while we're in first place. It's nice to be in first place.

You also have invited me out here, so I get to miss lunch today, which is also good. You can see, I can afford to miss a couple of meals. I'm a nervous eater during the season. And when we win, I sleep, I exercise, I don't eat too much. When we lose, I don't sleep, I don't exercise, and I eat too much.

So, we've now lost three of our last four is one way to look at it. On the other hand, we've been four and two in each of the first two weeks of the season. We're zero and one this week, so we've got to win four games and four and two.

It shows you how we are a zero-sum game in professional baseball, i.e., like the Huskies, we can't schedule Pacific or San Jose State that, for every win, there's a corresponding loss. And if we just went three and two out of every five games, three and two out of every five games, we win 97 games, and nine out of 10 years that takes you to the playoffs. While out here at the University of Washington, if the football coach goes three and two, six and four, after two or three years he loses his job. So it's a little bit different structure.

But, let me gauge my audience. How many here are in law school? I'm among friends. All right, how many are not in law school? And you're in business school? Do we have any undergraduates?

All right. Good. Good.

[laughter]

**Chuck:** Maybe I ought to start, but fill in the gaps there that Jason mentioned on my bio. And two questions I always get when I go out and do these kinds of things with students are "How good of a baseball player were you?" and "How did you get this job?" I'm actually one of these guys, I reached my athletic peak at 16. I grew up in Louisville, Kentucky. And it's amazing. I was talking with Jay Buhner. He came out to see Junior the other day, and Junior's family were here in town. Jay and I played in the same Little League, back in Louisville. Not at the same time. His mother was two years ahead of me in school. So, I've known his mother since I was in the fifth grade, and I'd always tell Jay, "If you give me a hard time, I'm going to call your mother." And he knew that I would.

But, out of St. Matthews, Kentucky, Little League, I was 10 years old when the Little League started. So, I came out of there, and Jay Buhner played there. Paul Byrd, the pitcher for the Indians and Red Sox and so forth, came out of that Little League. Sean Green, who pitched for us, came out of that Little League. And now Shawn Kelley came out of that Little League. So, just a small Little League in Louisville, Kentucky.

But, it was a proud day in my life - I said I reached my athletic peak at 16 - that out of high school, I actually had some scouts come over. And they met with my mom and dad and said... When I was a senior in high school, after I graduated, that they wanted to sign me to a pro-baseball contract for \$5000. And my mom and dad looked at each other, and finally my dad said, "I'm sorry, we don't have that much."

[laughter]

**Chuck:** So then, fortunately, my dad talked me into going to college. And I went up the road to Purdue University. Back then, I graduated from high school in 1960, and the Russians had just launched Sputnik, so we needed engineers. So, when I was a senior in high school, I had no idea what I wanted to do. The only thing I was good in in school was math, and spent my time playing sports and having a good time. So, I went to one of these guidance counselors, and he said, "Well, you're good in math. You ought to think about engineering or becoming an accountant." And engineering sounded a lot more fun. So, I went up to Purdue and majored in industrial engineering, which I'm probably the least mechanically inclined engineer I know. I was basically a math major, a statistics minor. See, this all fits together with baseball. Only my mother thought I had a logical career path.

So, every summer there, I worked in engineering jobs. And my senior year, I didn't know what I wanted to do. I knew, having worked in engineering jobs, that I didn't want to be an engineer. And so I took the law boards and the business boards, and surprised myself by scoring higher on the law boards than the business boards. And I was just a kid from Kentucky, never been west of the Mississippi in my life.

And so I applied to Stanford, because I liked the catalog. It looked like a nice place in the Bay Area, and a championship golf course on campus. And lo and behold, I got admitted and got a scholarship - because we didn't have a lot of money - and went west to Stanford,

for law school. And I thought, being an engineer, that maybe I ought to try patent law. So, while I was there, I clerked for a patent law firm in San Francisco, Townsend and Townsend, and realized I didn't want to be a patent lawyer either.

So, in one five-day period in 1967, I took the California bar exam, a three-day exam. The second day of the bar exam, I got my draft notice. The day after the bar exam, I joined the Navy. And the day after that, I got married. Now, that's stress.

