

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK; COMMERCIAL DIVISION**

NOSTALGIC PARTNERS, LLC, d/b/a THE
STATEN ISLAND YANKEES,

PLAINTIFF,

vs.

NEW YORK YANKEES PARTNERSHIP;
CHARLES NORMAN STALLINGS, AS TRUSTEE
OF THE HAROLD Z. STEINBRENNER ISSUE
TRUST U/A 9/15/1999; CHARLES NORMAN
STALLINGS, AS TRUSTEE OF THE HENRY G.
STEINBRENNER ISSUE TRUST U/A 9/15/1999;
CHARLES NORMAN STALLINGS, AS TRUSTEE
OF THE JENNIFER S. SWINDAL ISSUE TRUST
U/A 9/15/1999; CHARLES NORMAN STALLINGS,
AS TRUSTEE OF THE JESSICA S. MOLLOY
ISSUE TRUST U/A 9/15/1999; and THE OFFICE OF
THE COMMISSIONER OF BASEBALL, AN
UNINCORPORATED ASSOCIATION d/b/a MAJOR
LEAGUE BASEBALL,

DEFENDANTS.

Index No.

SUMMONS

Date Index No. Purchased:

TO THE ABOVE-NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED and required to serve upon Plaintiff's attorneys an answer to the Complaint in this action within twenty (20) days after service of this summons, exclusive of the day of service, or within (30) days after service is complete if this summons is not personally delivered to you within the State of New York. Should you fail to answer, judgment will be taken against you by default for the relief demanded in the Complaint.

The basis of venue is CPLR § 503(a) since the principal place of business of Defendant The Office of the Commissioner of Baseball, an unincorporated association d/b/a Major League Baseball, is the County of New York.

DATED: New York, New York
December 3, 2020

By: /s/ James W. Quinn
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COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Nostalgic Partners LLC, d/b/a the Staten Island Yankees (“Nostalgic,” “SI Yankees” or “Plaintiff”), by and through its undersigned attorneys, Berg & Androphy and Weil, Gotshal & Manges LLP, complains and alleges against Defendants New York Yankees Partnership (the “NY Yankees”), Charles Norman Stallings, as Trustee of the Harold Z. Steinbrenner Issue Trust U/A 9/15/1999, the Henry G. Steinbrenner Issue Trust U/A 9/15/1999, the Jennifer S. Swindal Issue Trust U/A 9/15/1999, and the Jessica S. Molloy Issue Trust U/A 9/15/1999 (collectively, the “Trusts”), and The Office of the Commissioner of Baseball (“MLB,” and with the NY Yankees and the Trusts, “Defendants”) as follows:

PRELIMINARY STATEMENT

1. This is an action for, among other things, breach of contract, promissory estoppel and tortious interference arising from Defendants' unlawful effort to destroy the businesses of 40 minor league baseball teams, including the SI Yankees. For over 100 years, MLB and minor league baseball – organized under the umbrella of the National Association of Professional Baseball Leagues (“National Association” or “MiLB”) – have worked together in a joint venture to support and promote professional baseball in North America. As this joint venture prospered, professional baseball grew to a network of 30 MLB and 160 MiLB teams, spanning across the United States, Canada, Mexico, Venezuela, and the Dominican Republic.¹ Although the business activities of MLB and MiLB have been and are inextricably intertwined, MiLB has always been independent, and since 1903, its teams and leagues have been collectively represented by the independent National Association in its dealings with MLB.

2. Recently, however, MLB has unilaterally ended its joint venture with MiLB. In doing so, MLB openly conceded that it wanted to impose “crippling economics” on the 160 MiLB teams by employing a “divide and conquer” strategy, ending MLB’s affiliation with 40 teams (which will put most into insolvency), and putting the other 120 teams under its direct control. MLB has explicitly threatened that if MiLB does not comply with its demand, it intends to impose “crippling economics” on MiLB teams that would force most of those teams out of business.

3. Indeed, these “crippling” efforts have already begun. Last month – after providing no notice whatsoever to the SI Yankees – the NY Yankees issued a press release announcing that

¹ Minor league teams in Venezuela and the Dominican Republic are “rookie” leagues which are owned by the MLB clubs but are not a part of the National Association and are not considered as part of MLB’s plan to reduce the number of minor league teams from 160 to 120.

they were ending their affiliation with the SI Yankees and looking to put a different baseball team in the SI Yankees' stadium, the Richmond County Bank Ballpark (the "SI Stadium") on Staten Island. The arrogance of this pronouncement was stunning: the NY Yankees, after working with the SI Yankees for over 20 years, did not even mention the SI Yankees in their press release. Further, the NY Yankees have no right to decide who plays at SI Stadium but, having destroyed the SI Yankees' business model, they clearly assumed the SI Stadium would soon be looking for a new tenant.

4. Defendants can gleefully play the bully, but established law makes them liable for this bullying conduct. Indeed, Defendants' current efforts to take over MiLB, and enrich themselves in the process, are in direct violation of numerous promises that they made to the SI Yankees in the past. Nostalgic, the current owners of the SI Yankees, purchased the SI Yankees from Staten Island Minor League Holding, LLC ("SIMLH"), a holding company owned in part by the Trusts and effectively controlled by the NY Yankees, in 2011. At that time, the SI Yankees played in the New York-Pennsylvania League ("NY-Penn League" or "NYPL") and were a Single-A team affiliated with the NY Yankees. Defendants promised Nostalgic, as the SI Yankees' new owners, that the SI Yankees would continue to be associated with the NY Yankees, would have opportunities to develop their relationship with the NY Yankees, and would continue to play in the NY-Penn League. Indeed, the NY Yankees insisted that:

- (a) the SI Yankees keep the "Yankees" name²;
- (b) the SI Yankees enter into an amendment to the Staten Island Yankees Operating Agreement with the NY Yankees (the "Operating Agreement Amendment") that anticipated each team promoting the efforts of the other; and

² When the SI Yankees sought to change their name from the Staten Island Yankees to the Staten Island Pizza Rats, based on a community vote, they were vociferously rebuked and threatened by the NY Yankees.

(c) the Trusts³ retain a five percent ownership interest in the SI Yankees (the “Ownership Interest”) in **“order to ensure that the SI Yankees remain[ed] a Yankees affiliate and that its business affair[is] are run properly”**

5. Most importantly, the NY Yankees promised that as long as the NY Yankees continued to hold the Ownership Interest (which they still do through the Trusts), the NY Yankees would remain affiliated with the SI Yankees and would provide the SI Yankees with players and coaches. In reliance on this and other promises, Nostalgic purchased the SI Yankees, entered into financial commitments, and operated the SI Yankees in good faith for nine years.

6. Defendants, however, have engaged in anything but good faith. Despite Defendants’ numerous promises to the SI Yankees, Defendants have taken – in just the last few months – unilateral and unauthorized actions to effectively dissolve the NY-Penn League, end their affiliation with the SI Yankees, kick the SI Yankees out of the SI Stadium, deny the SI Yankees any future players or coaches, and put the SI Yankees out of business. These actions are unlawful, giving rise to the claims asserted herein.

7. As demonstrated in more detail below, Defendants’ actions in rejecting their affiliation with the SI Yankees – and in breaching the promises that Defendants have repeatedly made to the SI Yankees – have caused the SI Yankees significant harm. Accordingly, Plaintiffs have brought this action seeking actual and punitive damages against Defendants, in an amount to be determined at trial, but which exceeds \$20 million.

³ The Trusts and the NY Yankees are not independent actors. The Trusts are entities which control shares of the NY Yankees. Furthermore, internal documentation regarding the Trusts, including the Subscription Agreement define the Trusts as the “New York Yankees.”

PARTIES

8. Plaintiff Nostalgic Partners, LLC, d/b/a the Staten Island Yankees, is a limited liability company organized under the laws of the State of Delaware with its principal place of business located at 75 Richmond Terrace, Staten Island, New York 10301.

