

Steinbrenner: The Last Lion of Baseball

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STEINBRENNER: THE LAST LION OF BASEBALL

Bill Madden

[New York, New York: HarperCollins Publishers, 2010]

457 pages

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“He was like the *Titanic* in search of an iceberg; only in George’s case it was never wise to bet on the iceberg. . . . He behaved as if he were guided by a compass that pointed unerringly to trouble.” – Bowie Kuhn¹

Despite a lifetime of experience, George Steinbrenner never managed to understand the nuances of Major League Baseball (MLB). He could not accept that baseball outcomes are relatively uncertain, that hitting slumps are common, or that a player might not live up to the value of his contract. What Steinbrenner did understand was the value of winning, which he pursued at all costs. In order to win seven World Series rings as owner of the New York Yankees, George Steinbrenner had to lie to his players, management, and the media and steal successful players and coaches from smaller market teams, but he never had to cheat. Bill Madden’s book, *Steinbrenner: The Last Lion of Baseball*, examines the life of George Steinbrenner and offers an inside look at his significant role in shaping the rights that current Major League players and owners enjoy today.

Unlike other sports law texts, which might analyze the law and its future application, Madden’s book offers a historical perspective on Steinbrenner’s effect on the formation and scope of rights enjoyed by modern MLB players, owners, and commissioners. Steinbrenner’s effect on baseball is most obvious in the current free agency structure, team media rights sales, and, most notably, the scope of the MLB commissioner’s power. Clarity in the court’s application of legal principals to the unique area of professional sports requires aggressive owners who are willing to challenge the rules proscribed to them; for MLB, that owner was George Steinbrenner.

The author, Bill Madden, is a New York legend in his own right. He has covered the Yankees for over thirty years for the *New York Daily News* and was awarded the 2010 J.G. Taylor Spink Award for baseball writing at the 2010 Baseball Hall of Fame induction ceremony. Much of the criticism of

1. BILL MADDEN, STEINBRENNER: THE LAST LION OF BASEBALL 103 (2010).

Madden's book concerns the fact that it does not add many new stories to the Steinbrenner legend. However, that should not come as a surprise, considering that the book was written by the man responsible for informing the public on the life of George Steinbrenner in the first place. What his book does do successfully is add depth and previously unknown perspectives on the life of the Yankees owner.

The unique addition to Steinbrenner's history that this book offers is the perspective of Gabe Paul, the man who helped orchestrate Steinbrenner's purchase of the Yankees, served as the Yankees president and general manager, and was largely responsible for building the Yankees dynasty following the institution of free agency. Madden was given exclusive access to Paul's written diary and to a portion of nearly one hundred hours of audio tapes detailing his Yankee years with George Steinbrenner.² These revelations fill in the gaps in Madden's reporting to offer unprecedented detail of Steinbrenner's involvement with the Yankees during his first suspension from baseball, his pursuit of baseball's first free agent, Catfish Hunter, and the first hiring of Billy Martin.³

Madden foreshadows Steinbrenner's bold decision-making as the Yankees owner by examining his failed first attempt at owning a professional team, the National Industrial Basketball League's (NIBL) Cleveland Pipers.⁴ In 1961, just a year after buying the team, Steinbrenner accepted an offer from Harlem Globetrotters founder Abe Saperstein to transfer his team to the newly-formed American Basketball League (ABL).⁵ Steinbrenner's demeanor as the Pipers' owner was even more abrasive than with the Yankees. The *Cleveland Press* observed that "[Steinbrenner] would sit in the stands right behind the Pipers bench and scream at the officials throughout the game, and there were a couple of occasions when he'd charge right down onto the court and get in their faces, and concluded that he was "congenitally unsuited" to own a professional sports team.⁶ More characteristically, as owner of the Pipers, Steinbrenner openly criticized his coach's decisions, brought in "name" free agents regardless of whether they fit his coach's system, and traded players without warning.⁷ His most egregious trade as an owner occurred in 1961 when Steinbrenner traded a player to an opposing team for cash during

2. *Id.* at xii.