[laughter]

**Chuck:** Fortunately for me, I passed the bar. I had a great three and a half years in the Navy. And this year, my wife and I will celebrate our 42nd wedding anniversary. So, it's worked out pretty well. And as Jason said, I went in the Navy for three and a half years, served on an aircraft carrier, came out. And before I joined George Argyros' company, Arnel, I actually practiced law with a firm in downtown Los Angeles, true "LA Law," doing mostly corporate, business, securities, some real estate. And I functioned as the general counsel for high-tech companies that were too small to have their own in-house counsel in those days. And having an engineer as their lawyer, they felt relaxed.

By that time, of course, I couldn't differentiate or integrate, do the math, but you learn the vocabulary. Almost any profession is over half vocabulary, so I knew what the engineers were talking about.

Then it became, for me - I don't know about how you all are going to fare in the law business - but for me, it became an ego thing to make partner with a downtown Los Angeles law firm. I had seen people making business decisions, and I thought I can do better than that.

The requirements for the billable hours drove me crazy. I had these requirements, so then I thought why am I mowing my yard? Why am I playing with my children? I should be at the office getting more billable hours. Then, why am I taking a vacation?

Of course, the worst is when you're sick. You're lying there, and you're sick, and you're thinking I'm not getting my billable hours in. I'm not on vacation. I'm not having any fun, and I'm going to have to make all this up. So, it's tough.

After I made partner in 1977, I had the chance with a client - because with engineering and law, I used my education in what I do every day. Every day. I don't know how I couldn't... I tell people I have four children, three of whom are human, and Safeco Field is my fourth child.

But, I couldn't get any of my three human children to go to law school. My oldest daughter applied to law school, or actually took the LSATs and got 98th percentile. She's the eldest, so when she was small, she remembers when I was a lawyer.

She remembers the clients calling and remembers the billable hours. She also remembers as a little child going in with me on the weekends to the law firm, and looking around at all these books, and saying has my dad really read all those books? Didn't understand the case books and stuff.

Then, when I got into this business, she didn't do well. Everybody thinks this is a romantic business and a lot of fun, but you're in the media every day. It was hard for her to take. In the early '80s, our owner was not popular. We were bad.

I remember in 1986, somebody asked her, "Isn't your dad the president of the Seattle Mariners?"

She didn't say no, but she said, "My dad's a lawyer."

Now, what kid would rather admit that her dad's a lawyer rather than the president of a baseball team?

My younger daughter, two years younger, in school, they were doing synonyms. They got to the word "lose," and the teacher said, "Katherine, why don't you come up and discuss synonyms for the word 'lose' because you know so much about losing." It can be hard on the kids.

My eldest daughter then withdrew into this fantasy world of King Arthur and Knights of the Round Table, and "Lord of the Rings," and all that stuff. She ended up getting a Ph.D. in it, and now she's a professor of medieval English, literature, and history, totally coincidentally, at my undergraduate alma mater of Purdue. I didn't know we had an English department when I was there.

I brag about her a little bit. This teaching company that selects professors to teach these courses, she's been selected. Actually, she had to write 44 lectures. She just had them taped.

Coming out probably around Christmas time, look for Dorsey Armstrong. She's teaching a course on the medieval world in the Arthurian legend. Hopefully, she'll get a lot of residuals for that because they don't make a lot of money being English teachers.

I had a chance, after I made partner in 1977, I took a leave of absence to become president of a national furniture manufacturer and importer. With my education, I'm often asked, "What do you think you missed? What would have helped you if you would have had?"

Two things. First of all, I have been accused of being a linear thinker, and my answer to that is guilty as charged. I am a linear thinker, being an engineer, and a lawyer in issue-spotting, and so forth.

The two things that I felt that I missed were accounting. When I was in the Navy, I actually took a correspondence course. The University of Maryland offered for people in the Navy to take courses by correspondence.

Also, I read a book called "Accounting for Lawyers." Every now and then, they used to have a CLE course about accounting for lawyers, so I did that a couple of times. You've got to know accounting if you want to run a business, be in business.

The second thing is marketing, merchandising, branding. Fortunately, I was in the furniture business and learned it. We were high-end contemporary furniture, chrome, and glass, and brass. We imported rattan and wicker. The sales guys always wanted to talk about merchandising our product, which at first I thought just meant cut the price.