9. Defendant New York Yankees Partnership is a partnership organized under the laws of the State of Ohio with its principal place of business at Yankee Stadium, 1 East 161st Street, The Bronx, New York 10451, and a member of MLB.

10. Upon information and belief, Defendant Charles Norman Stallings (the "Trustee") is the trustee of the Trusts, which are for the benefit of one or more members of the Steinbrenner family, who are the controlling shareholders of the NY Yankees. Upon information and belief, The Trustee resides in Tampa, Florida.

11. Defendant the Office of the Commissioner of Baseball is an unincorporated association with its principal place of business at 1271 Avenue of the Americas, New York, New York 10020, and whose members are the thirty Major League Baseball teams (including the NY Yankees).

JURISDICTION AND VENUE

12. This court has personal jurisdiction over the NY Yankees and MLB pursuant to CPLR § 301 because the NY Yankees and MLB have offices, and regularly transact business, in New York.

13. This court has personal jurisdiction over the Trustee pursuant to CPLR § 302 because, upon information and belief, the Trustee transacts business in New York State, regularly does business in New York State, derives substantial revenue from goods used or consumed and services rendered in New York State, is employed by the NY Yankees, a

company located in New York State, owns and/or oversees assets in New York State, and engaged in tortious conduct in New York State. Furthermore, the injuries alleged herein caused by the Trusts and the Trustee occurred within New York State.

14. Venue in this Court is proper pursuant to CPLR § 503(a) because MLB has its principal place of business in New York County.

FACTUAL ALLEGATIONS

I. Background

A. The History Of MLB And MiLB

15. The SI Yankees are a professional MiLB team and a member of the National Association, an umbrella organization that represents MiLB leagues and teams in their special relationships with MLB and its teams.

16. In 1903, the National Association and MLB first entered into a joint venture agreement to sponsor professional baseball and support the promotion of talented baseball players from MiLB teams to MLB. For the past 117 years, MiLB teams like the SI Yankees have operated as independent businesses, but their business has been inextricably intertwined with that of MLB.

17. The joint venture relationship between MLB and MiLB was embodied for decades in what was known as the Professional Baseball Agreement (“PBA”). The PBA provided a high-level outline of the terms of the MLB/MiLB relationship and incorporated the Major League Baseball Rules (“MLR”) as the by-laws governing the joint venture. Pursuant to Rule 56 of the MLR, each MiLB club also signed an addendum to the MLR, known as a Player-Development Contract (“PDC”) with the MLB team with which it was affiliated. The PDC

formalized the affiliation between MiLB and MLB teams and provided that MLB-contracted players would play for affiliated MiLB teams.

18. As part of the PBA, MiLB teams paid MLB eight percent of their ticket sales, which sales constituted the overwhelming majority of most MiLB teams' revenue.

19. The PBA, and the joint venture it represented, were extraordinarily successful, and professional baseball in North America has expanded significantly since 1903, growing to a system of 30 MLB and 160 MiLB teams. The 160 MiLB teams operate in 20 minor leagues, which are located in the United States, Canada and Mexico.

20. Through the system memorialized in the PBA, MLB teams fostered and developed their pool of baseball recruits without the cost and expense of operating MiLB teams. MiLB teams benefited by having the opportunity to provide professional baseball games to their local communities, with an affiliated MLB team to assist in obtaining players and coaches, marketing endeavors, and financial commitments. Of course, fans benefited the most: at minor league games, they got to watch new MLB prospects and see MLB players who had been returned to the minor leagues for injury rehabilitation or further training. Indeed, nearly every MLB player has spent time developing his talent in one or more minor leagues – Mickey Mantle developed his future hall-of-fame talent in Joplin, Missouri for the Joplin Miners in 1950, and Derek Jeter spent 1992 in Greensboro, North Carolina playing for the Greensboro Hornets. As an MLB official recently acknowledged, this system created a “partnership” between MLB and MiLB.⁴

⁴ *Why MLB's Minor Leagues As You Know Them Will End Sept. 30*, ESPN (Sept. 3, 2020; 8:00 AM), https://www.espn.com/mlb/story/_/id/29795127/why-mlb-minor-leagues-know-end-sept-30.

21. And MLB got rich along the way. As the only major professional baseball league in North America, MLB teams sold nearly 70 million tickets to their games in 2019.⁵ In 2018, MLB's revenue exceeded \$10 billion, which represented a 70 percent increase over the prior decade, largely due to the ever-increasing media rights fees paid by broadcast networks to professional sports leagues.⁶ Not surprisingly, franchise values for the 30 MLB teams have risen drastically during MLB's joint venture with MiLB. Forbes recently estimated that the combined value of all 30 teams exceeds \$54 billion.⁷ The NY Yankees, as just one example, are valued at \$5 billion, representing a nine percent increase from just last year *notwithstanding the fact that we are in the middle of a pandemic*.⁸ As businesses across our country continue to flounder, MLB's business is skyrocketing.

22. Nonetheless, MLB wants to get richer still. Unsatisfied with its billions in revenues, MLB is now trying to destroy the independence of MiLB and, in doing so, put 40 MiLB teams into insolvency. In September 2020, MLB let the last PBA expire and made it clear that they have no intention of ever entering into another one with MiLB. Why? The PBA – although promoting an extraordinary successful joint venture – kept MiLB independent from MLB. And MLB, in a move to further enrich itself, now wants to control, and not just partner with, MiLB.

⁵ Juliette Love, *How Popular Is Baseball, Really?*, N.Y. TIMES (Oct. 22, 2019), <https://www.nytimes.com/interactive/2019/10/22/sports/baseball/baseball-popularity-world-series.html>.

⁶ In 2018, MLB signed a new broadcast agreement that was worth approximately \$5.1 billion from Fox Sports alone, which does not include other national and local broadcast partners. See Maury Brown, *With TBS Renewal, MLB Could See \$2 Billion Annually From National TV Contracts*, FORBES (June 14, 2020; 3:36 PM), <https://www.forbes.com/sites/maurybrown/2020/06/14/with-tbs-renewal-mlb-could-see-2b-annually-from-national-tv-contracts/#15e61ff74411>.

⁷ *The Business of Baseball*, FORBES, <https://www.forbes.com/mlb-valuations/list/#tab:overall> (last visited December 3, 2020).

⁸ *Id.*

B. MLB's Effort To Take Over MiLB

23. In 2019, MLB began negotiations with the National Association for what was supposed to be a new PBA. However, it soon became clear that MLB had no interest in continuing its joint venture with MiLB and, instead, had been secretly planning for years to takeover MiLB and reduce the number of MiLB teams (the "Takeover Proposal"). In the Takeover Proposal, MLB proposed to: (a) reorganize MiLB into just a handful of leagues (from the current 20 leagues) with a total of 120 affiliated MiLB teams (the "Remaining Teams"); and (b) end its affiliation with 40 other MiLB teams (the "Ousted Teams"). The PBA system, based on an independent MiLB, would be replaced by a system where MLB directly controls minor league baseball, and MLB would deal with individual MiLB owners on a team-by-team basis, maximizing leverage and control for the MLB clubs while destroying the balance of power MiLB clubs received from having the National Association protect their interests.

24. In 2019, for the 15th straight year, more than 40,000,000 fans attended games played by the 160 MiLB teams, most located in smaller cities and communities throughout the United States. Now 25 percent of those MiLB teams will disappear. There is no rational economic reason for MLB's conduct.⁹ MLB, including the NY Yankees and the Trusts, does not care: They intend to breach their numerous obligations to MiLB and, as noted above, economically cripple and "divide and conquer" MiLB teams if they do not agree to the Takeover Proposal.

⁹ Indeed, Congress has taken various steps to intervene in MLB's unfair contraction efforts. In a letter sent to the Commissioner of Baseball and all 30 MLB teams, more than 100 members of Congress wrote that "[t]hese professional baseball clubs are vital components of our communities because they provide affordable, family-friendly entertainment to members of our communities, support scores of allied businesses, employ thousands of individuals, donate millions of dollars in charitable funds, and connect our communities to Major League Baseball." See Letter to Comm'r Manfred, Comm'r, MLB, from Members of Congress (Nov. 19, 2019), available at https://trahan.house.gov/uploadedfiles/trahan_mckinleymlb_letter.pdf.