3. *Id.* at xiii.

4. *Id.* at 37.

5. *Id.* at 38.

6. *Id.* at 38-39.

7. *Id.* at 39.

halftime.⁸ Even as a semi-professional basketball team owner, Steinbrenner challenged the rules of acceptable conduct.

The ABL disintegrated halfway through their 1962-63 season, due in large part to Steinbrenner's secret maneuverings. With the goal of joining the NBA, Steinbrenner was able to lure Ohio State star George Lucas, the college player of the year, to join his Cleveland Pipers by offering \$10,000 more than his NBA suitors.⁹ Steinbrenner then made a deal with owner George McKean to merge the ABL's Kansas City Steers with the Pipers and enter the NBA, which effectively killed the ABL.¹⁰ The Pipers were actually included on the 1963-64 NBA schedule until it was revealed that McKean was underfinanced and the NBA backed out of the deal.¹¹ The denial by the NBA coupled with the demise of the ABL left Steinbrenner with a team but no league and debts of over \$125,000.¹²

Rather than turn to bankruptcy law,¹³ Steinbrenner went to Washington to lobby Congress to have the law changed. By 1967, Steinbrenner had successfully merged his family's company, Kinsman Marine Transit, into American Shipbuilding Company (AmShip) and become the president and CEO of the largest shipping company on the Great Lakes.¹⁴ However, Steinbrenner's transformation from debtor to potential MLB owner was not completed until Congress extended funding for the Merchant Marine Act to the Great Lakes. After three years of lobbying by Steinbrenner, the Act was extended to provide funding to rehabilitate the entire Great Lakes shipping fleet, an enormous windfall for AmShip.¹⁵ From the outset, it was clear that Steinbrenner was built to exert political power, but it became equally obvious that his ultra-competitive nature made Steinbrenner unsuited for Washington and the traditional business world, in general.

Steinbrenner's success in the political arena foreshadowed his future conflicts with baseball's commissioner. After his successful lobbying efforts, Steinbrenner was named chairman of the annual Congressional dinner in 1969 and 1970 and set new records for the amount of money raised by the event.¹⁶

8. *Id.*

9. *Id.* at 42.

10. *Id.*

11. *Id.*

12. *Id.* at 43.

13. "As a business man with a reputation to uphold, I just couldn't do that." *Id.*

14. *Id.* at 43-44.

15. *Id.* at 44.

16. *Id.*

By this time, Steinbrenner was a key Democratic activist with a Republican, Richard Nixon, in the White House. As a result, in 1972, AmShip was denied a request for over \$5 million in funding, so Steinbrenner shifted his lobbying efforts towards the most powerful man in the free world. Steinbrenner was introduced to President Nixon's finance chairman by an old college classmate who said, "[m]y impression was, he just wanted to be closely associate to presidential power."¹⁷ Steinbrenner was able to align himself with the President by illegally donating \$100,000, which ultimately led to a felony conviction and his first suspension from Major League Baseball¹⁸ but taught him indispensable lessons about power and leverage, which he utilized throughout his career as the owner of the New York Yankees.

Having amassed so much professional success before the age of forty, Steinbrenner had many career choices, but he remained focused on succeeding as the owner of a professional sports franchise. Beginning in 1966, he and a group of business leaders began meeting each week to discuss ways to improve the city of Cleveland, which was in decay.¹⁹ One of their main goals was to replace rapidly deteriorating Cleveland Municipal Stadium.²⁰