One of the things I've learned is also, being an engineer and a lawyer, we're taught if you build a better mousetrap, the world will beat a path to your door. That's not true. If you have perception here and reality here, I used to think that over time as more facts got out, perception would move to meet reality. The opposite occurs. Perception becomes reality.

So that's why we're dealing with the media. If their perception is wrong, we try to do what we can. I've got Rebecca Hale, who's our director of public information. She goes a long way on the non-baseball side to help correct misperceptions out there and factual mistakes.

Today, in the journalism world, with the demise of newspapers and the increase of bloggers and Twitterers or whatever, they don't have any accountability. Last year, not only did the Mariners lose 101 games, I've never lost that many before, I had the most vicious personal attacks against me that I had ever experienced.

Bloggers, I'm still convinced most of them are guys in their parents' basements with too much time on their hands. But, the mainstream media, they don't get out that much either, and so they read the blogs. They start to think that these bloggers perhaps reflect the views of the general public, of our fans.

My boss, our CEO, Howard Lincoln, who's also a lawyer from Berkeley, Jason. To convince him that this was not truly the views of the majority of our fans, Rebecca and some others thought we should have focus groups.

About every six weeks, we'll have 20 to 24 season ticket-holders, other fans, random fans, to a breakfast down at Safeco Field, and we hear their views. Fortunately, Rebecca was right. The bloggers are wrong. The fans are concerned about the ball park. Yes, they like to win.

Women, though, are more interested in safety, cleanliness, a nice atmosphere, and we try to do that at the Mariners. We are a regional team. You have to go 1000 miles to find another major league baseball team, either in Denver or the Bay Area.

Again, using what we learned in law school, the anti-trust - baseball has an anti-trust exemption that has been so negotiated away with the union that one of the few things that we have left is that we can split up and allocate broadcast in home territories.

I don't know about you, if you're baseball fans, but I'm sick and tired of hearing about the Red Sox Nation. The only team that really has a nation is Toronto. We have the second largest territory. So, under the anti-trust exemption and the sports broadcasting act of 1969, our home territory is Washington, Oregon, Idaho, Montana and Alaska and then we share British Columbia and Alberta with the Blue Jays.

Last year - let me take this and go back. Every other year since I got here first in 1984, every other year we do statistically accurate fan surveys. We want to know where they come from. We want to learn a lot of who our fans are. Over the years, we've learned that we have among the highest percentage of female fans of any team in baseball, and we have among the youngest fans of any team in baseball. But we also, I thought it might change from the Kingdom to Safeco Field, but it really didn't. Until 2008, 50 percent of our fans came from inside of King County, 50 percent came from outside of King County. In 2008, 62 percent of our fans came from outside of King County and only 38 percent came from inside of King County.

We attribute that is that we played such lousy baseball last year that the local people can watch us on television and didn't come to the ball park. And the 62 percent that came from outside of King County averaged an hour and a half to get to the ball park. And 28 percent of our total fans last year - believe it or not this will be our tenth year. July 15th will mark our tenth anniversary. But last year, 28 percent of our fans, it was their first time at Safeco Field.

So, we have a written code of conduct and I have two mantras that Rebecca hates hearing. She says please don't bring up the mythical seven year old child again. That's one of them. I tell our day of game people they are to pretend that every fan is sitting next to a seven year old child. If their behavior is not appropriate for a seven year old child, we actually have a card system like in soccer.

We give them a yellow card with the code of conduct on it. If their behavior is not appropriately modified, we kick them out. And we got into a little trouble a few years ago when some radio station started handing out Yankees Suck t-shirts. We said, you know, that's not... Things have changed since I was a seven year old. Later, we did a focus group of seven year old kids. And they're not offended by that anymore. You know?

Homework sucks, life sucks. It's a little different. So we modified our behavior there. And interestingly, the ACLU here sued us for violating free speech and by trying to ban these Yankees Suck t-shirts. By contrast, in Boston, the cradle of liberty, the ACLU was in favor of banning Yankees Suck t-shirts at the Red Sox. They thought the Red Sox fans were so unruly that this would incite them and get them even more upset with the Yankees. And so the ACLU back there was in favor of banning, believe it or not, the Yankees Suck t-shirts, but the ACLU in Seattle was opposed to our trying to ban them. So, it's just a difference in markets. And all these things have legal ramifications, right?