25. The SI Yankees are one of the 40 Ousted Teams. That the Takeover Proposal means the “immediate cessation” of the SI Yankees and all Ousted Teams’ business has been made clear in the National Association’s communications with MLB:

“MLB’s position that its ‘Dream League’ concept would save the contracted communities from losing their professional teams is simply wrong. The economic realities of operating affiliated and non-affiliated professional baseball teams are very different. MiLB owners have extensive knowledge and experience in operating teams in both circumstances. There is little doubt that very few currently affiliated short season franchises would have any realistic hope of surviving under this seriously flawed concept. The actual history of independent franchises in similar markets that were started (and folded) in the modern era emphasizes the point. For these reasons, MiLB believes that MLB should stop promoting this ‘Dream League’ concept, which serves no purpose other than to provide false hope to communities that will most certainly suffer the loss of their professional teams.”¹⁰

II. Defendants’ Promises To The SI Yankees

26. Whatever impact Defendants’ conduct has on the other Ousted Teams, Defendants – in terminating their affiliation with the SI Yankees – have breached numerous promises they made to the SI Yankees and otherwise engaged in unlawful conduct.

A. Defendants Put Up The SI Yankees For Sale

27. In 2006, the NY Yankees and the Trusts purchased a controlling interest in the SI Yankees and brought in Mandalay Baseball Properties, LLC (“MBP”) as a partial owner of the team. MBP, the Trusts, and the NY Yankees’ interests in the SI Yankees were held through a limited liability company, SIMLH.

28. In 2011, SIMLH, on behalf of itself, the Trusts, and the NY Yankees, prepared an Offering Memorandum (“Offering Memo” or “OM”) for prospective buyers. Upon information and belief, the Offering Memo was created by SIMLH with the Trusts and the NY Yankees’ full

¹⁰ Letter from Pat O’Conner, President, MiLB, to Rob Manfred, Comm’r, MLB (Jan. 23, 2020), *available at* <https://www.baseballamerica.com/stories/read-minor-league-baseballs-letter-to-commissioner-rob-manfred>.

knowledge, supporting information and documentation, material oversight, and approval. The Offering Memo emphasized the strong ties between the NY Yankees and SI Yankees, and set forth details of how the NY Yankees and the Trusts intended to keep those ties in place in the future. Upon information and belief, the Offering Memo was provided to MLB, MiLB and the NY-Penn League prior to its dissemination to potential investors like Nostalgic.

29. The Offering Memo explained that the SI Yankees were “the Short-Season Class A affiliate of the Yankees,” and referred to the investment opportunity in the SI Yankees as “the ownership and operation of [an] affiliated MiLB member club[.]” (OM at 4, 17). Indeed, the Offering Memo emphasized the longstanding special relationship between the NY Yankees and SI Yankees and stated that a purchaser of the SI Yankees would have the “opportunity to expand the relationship with its MLB affiliate, the Yankees.” (*Id.* at 7). The Offering Memo further explained:

“The SI Yankees have been affiliated with the Yankees since 1999 and given Staten Island’s proximity to New York City; this affiliation provides a mutually beneficial relationship for the SI Yankees and the Yankees to build their respective brands, as well as, for area fans to follow the development of young players within the Yankees’ organization.”

(*Id.*).

30. The Offering Memo also explained that under the existing Operating Agreement with the NY Yankees, “for each season that the SI Yankees are covered by a PDC with the Yankees, the Yankees will provide the SI Yankees with a variety of marketing programs.” (*Id.* at 5). The Operating Agreement Amendment was promised to any ultimate purchaser.

31. In addition to crowing about the special relationship with the NY Yankees, the Offering Memo also promoted the “unique” investment opportunity that a MiLB team offered.

Most significantly, owning an MiLB team gave the owner a “guaranteed” PDC with an affiliated MLB team that provided “players, coaches, and trainers” at “no cost”:

“The acquisition of the SI Yankees provides an investor with a unique opportunity to own and operate a MiLB member club and to participate in the changing economics, expanding profitability, and double digit annual growth in core club values currently being experienced in MiLB. It is generally considered among sports finance experts that MiLB has the best business model available in professional sports providing a unique investment vehicle that provides its owners with the opportunity to earn superior rates of return on invested capital with modest risk to principal. The continued value proposition provided by MiLB entertainment has historically resulted in attendance, revenue, and club values continuing to grow even through difficult economic conditions.

MiLB member clubs operate within league structures that work to protect each club's exclusive operating territory, to ensure consistent adherence to applicable baseball rules and regulations, and to maintain and enhance each member club's franchise value. *Each of the 160 MiLB franchises is guaranteed a PDC with a MLB club, under which the MLB club provides players, coaches, and trainers to its MiLB "affiliate" at no cost. . . .*

. . . Properly operated, other than the upfront cost of acquiring the club, individual MiLB franchises require little or no ongoing investment other than nominal working capital or additional capital assets allowing owners the opportunity to distribute excess available cash flow on an annual basis.”

(*Id.* at 3 (emphasis added)).

32. The Offering Memo then predicted a favorable future for the SI Yankees, even though 2011 had been only a “breakeven” year, claiming to “believe[] that, in the future, the SI Yankees will improve on these results through a combination of continuing revenue growth, modest annual reductions in operating expenses, and bringing in-house the stadium concessions operations after the 2012 season.” (*Id.* at 2).

33. The Offering Memo also touted the value of the SI Yankees as a member of the NY-Penn League:

“The SI Yankees are a member of the NYPL which is considered one of the most successful leagues in all of MiLB in terms of attendance, revenue growth and profitability. Because its season runs from mid-June through Labor Day, the

NYPL's member clubs benefit fully from operating only during the peak season for baseball. The success of the NYPL has also been due in part to the quality of the ownership of its member clubs, many of whom are seasoned entrepreneurs operating multiple MiLB franchises, as well as other successful sports enterprises: e.g. Cal Ripken (Aberdeen Ironbirds), Robert Rich, Jr. (Jamestown Jammers), New York Mets (Brooklyn Cyclones), Chuck Greenberg (State College Spikes), and Miles Prentice (Connecticut Tigers)."

(*Id.* at 6).

34. The Offering Memo bragged that "[f]ranchise values in the NYPL have increased significantly over the past decade" and set forth a chart of reported sales prices for teams in the NY-Penn League. (*Id.*). But the NY Yankees and the Trusts had a warning: "Because of the attractiveness of these [NYPL] assets within MiLB, it is unlikely that any of these top performing Short Season franchises, other than the SI Yankees, will be available for sale in the foreseeable future." (*Id.* at 7).

35. Finally, the Offering Memo openly conceded that their asking price included a premium to these sales amounts, given, among other things, "the opportunity to expand the [SI Yankees'] relationship with its MLB affiliate, the Yankees." (*Id.*). And, just to make the deal look even better, the NY Yankees and the Trusts even acted like they did not want to let the SI Yankees go but, if they were going to do so, they wanted to keep a financial interest: "*in order to ensure that the SI Yankees remains a Yankees affiliate* and that its business affairs are run properly, the Trusts, the Yankees, or a related affiliate (collectively, the 'Yankees Ownership Interests') will retain a 5% financial interest in the SI Yankees and, in consideration, the Yankees will agree to continue its Marketing Assistance Agreement . . . with the SI Yankees." (*Id.* at 2 (emphasis added)).

36. The SI Yankees were a wonderful investment opportunity, had a guaranteed affiliation with MLB, were part of the best MiLB league in the country, and were affiliated with

an MLB team so committed to the SI Yankees that it insisted on keeping a financial interest. And everyone was on board: the Offering Memo made clear that any purchase of the SI Yankees would be made with the approval of not only the NY Yankees and the Trusts, but also MLB, MiLB and the NY-Penn League. The NY Yankees and the Trusts presented the marketplace with what they promised would be a very attractive ownership possibility.

