

McCourt V McCourt

He claims she's a profligate spender who only cares about status. She says he's trying to cheat her out of half-ownership of one of America's most storied baseball teams. Inside the most expensive divorce in California history.

BY JESSE KATZ



For generations they have come, seeking fortune in the golden land. Stargazers, mercenaries, refugees, romantics: some have made it in L.A., some have gambled wrong. Few dreamers, though, have blown into town with as much fanfare as Frank and Jamie McCourt, the Boston husband-wife, developer-lawyer, paper-millionaire duo who in 2004 bought the legendary Los Angeles Dodgers. Fewer still have watched their dream so spectacularly implode.

If Frank and Jamie had been movie stars or politicians or even one of the outsized athletes

they employ, their crack-up might have been tabloid fodder for a minute. Bright lights, big city—you know the rest. But as the transplanted owners of a century-old baseball club, a franchise enmeshed in America’s cultural history, the McCourts were something beyond rich or famous; they arrived as stewards, guardians of a civic treasure.

Before bidding on the team, knowing the leap that awaited, Frank and Jamie put the move to a family vote. Gathered at the dinner table of their 18,000-square-foot Colonial Revival in Brookline, they explained to their four sons, then 12, 16, 19, and 21, that one day the Dodgers would pass to them—that more than a business deal, this was about burnishing the McCourt legacy. “But don’t worry,” Frank told the boys, “nothing in your lives will change.”

Recalling the moment in happier times for a newspaper reporter, Jamie said she tried to bite her tongue. Why quibble over the unknown? Giddy about retracing the Dodgers’ journey west, about the promise of instant celebrity and endless sunshine, she at last gushed, “As far as I’m concerned, every single thing in your life as you know it will change.”

Oh, they held it together in the beginning—made the right friends, joined the right country clubs, gave to the right charities, put their kids in the right schools. Frank played the strategist, a voracious mortgager and monetizer, coaxing millions out of a franchise that had grown flabby under his predecessor, Rupert Murdoch’s Fox Entertainment Group. Jamie, as president and then CEO, became the team’s public face, a social navigator, seizing every chance to advance the Dodger brand and cement her status as the highest-ranking woman in Major League Baseball. Together, in the owner’s box, cheering a resurgent organization into the playoffs, they made a show of their commitment, smooching for the “kiss cam” when it panned their way. “A true family affair,” Frank told the *Los Angeles Business Journal* in 2009, after it named him and Jamie “Power Couple of the Year.”

That would be the same year Frank shattered the public illusion, informing “Ms. Jamie McCourt,” in the clinical language of corporate law, that she was “hereby terminated effective immediately.” There is

probably no artful way to go about canning your wife of thirty years—to change the locks on her office and disable her e-mail account and revoke her \$2 million salary—but Frank ensured an ugly turn by also cataloging Jamie’s transgressions, which according to him included “insubordination,” “nonresponsiveness,” and “inappropriate behavior with a direct subordinate,” the latter point legalese for allegedly sleeping with her round-the-clock driver and security guard, a registered bounty hunter who bore the exquisite title of Director of Protocol. Labeling Frank’s tactics “arrogant and despicable,” Jamie filed for divorce the following week, demanding not just a minimum of \$320,967 a month in spousal support but also reinstatement of all the “perquisites, emoluments, and benefits of co-ownership.” In other words, Jamie could not be fired—the Dodgers belonged to her, too.



Then it was on, a burlesque of fantastical ego and preposterous consumption, all the more outlandish for the economic misery of the day. The case of *McCourt v. McCourt* would be called Shakespearean and Dickensian, a train wreck, a soap opera, a toxic fishbowl, a nuclear wasteland, an Edward Albee play, a redux of Marie Antoinette and Louis XVI, and, perhaps predictably, an updated *War of the Roses*, with a bit of *Titanic* and *Alice in Wonderland* thrown in. The one label requiring no hyperbole was the cost: with fees averaging \$50,000 a day for an entire year, all the lawyering qualified the McCourt split as the most expensive in California history.

“From the moment they arrived in L.A., they fought like cats and

dogs,” says a former Dodger executive, one of dozens of top officials the McCourts have hired and fired. “They could be talking about the color of the sky, and they would battle over it. It was ruthless and brutal—and all about power and control. You wondered how they got that far.”