Anyway, coming back on... Oh, my second mantra is that even though they may see the same season ticket holders every day that they are to pretend that this is the only day in each and every fan's life when he or she will ever come to Safeco Field, and while they can't impact what happens on the field, they can impact what happens as far as their game day experience. And they are to make every guest welcome and have a good time. So, Safeco Field is the anti-kingdom. You can walk around and walk anywhere in the ball park.

What's been amazing to me is how many people- let me see, how many of you have been to Safeco Field? All right, that's good. What surprises me is how many people go to these horizontal ledge surfaces and they stay there. They don't leave the whole game. Well, the fire department won't let us sell standing room. So, everybody that you see standing or walking around the concourses has a reserve seat somewhere.

So, the media will say, you reported a sell-out. Look at all those empty seats. Look at all the people standing and walking around. So, you know, it actually is sold out. And so we work hard at creating a good fan experience and a family atmosphere.

So, coming back to what I did, I left to join this furniture manufacturer and importer, and that's where I learned about marketing and merchandising. I think now what we strive hard to do is provide great value for our fans, through all these special nights for people and groups, without just on the wholesale basis lowering our ticket price, which changes our price point, which when things get better, you're going to have a hard time raising your prices back up. There are some teams that have just completely dropped their prices, and

then when their teams are successful, they have a hard time getting their ticket prices back up and getting their per capita back up.

When we return to those halcyon days, we just start to eliminate some of the specials. And the per capita rises back up. So, that's what I learned about merchandising and marketing and how important that is, and perception versus reality. I could wear a shirt like this with no pocket and a horse on it and it costs 50 percent more than this shirt. Again, why do you buy those shirts? But people do. You know, Ralph Lauren has been very successful doing that.

So, I ran the furniture company for three and a half years, but I was gone sixteen to eighteen nights per month. Already losing one person in the audience, sorry about that. But, I came home one day and I found one of my neighbors down the street teaching my younger daughter how to ride a bicycle. I said, you know, that's my job.

Everybody needs mentors. One of my mentors was a guy by the name of Jack Bishop who is now deceased, who had a group of electronic test instrument companies that competed with Fluke. We took them public, so I helped make him wealthy. He was one of my mentors, so I went to Jack for advice.

And as it happened, he lived next door to George Argyros who is an Orange County California real estate developer who at the time was thinking of diversifying out of real estate and he thought, gee, furniture is a nice synergy with real estate. Anyway, to make a long story short, I joined George as his General Council member of his executive committee in 1980, March of 1980. And in February of '81, George bought the Mariners, and in April of '81 he and another Orange County California real estate developer by the name of Bill Lyon bought an airline. It was, around then, called Air California, which they eventually sold to American.

It's the worst I ever saw George was in June of '81 that the major league baseball players had gone on strike, and President Reagan had fired the air traffic controllers. So, he had put all of his net worth into two businesses he knew nothing about and he couldn't control what was going on. So then, he promoted me to run his real estate operation. So, I learned about construction and real estate, and after he had the Mariners for about three years, '81, '82, '83; in '83 we lost 102 games and he said, 'I want you to go up and run the Mariners.'

At first, I turned him down three times, because my predecessor was the man by the name of Dan O'Brien. The baseball world's a small world. When I was a senior in high school, coming back to that story, Dan O'Brien was president of a team then called the Louisville Colonels, which was a AAA team.

They had tryout camps, and I always thought Dan had a great eye for talent, because he did want to sign me to a pro baseball contract out of high school. So, he was nice enough to say he remembered me when we became re-affiliated through George and I turned George down.

So, if you go back to 1983, there's about a six or seven week gap period from when George fired O'Brien and I finally said, "Yeah, I'll do this." People think, "How could you? Wouldn't most people give their left arm to run a major league baseball franchise?"

But, we were bad then. In 1983, the Mariners drew 813,000 people, for 81 games in the Kingdome, the largest capacity of any venue in Major League Baseball.

In 1984, under my great leadership, we improved our wins. We went from 60 wins in '83 to 74, the most improved team in the American League, the second most improved team in baseball after the Cubs. Attendance skyrocketed from 813,000 all the way to 854,000.