B. Nostalgic Purchases The SI Yankees

37. Convinced by the pitch, in September 2011, Nostalgic purchased the SI Yankees from SIMLH for \$8.35 million and certain assumed liabilities. The closing documents included approvals from the MLB, the National Association and the NY-Penn League. SIMLH sold and assigned to Nostalgic all of the assets, including intellectual property, associated with the operation of the SI Yankees.

38. The closing documents for the SI Yankees' sale also included the Limited Liability Agreement for Nostalgic (the "Nostalgic LLC Agreement"). That Agreement reflects the fact that the NY Yankees, through the Trusts, were given a five percent equity interest in Nostalgic and, thus, the SI Yankees. This allowed the Trusts and the NY Yankees to retain an interest in the SI Yankees as well as to maintain its ability to influence and control major decisions.

39. Further, in light of this interest, the NY Yankees and the Trusts fulfilled the promise made in the Offering Memo and guaranteed Nostalgic that a PDC would exist between the NY Yankees and SI Yankees as long as the Trusts held the Ownership Interest. In the Operating Agreement Amendment – which amended the earlier Staten Island Yankees Operating Agreement from 2007 – the NY Yankees represented that:

“After giving effect to the sale of all or substantially all of the assets of the

Company to Nostalgic, the Partnership covenants to have a PDC in effect with Nostalgic for so long as (i) the Trusts (or any Permitted Transferee that is an Affiliate of the Trusts) and (ii) a majority of the initial holders of Class A Units in Nostalgic (or one or more Permitted Transferees that are Affiliates of such initial holders) are members of Nostalgic. Notwithstanding the foregoing, the Partnership shall have the right to discontinue its obligation under this Paragraph 1 in the event that the Manager is removed under Section 4.7(k).”

(Operating Agreement Amendment ¶ 4 (attached hereto as Exhibit 1)).

40. The parties’ agreement to, and execution of, this Operating Agreement Amendment was a condition precedent to the closing on Nostalgic’s purchase of the SI Yankees.

41. In addition, the Operating Agreement Amendment provided that as long as a PDC existed between the NY Yankees and the SI Yankees, the SI Yankees would use the “Yankees” name:

“The Partnership and the Company agree that it is in the best interests of the Partnership and the Club that the Company continue to operate the Club using the name “Staten Island Yankees.” Accordingly, after giving effect to the sale of all or substantially all of the assets of the Company to Nostalgic, Nostalgic may continue using (i) the name "Staten Island Yankees" and (ii) the same logo currently used for the Staten Island Yankees by the Company for so long as the Club is covered by a PDC with the Partnership, and neither the Partnership nor any of its Affiliates will interfere with the same.”

(*Id.* Ex. A ¶ X).

42. The Trusts still hold the Ownership Interest, the initial holders of Class A Units are still members of Nostalgic, and the “Managers” have not been removed for any reason, including those listed in Section 4.7(k). Accordingly, the NY Yankees are still contractually obligated to “have a PDC in effect” with the SI Yankees, and the SI Yankees are still allowed to use the “Yankees” name.

C. Defendants Breach Their Promises To Nostalgic

43. Over the next nine years, the SI Yankees and NY Yankees worked together, although not always in the best situations. Construction on Staten Island’s Empire Outlet Mall

negatively impacted the condition of the SI Stadium's playing field, a reality that made no one happy. Although NYC, as the SI Stadium's landlord and the facilitator of the nearby construction, was responsible for repairs, Nostalgic took it upon itself to expedite the repairs and spent considerable resources doing so. However, even with these difficulties, nothing about the relationship between the NY Yankees and SI Yankees changed from 2011 to 2020.

44. In fact, in late 2019, when rumors of the Defendants' Takeover Proposal first began to circulate, Randy Levine, President of the NY Yankees, made a public statement supporting the SI Yankees:

"We are here at the Major League Baseball owners meetings. There are negotiations currently taking place between Major League Baseball and Minor League Baseball. We have been assured today that there have been no decisions made regarding the elimination of the Staten Island Yankees. We support the Staten Island Yankees and their facility, and people should give the negotiations a chance to conclude before speculating on any outcome."¹¹

45. Furthermore, Lonn Trost, Chief Operating Officer of the NY Yankees, directly assured Nostalgic by privately saying "you know where [the NY Yankees] stand."

46. Separately, this promise was made directly by Levine to induce Nostalgic to acquire the Staten Island Yankees. Indeed, before Nostalgic purchased the SI Yankees, two of Nostalgic's principal partners met with Levine to seek assurances that the SI Yankees would remain affiliated with the NY Yankees after the change in ownership. Nostalgic made clear at this meeting that it would not buy the team without such a guarantee. Levine assured Nostalgic that the NY Yankees would support the SI Yankees, and continue its affiliation in perpetuity, a promise which was further evidenced by the Operating Agreement Amendment.

¹¹ Statement from Yankees Team President Randy Levine (Nov. 21, 2019), available at <https://www.mlb.com/press-release/press-release-statement-on-staten-island-yankees>.

47. As a result, as the NY Yankees and SI Yankees approached the season, there was absolutely no reason to believe that their baseball joint venture would end at any point in time. In fact, the first time the NY Yankees contacted the SI Yankees about anything regarding the two teams' relationship was in late May 2020, when Trost contacted one of the principal owners of the SI Yankees and asked whether Nostalgic would consider a change in ownership for the team.

48. The SI Yankees had hired an investment banker to assist with the process of finding a new owner and asked that the NY Yankees supply a statement of support for the SI Yankees to assist in that process. The SI Yankees never received a substantive response.

49. Ultimately, the SI Yankees learned of their fate in the news. Press reports revealed that MLB was dropping its affiliation with the entire NY-Penn League and with the SI Yankees in particular. Further, the SI Yankees also learned that Defendants, having decided to end their affiliation with the SI Yankees, were now looking to put a different team in the SI Stadium. Of course, no one from the NY Yankees or MLB ever bothered to give the SI Yankees any details about these devastating developments.

50. On November 7, 2020, the NY Yankees finally issued a press release. In that release, the NY Yankees did not have the decency even to mention the SI Yankees, but they made it clear that the SI Yankees were being eliminated as an affiliate of the NY Yankees and MLB. The NY Yankees announced that they are reducing their affiliated teams from ten to six, and the enumerated six teams did not include the SI Yankees.¹² The NY Yankees also confirmed that they are looking for a different team to play in Staten Island. No one from MLB bothered to contact the SI Yankees before this press release was issued.

¹² This includes four affiliated teams which are purportedly to be located in Scranton/Wilkes-Barre, PA, Somerset, NJ, Hudson Valley, NY, and Tampa, FL, as well as two "rookie" league teams, which are not a part of the National Association, located in Tampa, FL and Boca Chica, Dominican Republic.

51. Significantly, the NY Yankees made it clear that the decision to end their affiliation with the SI Yankees – and effectively put that team out of business – was directly related to the team reductions at the heart of the Takeover Proposal. In direct contradiction to Levine’s statement of “support” for the SI Yankees, it turned out that the NY Yankees, as a member of MLB, were enthusiastic supporters of the Takeover Proposal and the devastation that Proposal caused the SI Yankees.

52. Two days later, on November 9, 2020, counsel for the SI Yankees wrote the Defendants to express their dismay at the unlawful conduct which now threatened the very livelihood of the SI Yankees. In a November 13 response, Defendants, through counsel, were unrepentant, claiming that with the expiration of the PBA, neither MLB nor the NY Yankees owed any obligations to the SI Yankees. Indeed, Defendants’ counsel – ignoring entirely the numerous representations and assurances that Defendants had made to the SI Yankees – spuriously contended that the NY Yankees were “within their contractual rights” to abandon the SI Yankees. As demonstrated above, the NY Yankees had no “contractual right” to abandon the SI Yankees and destroy their business

53. By unilaterally ending any affiliation with the SI Yankees, Defendants have breached their contractual obligations to the SI Yankees, violated numerous promises made to the SI Yankees, tortiously interfered with the SI Yankees’ contracts and caused the loss of the SI Yankees’ entire business and enterprise value. Defendants’ conduct has also dealt a serious blow to the Staten Island economy. As a NYC study recently demonstrated, Staten Island benefits from over \$77 million in sales associated with the SI Yankees’ presence, and the team and the SI Stadium supported over 1,500 local jobs. Further, local taxes collected because of the SI Yankees exceeded \$4 million. All of this economic upside is now lost.