THE PICTURE DOES NOT LIE: FRANK AND JAMIE’S coming out, January 29, 2004, a crystalline Dodger Stadium morning, springtime in winter. He is classic New England, starched shirt, and tight smile, the flushed cheeks and wary crinkles of the Irish South End masked by a layer of pancake makeup. She is a tad dated—well, dowdy—with her ginger-blonde Princess Di bob and floppy-collared turquoise suit, stepping into the glare of what she would call “a Land of Dreams.”

With the Dodgers as her calling card, Jamie edged herself into L.A. philanthropic circles, securing a seat on the Los Angeles County Museum of Art board and hosting luncheons for influential women.

Frank (center), flanked by his legal team, leaves after day one of the trial in August.

Seven years of Spago dinners and Malibu sunsets later, little about Frank, now 57, appears to have changed. Same steel-trap gaze and pit-bull jaw, even if now he sometimes goes sockless in Gucci loafers. Jamie, on the other hand—wow. Tanner and buffer, hair a frosted mane, she sports Valentino and Prada in cream and charcoal, arms bare, hems ascending, the uniform of L.A. society. With the Dodgers as her calling card, she has insinuated herself into star-studded philanthropic circles, securing a seat on the Los Angeles County Museum of Art’s board of trustees alongside Barbra Streisand, and at a Laker game, meeting former California State Treasurer Kathleen Brown, who would later host a luncheon to introduce her to other influential women. The

fifty-six-year-old who once called herself a “chicken-soup mom” was soon donating upward of \$30,000 a month to her favorite political candidates and causes. She taught a course at UCLA’s Anderson School of Management (“The Pursuit of Leadership: A Female Perspective”) and outlined a you-go-girl memoir (*Screaming Meanie: Babes, Baseball, and Business*). Unbeknownst to Frank, she was also flirting with political fantasies of her own, enlisting a Dodger executive to draft “Project Jamie,” a seven-page blueprint that envisioned her running for mayor, then governor, and (why stop?) president, on a platform of “family improvement.”

“You always hear about people ‘going Hollywood,’ but I had never actually witnessed it,” says another ex-Dodger insider, who is prohibited by a severance agreement from speaking publicly. “We used to go

around the stadium singing circus music: *dee dee diddy diddy da da doo da*. There was no rhyme or reason, just craziness all the time.”

A transformation of this magnitude is, needless to say, a high-maintenance proposition. Being Jamie (and to be fair, Frank indulged her and himself, too) meant constructing a kingdom of multimillion-dollar houses and neighboring multimillion-

dollar guesthouses, Gulfstream jets and Ritz-Carlton suites, Vail condos and Cabo retreats, a world in which restaurant-caliber kitchens are shipped cross-country and tennis courts are bulldozed to make way for Olympic-size natatoriums, a land populated by a vast army of minions and specialists: drivers, masseuses, shoppers, housekeepers, caretakers, gardeners, estate managers, and a \$120,000-a-year, house-call-making hairdresser. To stake her claim to a fifty-percent share of the McCourt bounty, Jamie has had to employ the gauche strategy of celebrating these excesses, chronicling everything fabulous about the “marital lifestyle” to which she had grown accustomed as the first lady of the Dodgers. Frank’s approach, meanwhile, has been to play the sober

one, the spouse who tried vainly to rein in the gluttony and waste.

“I think that the lifestyle that we had here was a great lifestyle in the beginning,” Frank would testify. “I think it became an out-of-control, unsustainable, and very uncomfortable lifestyle.”

What should alarm Dodger fans—and anyone else who considers a sports franchise akin to a public trust—is the extent to which the revenues that fueled the McCourts’ bonfire were siphoned from the team that family ownership was supposed to protect. The baseball press corps had been openly skeptical about Frank’s liquidity from the moment MLB approved his \$430 million bid; it was said that he lacked the funds to field a winning squad in a glitzy market that expects a perennial contender. However true that might be, it misses the point. Rather than worry about today’s numbers, Frank is all about rolling the dice on tomorrow. The consummate opportunist, he rightly saw the Dodgers as an undervalued asset—*Forbes* now prices the club at \$722 million—and invented novel ways of leveraging its steadily budding worth.

Between 2004 and 2009, the McCourts pulled out at least \$108 million in “ownership distributions” from their labyrinth of Dodgers-related shell companies; at the same time, they managed to pay exactly \$0 in taxes. They put their sons on the payroll (one made \$400,000 a year as marketing director, another \$200,000 a year for “advice ad hoc”) and commandeered Dodgers resources, such as team doctors and computer technicians, for their personal use. The larger the McCourts lived, the more pressure they put on the club to keep them flush: Frank’s top executive fretted that the Dodgers had become the family ATM. As chief operating officer of the McCourt Group, Jeff Ingram repeatedly urged them to budget, to avoid the haphazard commingling of household and baseball finances. His e-mails to them carried subject lines such as “Whoa, Nellie” and “Here we go again.”