So, the lag factor, and now, of course, at Safeco Field, 800,000 is a bad couple of months. In the halcyon days of 2001 and 2002, we led Major League Baseball in attendance at 3.6 million in both of those years.

Seattle is the 14th largest market, metropolitan market, in the country. If you divide the two-team markets in baseball - New York, Chicago, L.A., and San Francisco - into two, we become the 18th largest market.

So, as Jason said, we have been one of the revenue generators. We now have a revenue-sharing plan in baseball, and we are a net payor in this market. Notwithstanding losing 101 games last year, we were still a net payor.

The way our revenue-sharing plan works, we take something called net defined local revenues. It's a flat tax. So, if you want to start talking about the flat tax, I like the flat tax. But, I'm not sure that's what's going to happen in this country. It's hard to figure out your tax return these days.

Basically, every team is taxed a third on their net defined local revenue. You pay a third of your net defined local revenue into the central fund. That's divided by 30, and then paid back out.

So, even in the halcyon days, we paid a third of all the revenue we had in 2001, 2002, and so forth, and after what was paid back out, we were a net payor to the tune of about 17 or 18 percent.

Last year, we paid it in. We got paid back. We were a net payor to the tune of about six to seven percent of our gross revenues.

So, I came up here after the '83 season. In '84, we played in the Kingdome. We had probably 45 people in the front office, 45 people in the front office. I had to do almost everything. It was a small business then.

We had gross revenues of under \$30 million. Now, our gross revenues are, last year, about \$230 million. So, under \$30 million in 1984 to \$230 million in 2008.

When we moved from the Kingdome to Safeco Field, I had to learn how to be a different kind of manager. When you have 45 people, I knew everybody's name, their kids, their birthdates. I'm a big management by walking around guy. I could walk around in 15 or 20 minutes and see all 45 people we had in the front office.

Now, at Safeco Field, we run the place. We have over 200 employees, full-time, 12 months a year at Safeco Field. I worry that we're going to lose the culture. I had been worried about this.

So, every month, our VP of Human Resources and I will have lunch with eight to ten of our employees from different levels of longevity with us, different departments. I can hear what's on their minds. They can meet each other.

Then, as I said, I still like management by walking around. So, at 3:00, I'll start to get a little sleepy. I fix myself a cup of tea, and I'll go walk around for about 45 minutes. Sometimes you hate to do it, because you've got so much other work to do, but you need to do it and have to dynamite yourself out of the office.

Any more with emails. I could spend most of my day just doing emails. On the good side, that's cut down on meetings, because you can copy everybody, but on the bad side, it's just a plethora of these things. The other thing about this job... Well, let me come back.

In 1989, we sold the club to a guy named Jeff Smulyan and his group from Indianapolis. I had the dubious pleasure of being fired without Smulyan even talking to me. He got word to me that I could come in on Saturday and clean out my office, and he would have a security guard watch me as I did so.

So, it gave me particular pleasure when we bought it back from him on July 1, 1992. But, as Jason said, during this hiatus period, I officed at two different law firms here in town.

I'm not a member of the Washington bar. I have kept my bar registration active. I'm still an active member of the California bar. I do my CLE down there and I go down to my alma mater every year and teach a couple of classes. This year, it was in sports law. Sometimes it's labor law. Sometimes it's business law.

Of course, that counts triple for CLE, so it's good. It helps. In the early days, when we were smaller, I negotiated all of our 40-man roster contracts. Of course, most of the player agents are also lawyers, and they'd always give me, "Well, are you still an active lawyer?" And I could say, "Yes, I am!" That helped.

If you go around to every major league sports team - baseball, football, basketball, or hockey - invariably, at least one of the top three officers is a lawyer. With us, our first chairman and CEO, John Ellis, he's a lawyer. He went to law school here. He was CEO of Puget Power, Puget Sound Energy.

Howard Lincoln, our current CEO, is a lawyer. I'm a lawyer. But, if you pick almost any of the sports franchises, I don't know how you really run one of these unless you happen to be a lawyer, because there are so many legal aspects to what you do.

Also, dealing with government officials, dealing with the legislature, so much has to do with law. As we have grown, we now have two in-house lawyers. Let me make it clear that we're not looking for any more lawyers right now.