54. In light of Defendants' unlawful conduct, Defendants are obligated to compensate the SI Yankees for their significant losses, which exceed \$20 million.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

(Breach of Contract: Damages – NY Yankees)

55. Plaintiff repeats and realleges Paragraphs 1 through 54 of this Complaint as if fully set forth herein.

56. In 2011, the NY Yankees executed the Operating Agreement Amendment, in which they contractually agreed to have a PDC with the SI Yankees so long as: (a) the Trusts held the Ownership Interest, (b) a majority of the original investors in the SI Yankees maintained their investments, and (c) the Managers of Nostalgic had not been removed for any reason, including those listed in Section 4.7(k). All of these conditions were met in 2011, all of them have been met continuously since 2011, and all of them continue to be met now.

57. Nonetheless, the NY Yankees have, in direct violation of the Operating Agreement Amendment rejected any further affiliation with the SI Yankees and any further negotiation of a PDC between the two teams.

58. The NY Yankees' conduct in ending their affiliation with the SI Yankees, and denying the SI Yankees any PDC in the future, is also a breach of the implied covenant of good faith and fair dealing that arises out of the Operating Agreement Amendment and other transaction documents (the "Purchase Agreements") memorializing Nostalgic's purchase of the SI Yankees.

59. The SI Yankees have abided by all of their obligations under the Operating Agreement Amendment and the Purchase Agreements.

60. The NY Yankees' breach of the Operating Agreement Amendment, and the Purchase Agreements taken as a whole, has caused the SI Yankees considerable harm because, among other things, it has destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

61. Accordingly, the SI Yankees are entitled to an award of actual damages against the NY Yankees in an amount to be determined at trial, but not less than \$20 million.

SECOND CAUSE OF ACTION

(Promissory Estoppel: Damages – Defendants)

62. Plaintiff repeats and realleges Paragraphs 1 through 61 of this Complaint as if fully set forth herein.

63. Defendants benefited from their affiliation with the SI Yankees and used the SI Yankees as a starter team for many of their recruited players and coaches. In order to secure their continued special relationship with the SI Yankees, Defendants made a number of clear and unambiguous promises to Nostalgic, as a prospective purchaser of the SI Yankees, including that:

- (a) the SI Yankees would have a PDC with the NY Yankees as long as the Trusts held the Ownership Interest;
- (b) each MiLB club, including the SI Yankees, was “guaranteed a PDC with an MLB club”;
- (c) MLB would provide “players, coaches, and trainers” to MiLB teams like the SI Yankees “at no cost;”
- (d) Nostalgic’s purchase of the SI Yankees gave Nostalgic the “opportunity to expand [the SI Yankees’] relationship with its MLB affiliate, the Yankees;”

- (e) the NY Yankees/SI Yankees affiliation provided “a mutually beneficial relationship for the SI Yankees and the Yankees to build their respective brands, as well as, for area fans to follow the development of young players within the Yankees’ organization;”
- (f) for every season in which a PDC existed between the NY Yankees and SI Yankees, the NY Yankees would “provide the SI Yankees with a variety of marketing programs;”
- (g) MiLB member clubs, including the SI Yankees, would operate “within league structures that work to protect each club’s exclusive operating territory, to ensure consistent adherence to applicable baseball rules and regulations, and to maintain and enhance each member club’s franchise value;” and
- (h) the NY-Penn League was “one of the most successful leagues in all of MiLB in terms of attendance, revenue growth and profitability.”

64. Defendants made these promises with the intention and understanding that Nostalgic would rely on them by, among other things: (a) purchasing the SI Yankees in 2011, and (b) operating and continuing to operate the SI Yankees as an affiliate of the NY Yankees until 2020.

65. Defendants’ promises were false, and Nostalgic reasonably relied on those promises to its detriment. After Nostalgic purchased the SI Yankees and successfully operated the team for over nine years, Defendants reneged on their promises, effectively dissolving the supposedly “highly successful” NY-Penn League, depriving the SI Yankees of their status as an affiliated MiLB team, denying the SI Yankees any future PDCs, and depriving the SI Yankees of “the opportunity to expand [its] relationship with its MLB affiliate, the Yankees.”

66. Defendants' false promises and unlawful conduct have caused the SI Yankees significant harm, in that they have destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

67. Accordingly, the SI Yankees are entitled to an award of actual damages against the Defendants in an amount to be determined at trial, but not less than \$20 million.

THIRD CAUSE OF ACTION

(Tortious Interference with Contract: Damages – MLB and Trusts)

68. Plaintiff repeats and realleges Paragraphs 1 through 67 of this Complaint as if fully set forth herein.

69. MLB and the Trusts were aware of the Operating Agreement Amendment between the NY Yankees and SI Yankees and actually reviewed that Agreement as part of its approval of Nostalgic's purchase of the SI Yankees.

70. The Operating Agreement Amendment provided that the NY Yankees would have a PDC with the SI Yankees so long as the following conditions were met: (a) the Trusts held the Ownership Interest, (b) a majority of the original investors in the SI Yankees maintained their investments, and (c) the managers of Nostalgic had not been removed for any reason, including those listed in Section 4.7(k). All of these conditions were met in 2011, all of them have been met continuously since 2011, and all of them continue to be met now.

71. Nonetheless, MLB and the Trusts, with full knowledge of the Operating Agreement Amendment and its terms, intentionally and improperly procured the NY Yankees' breach of this obligation, by having it reject the SI Yankees as an affiliate and deny the SI Yankees any future PDCs.

72. MLB's and the Trusts' tortious interference with the Operating Agreement Amendment was an act of intentional and deliberate wrongdoing, occurred under outrageous and aggravating circumstances, was undertaken with an evil motive, and/or was a conscious act that willfully and wantonly disregarded the SI Yankees' rights.

73. MLB's and the Trusts' tortious interference with the Operating Agreement Amendment has caused the SI Yankees significant harm, in that MLB's and the Trusts' misconduct has destroyed the SI Yankees' business model and doomed the team to oblivion.

74. Accordingly, the SI Yankees are entitled to an award of actual and punitive damages against MLB and the Trusts in an amount to be determined at trial, but not less than \$20 million.

FOURTH CAUSE OF ACTION

(Breach of Fiduciary Duty: Damages – All Defendants)

75. Plaintiff repeats and realleges Paragraphs 1 through 74 of this Complaint as if fully set forth herein.

76. Through its over 100-year joint venture with MiLB, MLB, including the NY Yankees, developed a special relationship with MiLB leagues and teams, including the SI Yankees, that gave rise to a fiduciary relationship.

77. Accordingly, Defendants owe fiduciary duties to all MiLB teams, which duties includes an obligation not to engage in activity that would arbitrarily punish and destroy the business of Defendants' joint venturers, i.e., MiLB clubs like the SI Yankees and other Ousted Teams. As a member of the MLB/MiLB joint venture, the SI Yankees have placed their trust and confidence in Defendants to abide their fiduciary duties and has relied on the fiduciary

obligations that each team in the MLB/MiLB joint venture owes every other teams in operating its MiLB team and growing its business.

78. Nonetheless, in direct violation of the fiduciary duties they owe the SI Yankees, Defendants – in an effort to enrich themselves and themselves alone – have intentionally cast 40 teams, including the SI Yankees, out of the MLB/MiLB joint venture for no legitimate reason. Further, Defendants, in making this decision, are fully aware of the fact that they are putting the vast majority of these Ousted Teams – i.e., their former joint venture partners – out of business.