The opportunity to build a new stadium came sooner than expected when Indians owner Vernon Stouffer, of frozen food fame, lost his fortune and was forced to sell the team.²¹ When approached about his interest in buying the Indians, Steinbrenner jumped at the chance, saying, "[t]his has been my dream. I can do this. I have the people with the money."²² Negotiations moved quickly and Steinbrenner had a handshake agreement with Stouffer's son to buy the Cleveland Indians for \$8.6 million, pending the owner's approval.²³ At 5:00 p.m. that day, Steinbrenner received a call from an inebriated Vernon Stouffer who said, "I'm not doing this deal. You and your friends are trying to steal my team. You already leaked the sale price to the press. I know I can get at least \$10 million for it. So forget about it. I won't be pressured. I'm not selling to you."²⁴ Steinbrenner was composed upon receiving the news, but Al Rosen, one of Steinbrenner's partners, later explained,

17. *Id.* at 45.

18. *Id.* at 61-63.

19. *Id.* at 4.

20. *Id.*

21. *Id.* at 5.

22. *Id.* at 6.

23. *Id.*

24. *Id.* at 7.

[Steinbrenner] was really pissed, but there was nothing he could do and he realized it. You couldn't go public with the fact that you thought the old man was three sheets to the wind. That would only have shown us to be disrespectful to the Stouffer name or his son, Jim, who was only following his father's orders. It was just a terribly disappointing time for us.

The attempt to buy the Indians and the events leading to the purchase of the Yankees exemplify what makes Bill Madden's book so successful. Rather than simply lay out the facts of Steinbrenner's career and offer perspective from his position as reporter, Madden's exhaustive investigation helps to explain to the reader why Steinbrenner made his decisions, what emotions were involved, and how his decision affected others. All of which culminates into a broader understanding of the Yankees' owner.

Steinbrenner's opportunity to purchase the New York Yankees happened like few others in his life, by chance. Steinbrenner learned that the Yankees were for sale through his partner Al Rosen, who happened to sit next to Indians general manager Gabe Paul on a flight from New York to Cleveland.²⁵ Knowing of Steinbrenner's desire to purchase a Major League team, Paul informed Rosen of CBS's intention of selling the Yankees for \$10 million.²⁶ Steinbrenner jumped at the opportunity and quickly began forming an investment group, which would ultimately give Steinbrenner the largest ownership interest, 11%, for a total investment of only \$168,000.²⁷

Feeling nervous following his failed attempt to purchase the Indians, Steinbrenner remembered the eerie scene walking into the Yankees owner's office, "[Yankees owner] Paley standing in front of the window, his back to them. Then, without turning around, he said: 'So I understand you want to buy my baseball team?'"²⁸ When asked if Yankees president Mike Burke would be retained for continuity, Steinbrenner responded, "I can assure you we wouldn't want it any other way. I've got a ship company to run. I won't have much time for baseball."²⁹ With that promise, negotiations were complete, and Steinbrenner's group purchased the New York Yankees for a total of \$8.8 million, significantly less than CBS's original \$13.2 million

25. *Id.* at 7-8.

26. *Id.* at 8.

27. *Id.* at 8-9.

28. *Id.* at 11.

29. *Id.*

investment.³⁰

Despite Steinbrenner's stated desire to focus on his shipping business, he immediately began his quest for sole control of the Yankees. Within a year, three of his investment group's limited partners divested themselves of their interest.³¹ Another, John McMullen, sold his interest in 1979 before purchasing the Houston Astros for \$13 million.³² When asked why he was selling his stock in the Yankees, McMullen explained, "I came to realize there is nothing in life quite so limited as being a limited partner for George Steinbrenner."³³ The remaining limited partners were simply ignored. Jimmy Nederlander, one of the limited partners and Steinbrenner's close friend complained, "[w]e never have meetings or get any information as to what's going on with the team."³⁴ The strong arm tactics Steinbrenner used to gain sole control of the Yankees would be utilized often in his career, most notably in his many clashes with MLB's commissioner.