[laughter]

**Chuck:** Most of our legal work is done in the off-season. So, summer clerkships, people ask us, can't we offer summer clerkships. We don't have much legal work going on. If you work in baseball, it's not a job, it's a lifestyle. Fortunately, my wife likes baseball and understands it. I actually, on a day-to-day basis, have more discretionary time in-season than I do in the off-season.

I remember when my kids were little, somebody said, "Does your dad have another job in the off-season?" That's when we're busiest. That's when we're putting our plan together, doing our budgets, doing our business plan, trading players, working on the roster, working up our arbitration cases - all of those things.

In season, I go to every game I can at home, unless I happen to be out of town on meetings. I'm on a number of Major League Baseball committees. And on the road, about every third trip, what I've now found is that I'll fly there on the last trip before we come home and take in three games there.

I like to visit other parks, other teams' management, and see how they put on their game show and then fly home with the team.

So, on this next trip, I'll be going to Chicago, and then coming home with the team. So, that's how that works.

See, I lost my train of thought. Where was I going? That it's a lifestyle, not a job. There are only two and a half weeks each year that are slack times for me, as the president of this ball club, president and chief operating officer.

One, if you're not in the World Series, which we never have been yet, but I'm determined we're going to be there, is World Series week. So, when my kids were younger, that's when we would actually take our vacation, because you're precluded by the Commissioner's Office from making any major announcements.

So, we'd go to Hawaii during World Series week. And then between the last Friday before Christmas until the first Monday after the New Year, the whole industry shuts down, which is nice.

Then, for me, once spring training starts, between when pitchers and catchers show up, usually February 14th, and position players show up, usually around February 19th; that's when we go skiing. So, that's about the only two and half weeks.

That means we're seven days a week, and we like the weekends because the phone doesn't ring as much and you get more work done. But, with our players, once they go to spring training, it's tough for them, too.

They come to spring training, on February 14th or February 19th. Many have been there before that, to be ready. From the time they start spring training until we're through, which we hope is deep into October - we haven't been there since 2001 - they only have 20 days off.

And because of our location, 10 of those are travel days. So, think about it. From February 14th until at least, I think it's the first weekend of October this year, a player's only got 10 days off.

It's not like Little League. For a 7:00 game... 10 after 1. I'll bet over half our guys are already at the ballpark. I know that the manager and the coaching staff are there at noon.

That's when they answer their fan mail, or autograph the cards, send things back, do video, do special drills, start preparing for this series with Tampa Bay. Many of them, after the games, that's when they'll do their weightlifting and do some extra exercise.

Ichiro is so disciplined. Ichiro, every night, goes to sleep at 4:00 a.m. and wakes up at noon. With the time change between here and Japan, it also enables him - plus 16 hours - to talk with his family and people he's friends with in Japan, watch Japanese television, and do other things.

They have to be disciplined. As I said, it is a lifestyle, not a job, but you know - he shouldn't say it here - it beats practicing law.

[laughter]

**Chuck:** It's amazing the impact we have on people's lives, the invalids, the shut-ins. I got an email from a female physician this morning that she took her son to the game yesterday. Even losing, that her son now plays Little League baseball. He was the pitcher on Saturday. It came down to the last inning, and he gave up the run that caused his team to lose. He was distraught. Baseball is a metaphor for life in many ways. We're much more about failure than we are about success. If a hitter fails seven out of ten times and has a long career, he goes in the Hall of Fame. He's hit 300.

I think it's the greatest sport ever invented. The fact that we play every day... Out at retirement homes and nursing homes, they change the dinner hour around Mariner baseball.

Probably the most poignant personal experience that I had... Our first miracle year was '95. We were 13 and a half games out on August 19th - caught the Angels, beat them in the tie-breaker, and beat the Yankees. We were behind every one of those games in the Division Series, and ended up losing to the Indians.

So, here we were in November of 1995. My wife and I were out here, getting ready to go to a Husky-USC football game. This woman recognizes me. She runs up, gives me this big hug, and starts sobbing. My wife says, "Who's this woman?"