79. Defendants' conduct in breaching their fiduciary duties to the SI Yankees has caused the SI Yankees significant harm, in that Defendants have destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

80. Defendants' conduct in breaching their fiduciary duties constituted intentional and deliberate wrongdoing, occurred under outrageous and aggravating circumstances, was undertaken with an evil motive, and/or was a conscious act that willfully and wantonly disregarded the SI Yankees' rights.

81. Accordingly, the SI Yankees are entitled to an award of actual and punitive damages against Defendants in an amount to be determined at trial, but not less than \$20 million.

FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty: Damages – Trusts and NY Yankees)

82. Plaintiff repeats and realleges Paragraphs 1 through 81 of this Complaint as if fully set forth herein.

83. The Trusts are members of Nostalgic.

84. The Trusts maintain and regularly exercise control over the SI Yankees, both generally and with regard to particular transactions.

85. The Trusts, the beneficiaries of which also are controlling shareholders of the NY Yankees, have exerted substantial control over the SI Yankees by using its bargaining position as the parent club of the SI Yankees, and by threatening to revoke the PDC and by threatening to breach the Operating Agreement Amendment if the SI Yankees made any decisions that were adverse to the NY Yankees interests.

86. For example, when the SI Yankees wanted to change their name from the “Yankees” to the “Pizza Rats,” which the SI Yankees determined in their sound business judgment would be beneficial to the business, the Trusts and the NY Yankees took steps to block the name change by, among other things, threatening Nostalgic that it would be detrimental to its relationship with the NY Yankees and that the NY Yankees would terminate or fail to renew its PDC with SI Yankees if the SI Yankees changed their name.

87. For example, when the SI Yankees contemplated moving the franchise to another community, which the SI Yankees determined in their sound business judgment may be beneficial to the business, the Trusts and the NY Yankees took steps to block any potential move by, among other things, threatening the SI Yankees that it would be detrimental to its relationship with the NY Yankees and that NY Yankees would terminate or fail to renew its PDC with SI Yankees if the SI Yankees moved from Staten Island.

88. The Trusts and the NY Yankees have fiduciary duties to the SI Yankees because the Trusts and the NY Yankees exercise control over the business affairs of the corporation, and were *de facto* controlling decision makers for all material business decisions.

89. The Trusts’ and the NY Yankees’ fiduciary duties includes an obligation not to engage in any act that would injure the SI Yankees. The SI Yankees, by agreeing to partner with the Trusts and the NY Yankees, had placed their trust and confidence in the Trusts and the NY

Yankees to abide by their fiduciary duties and has relied on the fiduciary obligations that the Trusts and the NY Yankees owe to the SI Yankees.

90. Nonetheless, in direct violation of the fiduciary duties they owe the SI Yankees, the Trusts and the NY Yankees – in an effort to enrich themselves – have intentionally cast 40 teams, including the SI Yankees, out of the MLB/MiLB joint venture for no legitimate reason. Further, the Trusts and the NY Yankees, in making this decision, are fully aware of the fact that they are putting the vast majority of these Ousted Teams – i.e., their former joint venture partners – out of business.

91. The Trusts' and the NY Yankees' conduct in breaching their fiduciary duties to the SI Yankees has caused the SI Yankees significant harm, in that the Trusts and the NY Yankees have destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

92. The Trusts' and the NY Yankees' conduct in breaching their fiduciary duties constituted intentional and deliberate wrongdoing, occurred under outrageous and aggravating circumstances, was undertaken with an evil motive, and/or was a conscious act that willfully and wantonly disregarded the SI Yankees' rights as a member of the MLB/MiLB joint venture.

93. Accordingly, the SI Yankees are entitled to an award of actual and punitive damages against the Trusts and the NY Yankees in an amount to be determined at trial, but not less than \$20 million.

SIXTH CAUSE OF ACTION

(Violation of New York Franchise Sales Act, N.Y. Gen. Bus. Law § 680 et seq.: Damages – MLB)

94. Plaintiff repeats and realleges Paragraphs 1 through 93 of this Complaint as if fully set forth herein.

95. MLB is a franchisor under New York law and has violated N.Y. Gen. Bus. Law § 683, which has caused substantial injury to the SI Yankees.

96. The SI Yankees pay a franchise fee in the amount of eight percent of their total ticket sales to MLB. This fee is paid as consideration for the SI Yankees' right to engage in the business of offering live affiliated professional baseball games at the SI Stadium.

97. This franchise fee is also paid as consideration for the SI Yankees' right to substantially associate its business with MLB. The SI Yankees regularly rely upon their affiliation with MLB in their marketing and promotional efforts, and the SI Yankees' business is inextricably intertwined with MLB and its marks, tradenames and advertising.

98. As a franchisor, MLB was required to register itself as such in New York under N.Y. Gen. Bus. Law § 683. MLB has not done so.

99. In addition, MLB was required to file an offering prospectus, containing certain representations. This prospectus was required to include, among other things, "[a] statement of the conditions under which the franchise agreement may be terminated or renewal refused." N.Y. Gen. Bus. Law § 683(j).

100. MLB did not file any such prospectus or similar document with the State of New York, and MLB's failure to file such document caused the SI Yankees to have no notice of the conditions under which the franchise agreement may be terminated or renewal refused.

101. MLB has refused to renew its franchise agreement with the SI Yankees.

102. MLB's violations of N.Y. Gen. Bus. Law § 683 have caused the SI Yankees significant harm, in that by terminating the SI Yankees' franchise arrangement, MLB has destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

103. Accordingly, the SI Yankees are entitled to an award of actual damages against MLB in an amount to be determined at trial, but not less than \$20 million.

SEVENTH CAUSE OF ACTION

(Violation of New York Franchise Sales Act, N.Y. Gen. Bus. Law § 680 et seq.: Damages – NY Yankees)

104. Plaintiff repeats and realleges Paragraphs 1 through 103 of this Complaint as if fully set forth herein.

105. The NY Yankees are a franchisor under New York law and have violated N.Y. Gen. Bus. Law § 683, which has caused substantial injury to the SI Yankees.

106. The SI Yankees pay a franchise fee in the amount of eight percent of their total ticket sales to the NY Yankees. This fee is paid as consideration for the SI Yankees' right to engage in the business of offering live affiliated professional baseball games at the SI Stadium.

107. This franchise fee is also paid as consideration for the SI Yankees' right to substantially associate its business with the NY Yankees. The SI Yankees regularly rely upon their affiliation with the NY Yankees in their marketing and promotional efforts, and the SI Yankees' business is inextricably intertwined with the NY Yankees and its marks, tradenames and advertising.

108. As a franchisor, the NY Yankees were required to register itself as such in New York under N.Y. Gen. Bus. Law § 683. The NY Yankees have not done so.

109. In addition, the NY Yankees were was required to file an offering prospectus, containing certain representations. This prospectus was required to include, among other things, “[a] statement of the conditions under which the franchise agreement may be terminated or renewal refused.” N.Y. Gen. Bus. Law § 683(j).

110. The NY Yankees did not file any such prospectus or similar document with the State of New York, and the NY Yankees' failure to file such document caused the SI Yankees to have no notice of the conditions under which the franchise agreement may be terminated or renewal refused.

111. The NY Yankees have refused to renew its franchise agreement with the SI Yankees.

112. The NY Yankees' violations of N.Y. Gen. Bus. Law § 683 have caused the SI Yankees significant harm, in that by terminating the SI Yankees' franchise arrangement, the NY Yankees have destroyed the SI Yankees' business model and doomed the SI Yankees to oblivion.

113. Accordingly, the SI Yankees are entitled to an award of actual damages against MLB in an amount to be determined at trial, but not less than \$20 million.

EIGHTH CAUSE OF ACTION

(Violation of New York Franchise Sales Act, N.Y. Gen. Bus. Law § 680 et seq.): Damages – NY Yankees)

114. Plaintiff repeats and realleges Paragraphs 1 through 113 of this Complaint as if fully set forth herein.

115. The NY Yankees are a franchisor under New York law and have violated N.Y. Gen. Bus. Law § 687, which has caused substantial injury to the SI Yankees.