But as Ingram later acknowledged, his admonitions were futile so long as Jamie (he called her “Mama Bear”) maintained a “why have a family business if not to support the family lifestyle” philosophy. “The most important thing that has to be accomplished is for the two of you to get on the same page,” he wrote to the pair in 2008, sounding more like a therapist than a banker.

Without unity or restraint at the top, Ingram was forever hustling for loans on the McCourts’ behalf, trafficking in miracles. He once turned to Comerica Bank. “Sweet mother of Moses...,” a Comerica VP wrote back, “how in the world do you keep all this in line?!”

The case would be labeled a toxic fishbowl, an Edward Albee play, a train wreck, Shakespearean, a soap opera, and a nuclear wasteland. Perhaps predictably, it would also be called a new War of the Roses.

Looking relaxed, Jamie (far right) arrives for the first day of the trial.

Frank and Jamie’s relationship—to each other and to money—has been entangled from the start. For their first date, as freshmen at Georgetown University in the 1970s, they ventured into a construction site for the new Washington, D.C., subway, and Frank, the descendent of construction magnates, explained how it all worked. The daughter of entrepreneurs—her father, Jack Luskin, was an iconic TV and appliance merchant in Baltimore, a self-promoter who branded himself as “the cheapest guy in town”—Jamie not only fell for Frank; she says she loaned him \$1,000 to launch his first business.

By then they had broken up and reconciled more times than she could count, her parents a constant thorn. They objected to her marrying a Gentile, and even though a rabbi would preside over the ceremony, Mr. and Mrs. Luskin stayed home in protest. Jamie earned a law degree, and years later, an MBA, but she was also juggling motherhood, so they put

their faith in Frank's ingenuity and in his stomach for risk. He bet on an abandoned rail yard on the South Boston waterfront, a twenty-four-acre parcel that to his eye looked ripe for redevelopment, but a decade of red tape and litigation left the McCourts on the brink. "There were times in the early years of our marriage," Jamie told the court, "when the sheriffs would come knocking on our door because we could not timely pay our mortgage."

When at last Frank wrested control of the property, it had been converted into a colossal parking lot—lucrative, if not glamorous—and overnight the McCourts became somebodies. Jamie had grown up an



Orioles fan; Frank's grandfather had owned a share of the old Boston Braves. With their kids starting to head off to college, they went shopping for a baseball team, a new symbol of their shared aspirations. They bid on the Red Sox, then on the Angels, but they were still short on cash, with only the parking lot as collateral. Amazingly, that proved sufficient to snatch up the Dodgers and the club's surrounding 400 acres, a prize that under Fox (which was more interested in the TV market than in the team) was hemorrhaging somewhere around \$75 million a year.

Harkening to the white-shoe era of Walter and Peter O'Malley, when the club was the model of decorum and stability, the McCourts issued a press release on their first day in town, gushing that "family ownership has returned to the Dodgers." It was, Frank now says, little more than a marketing ploy, a "nicer, more comfortable, warmer way" of conveying that the team was no longer a corporate pawn; it was not meant to imply

that his wife actually was part of the deal. "To the extent that Jamie has occasionally identified herself as (or been identified as) a 'co-owner' of the Dodgers in the press," he told the court, "I have permitted such statements in the interests of family harmony."

EVEN AT THEIR MOST CONTENT, THEY HAVE BEEN called yin and yang, forest and trees, ham and eggs—successful because of, not in spite of, their differences. But the dynamic that best defines Frank and Jamie McCourt's marriage, or at least the part that will determine their divorce, is worrier and pacifier: she was terrified that his pie-in-the-sky schemes were going to bankrupt them, and he was forever obliging her demand for a nest egg.

That tension eventually took the form of a "Marital Property Agreement," a postnuptial contract that put their homes in Jamie's name and their business entities in Frank's. They summoned their longtime family lawyer to the kitchen table in 2004 to update it, after they bought the Dodgers and before they moved into a \$20-million Holmby Hills villa across from the Playboy Mansion. If Frank's wager on the club went sideways, Jamie and the real estate would be protected from creditors. "Ms. McCourt not only freely and voluntarily consented to the division of assets in the MPA—she was the driving force behind the entire transaction," Frank's lawyers argued.