[laughter]

**Chuck:** So, she said, "The Mariners saved my father's life." In August of 1995, her father had suffered a major stroke, lost most of his faculties. He was going to be consigned to being, perhaps, a vegetable the rest of his life. The doctors didn't think he would get his faculties back. So, because we play every day, they would wheel the radio or the television in, and he started to watch Mariner baseball. And if you remember, and I'll get to this one later, our fans coined this phrase, "Refuse to Lose."

He got into this. He says, "The Mariners are going to refuse to lose. I'm going to refuse to die." And he says, "Besides, I want to see how this turns out." So, here we were, a week before Thanksgiving, and he had regained most of his faculties.

He was out of the hospital. He was coming over to her house for Thanksgiving dinner, and she and he said, "That's because of the Mariners."

What we mean to so many people... I have this saying that Major League Baseball is one of the few activities we do in North America today on a repeat basis that transcends generations.

So, if I get discouraged, I walk around the ballpark. I see grandparents with their grandkids, single parents, mothers with their sons, dads with their daughters. Because of the pace of the game and the affordability, it binds generations. Most of your greatest sports literature has been about baseball.

Coming back to the "Refuse to Lose," our fans adopted this, so we thought, "Hey! Maybe we can do something with this." So, being the good lawyer I am, I said, "Research 'Refuse to Lose'!"

I didn't know you could copyright, trademark this stuff. So, we found some guy in South Carolina had actually copyrighted "Refuse to Lose." We contacted him and bought a license for \$25,000. Boom! We started to put it on shirts and banners, and made a lot of money on it.

So, here we are in the playoffs, and I'm called to the front desk. A process server serves me that the Mariners are being sued, Major League Baseball is being sued, and I'm being sued, by John Calipari.

At the time, he was a coach at the University of Massachusetts, and he's now been named the head coach at the state school in the state where I grew up, at the University of Kentucky.

Apparently, between the time when we got a license from this guy in South Carolina, Calipari went down there and actually bought it from this guy. The guy didn't tell him that he'd already licensed us.

So, Calipari's suing us for half a million dollars for violating "Refuse to Lose." So, I said, "We're not paying this guy a damn farthing. Nothing for him." It goes on, goes on, goes on.

To make a long story short, the Mariners paid him nothing. I paid him nothing. Major League Baseball ended up paying him \$6000. So, when Calipari left UMass to become coach of the Nets, he lost a lot.

So I sent him a note, John, what about "refuse to lose"? I didn't get anything back from him.

[laughter]

**Chuck:** I have not met him but I do look forward to bringing that up. I keep thinking every now and then I'll actually dream about he and I on the same dais at some sports banquet, now back in Kentucky, and I would get to tell that story to the audience and see what he says about that. So, Smulyan tried to move the team and here's one more legal aspect - that why are the Mariners still here and the Sonics gone? Because my owner George Argyros back in the '80s actually saw this and said, "I don't want to go down in history like Howard Schultz is going down with allowing baseball to leave Seattle a second time."

So, George's suggestion, not government's, that the King dome lease have a clause in it that if any Mariner owner wants to move the team, he has to offer it to a Seattle buyer for 120 day period.

And a Seattle buyer, we used the example that there were the rumors that T. Boone Pickens was trying to take over the Boeing company. So we said, "Could T. Boone Pickens qualify as a Seattle buyer?" The answer was yes, according to the King Dome lease, if he agrees to buy the Mariners and keep them in Seattle.

So, when Jeff Smulyan put the club up for sale on national television, ESPN, November of 1991 and said he was still the owner of the Mariners, but it was no longer going to be the Seattle Mariners. He was putting the club up for sale, triggering the 120 day clause and he

was the most surprised man in the world when our ownership group came together and Mr. Yamaguchi of Nintendo, the leading stockholder of Nintendo and Nintendo Corp and a group of former - then current or former - Microsoft executives, some cellular telephone executives all came together to buy the club from Smulyan for \$100 million.

The Sonics lease by contrast. You'd think that there'd be some institutional memory, had no such clause. So when the fellow from Oklahoma City decided that he wanted to move it, he didn't have to offer it to any Seattle buyers. And we know things around here, they don't happen until you're in extremis that we know that Steve Bomber and Jim Senegal and others were prepared to step up and buy the Sonics, but it was too late, as Clay Bennett whisked them out of town.