116. The SI Yankees pay a franchise fee in the amount of eight percent of their total ticket sales to the NY Yankees. This fee is paid as consideration for the SI Yankees' right to engage in the business of offering live affiliated professional baseball games at the SI Stadium.

117. This franchise fee is also paid as consideration for the SI Yankees' right to substantially associate its business with the NY Yankees. The SI Yankees regularly rely upon

their affiliation with the NY Yankees in their marketing and promotional efforts, and the SI Yankees' business is inextricably intertwined with the NY Yankees and its marks, tradenames and advertising.

118. Nostalgic purchased the SI Yankees franchise from the NY Yankees or an entity that is or was owned, managed, or otherwise controlled by the NY Yankees and/or its officers, directors, managers, and/or owners.

119. The NY Yankees made a number of untrue statements of material fact, and/or omissions of material fact necessary in order to make the statements made not misleading, in connection with the offer and sale of the SI Yankees franchise, including that:

- (a) the SI Yankees would have a PDC with the NY Yankees as long as the Trusts held the Ownership Interest;
- (b) each MiLB club, including the SI Yankees, was "guaranteed a PDC with an MLB club;"
- (c) MLB would provide "players, coaches, and trainers" to MiLB teams like the SI Yankees "at no cost;"
- (d) Nostalgic's purchase of the SI Yankees gave Nostalgic the "opportunity to expand [the SI Yankees'] relationship with its MLB affiliate, the Yankees;"
- (e) the NY Yankees/SI Yankees affiliation provided "a mutually beneficial relationship for the SI Yankees and the Yankees to build their respective brands, as well as, for area fans to follow the development of young players within the Yankees' organization;"

- (f) for every season in which a PDC existed between the NY Yankees and SI Yankees, the NY Yankees would “provide the SI Yankees with a variety of marketing programs;”
- (g) MiLB member clubs, including the SI Yankees, would operate “within league structures that work to protect each club’s exclusive operating territory, to ensure consistent adherence to applicable baseball rules and regulations, and to maintain and enhance each member club’s franchise value;” and
- (h) the NY-Penn League was “one of the most successful leagues in all of MiLB in terms of attendance, revenue growth and profitability.”

120. In addition, the NY Yankees also engaged in acts, practices, and/or courses of business which operated as deceit upon Nostalgic by repeatedly representing that the SI Yankees and the NY Yankees would remain special partners, but then suddenly and without notice terminating the franchise arrangement.

121. Nostalgic reasonably relied on these statements in connection with its decision to purchase the SI Yankees franchise.

122. The NY Yankees’ violations of N.Y. Gen. Bus. Law § 687 have caused Nostalgic significant harm, in that by making these myriad untrue statements of material fact, and/or omissions of material fact necessary in order to make the statements made not misleading, in connection with the offer and sale of the SI Yankees franchise, Nostalgic entered in a purchase agreement that it would not have otherwise entered into for millions of dollars. Moreover, the NY Yankees have now destroyed the SI Yankees’ business model and doomed the SI Yankees to oblivion.

123. Accordingly, the SI Yankees are entitled to an award of actual damages against MLB in an amount to be determined at trial, but not less than \$20 million.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that a judgment be entered in its favor and against Defendants as follows:

- A. On the first cause of action, an award of actual damages against the NY Yankees, in an amount to be determined at trial, but not less than \$20 million;
- B. On the second cause of action, an award of actual damages against all Defendants, in an amount to be determined at trial, but not less than \$20 million;
- C. On the third cause of action, an award of actual and punitive damages against MLB and the Trusts, in an amount to be determined at trial, but not less than \$20 million;
- D. On the fourth cause of action, an award of actual and punitive damages against all Defendants, in an amount to be determined at trial, but not less than \$20 million;
- E. On the fifth cause of action, an award of actual and punitive damages against the Trusts and NY Yankees, in an amount to be determined at trial, but not less than \$20 million;
- F. On the sixth cause of action, an award of actual damages against MLB, in an amount to be determined at trial, but not less than \$20 million;
- G. On the seventh cause of action, an award of actual damages against the NY Yankees, in an amount to be determined at trial, but not less than \$20 million;
- H. On the eighth cause of action, an award of actual damages against the NY Yankees, in an amount to be determined at trial, but not less than \$20 million;

- I. Reimbursement of costs and expenses, including attorneys' fees, incurred by Plaintiff in prosecuting this action;
- J. Prejudgment interest at the maximum legal rate; and
- K. An award of such other relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury of all issues in this action triable to a jury.

Respectfully submitted,

DATED: New York, New York
December 3, 2020

By: /s/ James W. Quinn
James W. Quinn

Berg & Androphy

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Michael M. Fay
Emily Burgess

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Counsel for Plaintiff

EXHIBIT 1

New York Yankees Partnership
c/o New York Yankees
Yankee Stadium
Bronx, New York 10451

As of August 23, 2011

MBP Staten Island LLC
c/o Mandalay Baseball Properties, LLC
4751 Wilshire Boulevard
3rd Floor
Los Angeles, California 90010

Re: Staten Island Minor League Holdings LLC

Ladies and Gentlemen:

Reference is made to the Amended and Restated Operating Agreement of Staten Island Minor League Holdings LLC dated as of September 6, 2007 (the "Agreement"). Each capitalized term used herein without definition has the meaning ascribed to it in the Agreement. Reference is also made to two letter agreements dated as of September 6, 2007, one of which bears the document identification number "HF 3489100V.10 #11907/002" (the "Letter Agreement") and the other bearing the document identification number "HF 3676543v.3 #11907/0002" (the "Other Letter Agreement") (together, the "Letter Agreements"). This letter agreement amends, in part, the Letter Agreements as provided herein and confirms the understanding and agreement of the parties signatory hereto as follows:

1. Amendment. Pursuant to the Section 17 of the Letter Agreement, this letter agreement amends, in part, the Letter Agreements as provided below.
2. Approval of Proposed Permitted Transferee. Pursuant to the definition of "Permitted Transferee" as defined in Schedule A of the Agreement, the Members hereby approve Nostalgic Partners LLC, a Delaware limited liability company ("Nostalgic"), as a Permitted Transferee.
3. Consent to Assignment. Pursuant to Section 18 of the Letter Agreement, the Partnership hereby consents to Mandalay's assignment of all of its rights and interests under the Letter Agreements to Nostalgic in connection with the sale of all or substantially all of the assets of the Company to Nostalgic.
4. PDC. Section 1 of the Letter Agreement, entitled "PDC", is hereby amended and restated as follows:

After giving effect to the sale of all or substantially all of the assets of the Company to Nostalgic, the Partnership covenants to have a PDC in effect with Nostalgic for so long as (i) the Trusts (or any Permitted Transferee that is an

Affiliate of the Trusts) and (ii) a majority of the initial holders of Class A Units in Nostalgic (or one or more Permitted Transferees that are Affiliates of such initial holders) are members of Nostalgic. Notwithstanding the foregoing, the Partnership shall have the right to discontinue its obligation under this Paragraph 1 in the event that the Manager is removed under Section 4.7(k).

5. Marketing Assistance. Section 3 of the Letter Agreement, entitled "Marketing Assistance", is hereby amended and restated as follows:

After giving effect to the sale of all or substantially all of the assets of the Company to Nostalgic, the Partnership covenants to provide to Nostalgic, marketing assistance in accordance with the memorandum annexed hereto as Exhibit A.

Additionally, Exhibit A to the Letter Agreement, entitled "Marketing Assistance", shall be amended and replaced in its entirety with Exhibit A attached hereto. All references in Exhibit A to "Company" shall include Nostalgic.