To the extent that the McCourts were smiling their way through an increasingly testy marriage, the document hardly seemed to matter; neither Frank nor Jamie ever read it, and it remained tucked away somewhere in a vault. Then, in 2008, Jamie visited a new lawyer, an estate planning attorney, who reviewed the MPA and explained that, under California law, it did more than immunize Jamie from Frank's gambles: in the event of divorce, she would have no claim on the Dodgers at all. Jamie was purportedly shocked, and Frank, by some accounts, was too. She insisted that they redo the contract to make everything community property. He, as usual, agreed to comply with her wishes.

A new document was drafted, but after a few months, and then a few

more, Frank still had not signed it. He had, by then, come to regard Jamie less as a partner than an exhausting distraction. Dodger executives complained of her “impulsive” and “erratic” handling of a complex organization. After contracting a severe eye infection from her daily swims, Jamie had embraced a septuagenarian Russian physicist and healer named Vladimir Shpunt, and for four seasons, the Dodgers paid Shpunt to send “positive energy” to the club from his home in suburban Boston. Frank met with the estate planning attorney, Leah Bishop, and told her that Jamie had a “total disconnect with reality.” According to Bishop’s notes, “He was fine with her being referred to as the most powerful woman in baseball, but not if she really believed it.”

Jamie kept nudging Frank to sign the new agreement, alternately pressuring and sweet-talking. She sent him an e-mail in early 2009, suggesting that after “we come through this troubling time in our lives,” they make plans to renew their vows.

“What about this am I missing,” she wrote, “because it really makes me feel that you don’t care about me?” It is not hard to imagine the turning of Frank’s gears, the stirring of his cut-throat instincts. Whether by design or luck, he had been handed an exit strategy, a way to shed his wife and hold on to their greatest asset. It was no longer, to borrow a crass phrase, “cheaper to keep her.” In her quest for security, Jamie had made herself expendable.

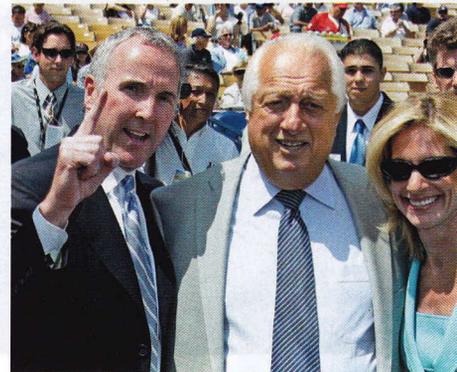
As the McCourts girded themselves last summer for trial, the case took an appropriately bizarre twist. Jamie’s superstar lawyers, Dennis Wasser (who has handled breakups for Tom Cruise and Jennifer Lopez) and David Boies (who represented Al Gore in the 2000 presidential recount), discovered that the MPA existed in two different versions. One granted the Dodgers exclusively to Frank; the second did exactly the

opposite—a typographical error, supposedly, that their family attorney in Boston later “corrected,” even though the document had already been signed and notarized. Before a courtroom audience, Wasser eviscerated that attorney, accusing him of a nefarious “switcheroo.”

Even assuming a more innocent flub, the existence of two contradictory agreements, both prepared at the McCourts’ behest, made for a murky finish. If the version most favorable to Frank was deemed valid, the Dodgers would be his alone; if Jamie prevailed, Frank likely will have to buy out her share of the team (or allow her to buy out his share), a sum that could force the sale of the prize that lured them to L.A. in the first place. After eleven days of testimony, ten witnesses, more than 100,000 pages of pleadings, and a couple of failed stabs at

If Frank won, he would own the Dodgers alone; if Jamie did, Frank would likely have to buy her out—a move that could force the team’s sale.

Frank and Jamie with Tommy Lasorda on the Dodgers’ opening day, 2005



mediation, the case went to Los Angeles Superior Court Judge Scott Gordon in September. In his 100-page decision, handed down in early December, the judge found that neither MPA was enforceable, and he threw them both out—meaning that Jamie might again be the co-owner of the Dodgers. The ruling was expected to trigger more legal jockeying, or the opposite, an abrupt settlement.

Whatever the final outcome, there is one sliver of good news for the Dodgers. The club’s top executives used to lament that the three worst days of their jobs would be the passing of beloved broadcaster Vin Scully, the passing of larger-than-life manager Tommy Lasorda—and the end of Frank and Jamie’s marriage. “Death and divorce,” says the former Dodger executive. “They were inevitable.”

Scully and Lasorda are both eighty-three, and still going strong. ❖