Following his first season as Yankees owner, Steinbrenner was indicted on felony charges of illegal campaign contributions and obstruction of justice for his donation of \$100,000 to Richard Nixon's presidential campaign as part of the Watergate scandal.³⁵ Steinbrenner pled guilty to felony illegal campaign contributions, a misdemeanor obstruction of justice charge, and was fined a total of \$15,000.³⁶ AmShip was fined \$20,000.³⁷ Despite the relatively small penalty from the courts, Steinbrenner's indictment and guilty plea also made him vulnerable to punishment from MLB.³⁸ Twenty years earlier, St. Louis Cardinals owner Fred Saigh was convicted of felony tax evasion and was forced by the commissioner to sell his team.³⁹

In his first meeting with the commissioner, before his official indictment, Bowie Kuhn warned Steinbrenner that he reserved the right to take severe disciplinary action should there be a conviction.⁴⁰ Following the indictment, Steinbrenner voluntarily removed himself from the team. Kuhn said,

30. *Id.* at 12.

31. *Id.* at 59.

32. *Id.*

33. *Id.*

34. *Id.* at 81.

35. *Id.* at 60.

36. *Id.* at 63.

37. *Id.*

38. *Id.*

39. *Id.* at 64.

40. *Id.* at 63

“[p]erhaps anticipating a suspension, George beat me to the punch and, in the process, earned some credit with me. Also to his credit, he never tried to hide from the seriousness of the matter.”⁴¹ After Steinbrenner pled guilty to a felony charge that could have ended with jail time, Kuhn suspended him for two years. He called Steinbrenner “ineligible and incompetent” to have “any association whatsoever with any major league club or its personnel.”⁴²

In retrospect, the two years of Steinbrenner’s first suspension from baseball might have been the most important for the development of the Yankees dynasty, beginning in 1974 with the signing of baseball’s first free agent, Catfish Hunter.⁴³ On behalf of Hunter, the MLB Players Association (MLBPA) filed a grievance against the A’s owner Charlie Finley for his refusal to pay a \$50,000 annuity payment stipulated in Hunter’s contract.⁴⁴ He refused the payment upon the realization that the annuity was not tax-deductible.⁴⁵ Hunter argued that Finley’s breach voided his contract and allowed him to become a free agent. Baseball’s arbitrator, Peter Seitz, agreed that the contract was void, and Catfish Hunter became baseball’s first free agent.⁴⁶

The ramifications of free agency were immediately apparent. The previous year, Hunter was under contract for two years at \$100,000 per year, including the annuity payments.⁴⁷ As a free agent, Hunter was a millionaire. With Steinbrenner suspended, Gabe Paul handled negotiations with Hunter but admitted to consulting Steinbrenner who promised, “there’ll be no trouble with the bank.” The Yankees won the bidding for Hunter with a contract offer totaling \$3.35 million, and Steinbrenner became the first owner to award a seven-figure contract.⁴⁸ The massive salary increase was a huge victory for MLBPA executive director Marvin Miller in his progress towards eliminating the reserve clause but was a frightening sign for team owners. As San Diego Padres president Buzzie Bavasi said, “[w]hat happened here fully demonstrates the importance of the reserve clause. This manifests why we can’t afford to change the reserve rule. The richest clubs would offer the top

41. *Id.* at 65.

42. *Id.* at 66.

43. *Id.* at 72.

44. *Id.*

45. *Id.* at 73.

46. *Id.*

47. *Id.* at 72.

48. *Id.* at 79.

players the biggest salaries and the biggest bonuses.”⁴⁹

Not surprisingly, Marvin Miller prompted Dave McNally and Andy Messersmith to challenge the reserve clause the next year.⁵⁰ The owners fiercely opposed the players, but Steinbrenner had no involvement because he was still suspended and stood to benefit from a ruling for the players.⁵¹ With Peter Seitz again presiding over the arbitration, baseball’s reserve clause was interpreted as a one-year-only renewal option and not an automatic annual roll-over renewal.⁵² After the arbitration, the Yankees were the first team at Messersmith’s doorstep.⁵³ He agreed on a four-year, \$1 million contract with the Yankees, but Commissioner Kuhn voided the deal due to a dispute over the interest on deferred money in the contract.⁵⁴