Now, of course, if the city hadn't - in my view, just my view - caved on that lawsuit, if they had kept that going long enough with the way the economy is, I bet Clay Bennett and his Oklahoma City friends would like to put the Sonics back to us. It might have worked out.

There is so much legal going on in the sports business. I said, "I think you have to be a lawyer to run a pro sports franchise." From 2000-2003, your Seattle Mariners had a better record than any other team in baseball. Better than the Yankees, better than the Dodgers, better than Angels, better than the Cardinals - better than anybody. Oakland was actually second during that four-year period.

Since then, however, we've had a dry spell. 2007 we did win 88 games and then last year was probably the most disappointing year I've ever gone through. I've never lost over 100 games before, but we did.

So we cleaned house and my main job last year was to identify and hire our main general manager, which I did in Jack Zduriencik and we put our heads together and hired Don Wakamatsu as our field manager. He brought in our main staff and as we say, a new day, a new way, we're off to a good start.

Jack keeps asking our guys, "Why can't we win?" So ,we'll find out. I can guarantee you we'll be better than last year. Will I expect to win 118 games again, no. But, I think we've made a lot of progress and we've got the right kind of people involved and good character.

So, before I ran out of time I said I was going to give people some time to ask questions. So let's ask some questions. I think I've talked a long time. Questions? Yes?

Audience Member 1: Looking ahead, what do you think is the biggest threat to the future?

**Chuck:** You may think this is a strange answer to the biggest threat, problems. I think it's that we have such a diminishing number of North American players. It's not steroids. If we can get the union thing, thank God for Congress there. But, people say, "Why do you have so many foreign players?" I mean we are totally color blind and ethnic background - we just want the best players. And here in the US, over half the players quit after Little League and the only reason they played was because their dads made them.

Then if they happened to be good young - I was good young. My son is actually a late bloomer; he is still getting better. He plays in an adult league and works in San Francisco. If you're good young, then suddenly they go on these select teams. They're 13, 14 years old. They play 60, 70 games in a summer. That's too much.

That's too much. Very few Major League pitchers were pitchers in youth baseball because they throw their arms out. By the time they are 17, 18, they've either damaged themselves or they're burned out because they've played too much. Or they quit too early. You have to keep playing.

Tom Lampkin - you've probably heard of Tom Lampkin. Are we done? Tom Lampkin played for us, a product of Belleview West Little League. Tom Lampkin, I had him go out to opening day, Belleview West Little League.

His little talk to the players was to keep playing because he said, "I was never the best player on any team I ever played on. I was never the second-best player on any team I ever played on. But I just kept playing and I've played 12 years in the Big Leagues. I've had a good career. I've made myself a left-handed hitting catcher."

So, I think the biggest threat is we may lose - because we don't have that many domestic US, Canadian, North American kids playing. These foreign kids are hungry. People from the Dominican Republic and Venezuela, the Latin American countries. We have scouts all over the world. I mean we were the first team to sign a player from China. We were the first team to sign a player from Russia.

So, we are working hard in baseball while the whole number of US players has declined, it's been particularly precipitous among black players. In the 80s, 18 percent of players were African American. Now it's about nine percent.

But, Caucasians from North America, the number has also declined. So, I think that's the biggest threat. Yeah?

Audience Member 2: About what you just said, how do you feel about the WBC?

**Chuck:** I like the WBC. We had it in '06, we had it in '09 - now it's going to be every few years. We want to have it in an off-year where there are no Olympics and no World Cup. They kicked baseball out of the Olympics and they come up with all these reasons why. The real reason why is that we won't and we can't stop our season in the middle of the season for a few weeks for the Olympic Games. That with pitching rotations... Baseball has a rhythm and Bart Giomatti, former president of VAO and president of the National League and for all too brief a time was a commissioner wrote beautiful essays on baseball.

Just to kind of get myself in the mood, when I travel back and forth between Seattle and Arizona for spring training, I re-read Bart Giomatti's essays and they're just beautiful. Baseball, the game was designed to break your heart and it does break your heart. He goes on about how it starts in the spring and blossoms in the summer.

Then when the cold winds of fall come, just when you need it most, it deserts you. I mean it's beautiful.

Out of time? Thank you all very much.