

Costly Divorce Heads into the Ninth Inning with Dodgers' Sale

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It's believed to be one of the more expensive divorces – if not the costliest – in California history. But with Frank McCourt now resigned to sell the Los Angeles Dodgers baseball team, it may finally be the beginning of the end.

McCourt announced late Tuesday that he would put the storied franchise up for auction, as a city tired of the legal and emotional histrionics gave a collective sigh of relief.

- The divorce was just the beginning of legal problems
- Mistakes made along the way
- A regular divorce on a much grander scale

A Series of Legal Entanglements

McCourt, a real estate developer from Boston, bought the Dodgers in 2004. Later, his divorce attorney would say McCourt paid “not a penny” of his own money in the \$421 million deal. He and his wife Jamie McCourt then began using the team – in the words of Boston Globe columnist Dan Shaughnessy – like their “personal ATM,” pulling out hundreds of millions of dollars for a real estate shopping spree.

A little more than two years ago, the couple announced just before Game 1 of the National League Championship Series that they were separating after nearly 30 years of marriage. (The team went on to lose to the Phillies.). Days later, when Jamie McCourt declared that she owned the Dodgers, Frank McCourt fired her from her position as chief executive officer of the team.

In December 2009, the couple thought they had come to an agreement that Frank McCourt would take sole possession of the team, but a judge threw out the postnuptial agreement. Jamie McCourt's lawyers then pronounced the Dodgers community property and vowed to retain her half.

A distrustful baseball commission Bud Selig kept a watchful eye on the situation, eventually sending in a trustee to run the team's day-to-day finances. Frank McCourt proposed a financial deal with Fox for television rights that would buy out Jamie McCourt's share, but Selig wouldn't sign off.

In June, Frank McCourt took the team into bankruptcy. He proposed to hold onto his team by selling the cable rights, but yet another legal complication arose in September when Fox Sports sued the Dodgers for breach of contract. Baseball demanded the sale of the Dodgers to end the never-ending financial and legal drama.

Finally last month, the couple agreed to a settlement. Frank McCourt promised to pay his ex \$130 million in exchange for full ownership of the team he longed to keep. But it was all for naught as he finally agreed this week to sell the team to the highest bidder. It's expected to fetch close to \$1 billion.

At Least a Couple of Mistakes

Dodger fan and longtime divorce lawyer Connolly Oyler of Oyler & Woldman of Santa Monica, who handled Emilio Estevez's and Ali Landry's divorces, has been watching the McCourts' troubles and believes their lawyers made a few errors.

The first was not agreeing to have a private, retired judge hear the divorce, he says. Such a move would have kept the sordid details from the public. But both parties and all the lawyers would have had to agree to a private judge, and obviously someone didn't.

Instead, all of the juicy details, including the high price of the lawyers – who may end up raking in \$35 million - became public.

"My fees look so reasonable now. I look like a hillbilly lawyer only charging \$495 an hour," Oyler jokes.

Another decision that mystifies Long Beach-based John J. Gilligan of Gilligan Law Corp. is why Frank McCourt settled with his ex right before agreeing to sell the Dodgers. Now she's guaranteed \$130 million, where he may or may not break even depending on the final sale price. And her share is tax free.

His advice to his clients who are dividing a business and may ultimately have to sell is to work it out through the divorce. That way, both parties pay half the taxes.

"You don't pay her off and then sell it the next day. That's crazy," Gilligan says.

Fairly Typical Problems for Any Divorce

Even though most people don't own a Major League Baseball team, the McCourts' divorce is not unlike the typical divorce, just on a grander scale, Orly says. Oftentimes, a divorced couple can end up broke.

"People spend what they make. The more money they make, they just buy a bigger house and spend more. With a divorce, you have two households to maintain. It's not uncommon that you don't have much money left over," he says.

Gilligan agrees. "You know how many divorces have ruined a good business? A lot."

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