Steinbrenner’s contentious relationship with baseball’s commissioner is best exemplified by Fay Vincent’s attempt to banish him from the game. The conflict leading to the commissioner’s involvement was a contract dispute between Steinbrenner and his star player, Dave Winfield. Steinbrenner claimed that Winfield was mishandling \$450,000 worth of money in his contract that was specifically assigned to benefit Winfield’s charitable foundation.⁵⁵ To prove his claim, Steinbrenner paid Howie Spira, a disgruntled former employee of the Winfield Foundation, for information about Winfield’s improper use of charity funds.⁵⁶ Following the incident, Spira began harassing the Steinbrenner family in an extortion attempt.⁵⁷ Steinbrenner initially paid Spira \$40,000 to leave him alone, but Spira soon requested another check for \$110,000, which Steinbrenner refused, and Spira was arrested for extortion.⁵⁸

Seeing an opportunity to relieve himself of Steinbrenner, Vincent immediately began an investigation into Steinbrenner’s involvement with Spira.⁵⁹ Steinbrenner was called to give a deposition to MLB’s investigator

49. *Id.*

50. *Id.*

51. *Id.*

52. *Id.* at 99.

53. *Id.*

54. *Id.* at 102.

55. *Id.* at 288.

56. *Id.* at 289.

57. *Id.* at 290.

58. *Id.* at 301-02.

59. *Id.* at 306.

John Dowd, who also led the investigation of Pete Rose.⁶⁰ After receiving a copy of his deposition, Steinbrenner realized parts of the deposition that reflected poorly on the commissioner had been removed.⁶¹ Vincent argued that the changes were immaterial, but Steinbrenner challenged the omissions by filing suit against Vincent's stenographer.⁶² The court found that the transcript had not been materially altered.⁶³ This decision bolstered Vincent's confidence in administering the proceeding against Steinbrenner and compelled him to further limit Steinbrenner's right to due process.

The scope of Commissioner Vincent's power to administer the Steinbrenner hearing was unclear from the outset, but deference was given to Vincent based on the commissioner's "best interests" power. Vincent used this power to limit Steinbrenner's ability to respond to the allegations against him.⁶⁴ In an unusual move, Steinbrenner was the first person called to testify in his own defense and was interrogated by Vincent for two full days.⁶⁵ During the testimony, Steinbrenner admitted to paying \$40,000 to Spira, a known gambler.⁶⁶ Based on this admission, Vincent decided that no further testimony was necessary, stating "I don't want to have the record cluttered with testimony that I don't think is relevant. So, obviously, since I run this meeting, I reserve the right to decide what witnesses are relevant."⁶⁷ Based on the rules in place, Steinbrenner had no power to stop this violation of his due process rights and was at the mercy of Vincent's private deliberations.

Afraid he might be sued for violating baseball's rules of procedure, Vincent decided to forego his opportunity to banish Steinbrenner from baseball, instead suspending him for two years followed by three years of probation.⁶⁸ Despite Vincent's mercy, Steinbrenner was concerned that any amount of discipline would compromise his position as the Vice President of the United States Olympic Committee.⁶⁹ Steinbrenner told Vincent, "I can't have the word 'suspension' attached to any of this. I'm concerned about my

60. *Id.*

61. *Id.* at 306-07.

62. *Id.* at 307.

63. *Id.*

64. *Id.* at 313.

65. *Id.*

66. *Id.* at 312-13.

67. *Id.* at 313.

68. *Id.* at 314.

69. *Id.*

position with the Olympic Committee. I don't want to lose that too."⁷⁰ Vincent saw this as his opportunity to get rid of Steinbrenner for good, so he offered to rescind the suspension if Steinbrenner would agree to resign as managing partner of the Yankees, cease day-to-day operations of the team, go on baseball's permanent ineligible list, and agree to relinquish his right to sue.⁷¹ Steinbrenner accepted the deal, seemingly unaffected by his lack of legal recourse.⁷²

Unable to access the courts, Steinbrenner's lawyers submitted a 135-page report to baseball's Executive Council detailing Vincent's many violations of baseball's rules of procedure.⁷³ The Executive Council supported Steinbrenner's position but only had the power to exert pressure on the commissioner.⁷⁴ Their pressure proved effective, however, when Vincent sent a letter to all teams stating his intention to revoke baseball's rules of procedure entirely based on his "best interests" power.⁷⁵ Vincent stated that, based on criticism that he had intentionally misinterpreted the rules, he would be announcing the rules "on a case-by-case" basis."⁷⁶

As a result of the MLB owners' outrage over his letter, Vincent decided to admit defeat and reinstate Steinbrenner on March 1, 1993. When Steinbrenner heard the news he replied, "[i]t should have been February 1st!"⁷⁷ Vincent's ruling did not satisfy the other owners either, and the Executive Council administered an 18-9 vote of no confidence, effectively calling for Vincent's resignation.⁷⁸ Vincent did resign and Steinbrenner was free to resume his operation of the Yankees, but the greater effect of the conflict was to clarify baseball's rules of procedure.⁷⁹ As Steinbrenner's attorney later explained, "[w]e were trying to determine what was in the commissioner's power and what was in the power of baseball's executive council. By ignoring the rules of the procedure as he did in George's case, we all agreed Vincent had abused his power."⁸⁰ Bill Madden's detailed account of this event demonstrates the

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.* at 326.

74. *Id.*

75. *Id.* at 334.

76. *Id.* at 335.

77. *Id.* at 337.

78. *Id.*

79. *Id.* at 326.

80. *Id.*

importance of Steinbrenner's stubborn refusal to succumb to the great power of the commissioner has been on the explanation and evolution of MLB rules.

Resisting the temptation to define Steinbrenner's success by his seven World Series Championships, Madden highlighted the end of Steinbrenner's career with his landmark creation of the YES Network.⁸¹ At the conclusion of his first television rights deal with Cablevision, Steinbrenner realized that the inevitability of revenue sharing in baseball would create the need for non-shared revenue streams, so he sought out equity partners in order to form his own cable network.⁸² Ultimately, Steinbrenner partnered with the New Jersey Nets and Goldman Sachs to form the YES Network, which was initially valued at \$900 million.⁸³ More recently, *Forbes* estimated that the YES network was worth \$3 billion and the New York Yankees were valued at \$1.5 billion.⁸⁴ Just as Steinbrenner's initial Cablevision deal set a precedent for other major league teams, the YES Network model has become the new standard for maximizing television revenues.

Bill Madden's book, *Steinbrenner: The Last Lion of Baseball*,₂ is recommended for anyone interested in the history of sports law, professional sports ownership, or MLB. The book truly makes the reader feel like a "fly on the wall" in some of the most important events in baseball history. Bill Madden's impartial, detailed accounts of each key event should interest both the Yankees' fans and their critics. The critics, in particular, will have difficulty finishing the biography without a greater respect for George Steinbrenner as an owner and a man.

Along with its tremendous attention to detail, *Steinbrenner: The Last Lion of Baseball* is most successful for its ability to humanize George Steinbrenner. Although fans tend to negatively judge Steinbrenner's character based on his adversarial nature in business, Madden effectively draws a clear distinction between Steinbrenner the businessman and Steinbrenner the person. This contrast, along with the previously unknown details about the health problems Steinbrenner faced leading up to his death, combine to make Bill Madden's book a fitting final chapter to the life of the most controversial owner in sports history.

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81. *Id.* at 387.

82. *Id.*

83. *Id.* at 389.

84. *Id.* at 390.