6. Relocation. Nostalgic hereby acknowledges and confirms that in connection with any proposed relocation or relocation of the Club, the Partnership has the right under Major League Rule 56(j) to either approve the relocation or terminate the PDC.
7. Termination. Notwithstanding Section 7(a) of the Letter Agreement and Section 2 of the Other Letter Agreement, the Letter Agreements shall not terminate upon dissolution of the Company if all or substantially all of the assets of the Company have been sold to Nostalgic and the entity so owning the assets of the Company has not been dissolved.
8. Conflicts. In the event of a conflict between the terms and conditions set forth herein and in either or both of the Letter Agreements, this letter agreement shall govern and prevail in all respects.
9. Other Letter Agreement Provisions. Section 9 and Sections 11 through 29 of the Letter Agreement are hereby incorporated by reference herein mutatis mutandis.

[Signature page follows]

Please acknowledge your understanding and agreement to the foregoing by signing and returning this letter agreement, which shall become a binding agreement upon our receipt.

Very truly yours,

NEW YORK YANKEES PARTNERSHIP

By: 
Name: Lonan A. Trost
Title: Authorized Signatory

Agreed as of the date above:

MBP STATEN ISLAND LLC

By: _____
Name:
Title:

HENRY G. STEINBRENNER ISSUE TRUST U/A 09/15/99
JESSICA S. MOLLOY ISSUE TRUST U/A 09/15/99
JENNIFER S. SWINDAL ISSUE TRUST U/A 09/15/99
HAROLD Z. STEINBRENNER ISSUE TRUST U/A 09/15/99

By: 
Name: Norman Stallings
Title: Trustee

NOSTALGIC PARTNERS LLC

By: _____
Name:
Title:

Please acknowledge your understanding and agreement to the foregoing by signing and returning this letter agreement, which shall become a binding agreement upon our receipt.

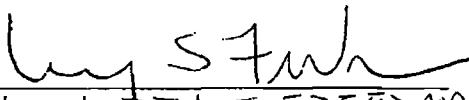
Very truly yours,

NEW YORK YANKEES PARTNERSHIP

By: _____
Name: Lonn A. Trost
Title: Authorized Signatory

Agreed as of the date above:

MBP STATEN ISLAND LLC

By: 
Name: HARRY S. FREEDMAN
Title: VICE PRESIDENT & SECRETARY

HENRY G. STEINBRENNER ISSUE TRUST U/A 09/15/99
JESSICA S. MOLLOY ISSUE TRUST U/A 09/15/99
JENNIFER S. SWINDAL ISSUE TRUST U/A 09/15/99
HAROLD Z. STEINBRENNER ISSUE TRUST U/A 09/15/99

By: _____
Name: Norman Stallings
Title: Trustee

NOSTALGIC PARTNERS LLC

By: _____
Name:
Title:

Please acknowledge your understanding and agreement to the foregoing by signing and returning this letter agreement, which shall become a binding agreement upon our receipt.

Very truly yours,

NEW YORK YANKEES PARTNERSHIP

By: _____
Name: Lonn A. Trost
Title: Authorized Signatory

Agreed as of the date above:

MBP STATEN ISLAND LLC

By: _____
Name:
Title:

HENRY G. STEINBRENNER ISSUE TRUST U/A 09/15/99
JESSICA S. MOLLOY ISSUE TRUST U/A 09/15/99
JENNIFER S. SWINDAL ISSUE TRUST U/A 09/15/99
HAROLD Z. STEINBRENNER ISSUE TRUST U/A 09/15/99

By: _____
Name: Norman Stallings
Title: Trustee

NOSTALGIC PARTNERS LLC


By: 
Name:
Title: Pres. Sent

EXHIBIT A**Marketing Assistance**

- I. Paul Olden Audio Recordings. The Partnership shall use commercially reasonable efforts to make Paul Olden (the Yankees public address announcer), or his replacement, available to the Company on one (1) occasion for the purpose of recording voice-overs and such other promotional statements as may be reasonably requested by the Manager for rebroadcast from time to time over the public address system at the home stadium for the Club. All costs, expenses and equipment associated with the recordation of such voice-overs and other promotional statements shall be the sole responsibility of the Company.
- II. Database. Commencing with the calendar year 2012 and no later than January 15th of each calendar year that the Club is covered by a PDC with the Partnership for the New York-Penn League season included within such calendar year, the Partnership shall supply to the Manager a listing of all Persons located in Richmond County, New York City, lower Manhattan, New York City, the New Jersey counties of Bergen, Essex, Hudson, Passaic and Union, and other counties requested by the Club which the Partnership is reasonably able to deliver, known by the Partnership to have purchased tickets to a Yankees game played at Yankee Stadium during the then most recently completed Major League Baseball season, to the extent not prohibited by any applicable (i) federal, state or municipal statute, rule, order, decree or directive and/or (ii) rule, regulation, policy, procedure, guideline or contractual restriction of the Office of the Commissioner of Baseball and its affiliates. To the extent known by the Partnership, such listing will provide the name, U.S. mail address, e-mail address and phone number(s) of each such purchaser and the type of tickets(s) purchased (i.e., single game, mini-plan, group, season or other). The Company hereby acknowledges and confirms that the information covered by this Section II shall constitute Confidential Information for all purposes of the Agreement.
- III. "Old Timers Day". Commencing with the 2012 New York-Penn League season and for each subsequent New York-Penn League season included within the period that the Club is covered by a PDC with the Partnership, the Partnership shall use commercially reasonable efforts to cause the former Yankees players participating in the annual Old Timers' Day festivities at Yankee Stadium to make an annual promotional appearance at the home stadium for the Club. The Company hereby acknowledges and confirms that (i) the Partnership is under no obligation to schedule or conduct the annual Old Timers' Day and (ii) such former players are not under any contractual obligation to the Partnership to make such promotional appearances and may be subject to various contractual provisions that are not controlled by the Partnership. All costs and expenses associated with the aforesaid promotional appearances shall be the sole responsibility of the Company.
- IV. Tickets to Certain Yankees Regular Season Home Games. With respect to the 2012 Major League Baseball season, each full or partial season ticket holder of the Club in good standing ("Full or Partial Season Ticket Holder") will be afforded, subject to ticket availability,

the opportunity to purchase, via the Internet at www.yankees.com, or through another vehicle, single game tickets at face value to certain regular season home games of the Yankees ("Home Games"), as determined by the Partnership, prior to the "public on-sale date" for such single game tickets. Each Full or Partial Season Ticket Holder will be limited to purchasing four (4) tickets to Home Games designated as "premium games" by the Partnership (e.g., Opening Day game, the Old Timers' Day game, Interleague Home Games and Home Games in which the Boston Red Sox is the opponent). With respect to all other Home Games, each Full or Partial Season Ticket Holder will be permitted to purchase up to twelve (12) tickets. Subject to (i) ticket availability, if any, (ii) all applicable federal state and municipal statutes, rules, orders, decrees and directives; and (iii) all applicable ticketing rules, regulations, policies, procedures, guidelines and contractual restrictions of the Partnership, authorized ticket vendors for the Partnership, and the Office of the Commissioner of Baseball and its affiliates, the Partnership, with respect to each Major League Baseball season included within the period that the Club is covered by a PDC with the Partnership, shall afford Full or Partial Season Ticket Holders with a similar opportunity to purchase tickets to certain Home Games scheduled to be played during such season; provided, however, that, commencing with the Yankees' 2012 season, single game tickets to Home Games may not be available and/or may only be available in conjunction with and/or as part of a license program. The Partnership shall use its best efforts to (i) accommodate requests made under this Section IV and (ii) provide the Company, while representatives of the Company are attending such Home Games, with all other types of owner amenities available, consistent with the industry standard for similar accommodations typically made to minor league affiliates of Major League Baseball teams. It is the intent of the parties hereto that, while attending Home Games at Yankee Stadium, the Partnership shall ensure that representatives of the Company are accommodated in a manner that reflects the true partnership relationship between the Partnership and the Company.

- V. Tickets to Certain Yankees Playoff Home Games. Subject to (i) ticket availability, if any, (ii) all applicable federal state and municipal statutes, rules, orders, decrees and directives; and (iii) all applicable ticketing rules, regulations, policies, procedures, guidelines and contractual restrictions of the Partnership, authorized ticket vendors for the Partnership, and the Office of the Commissioner of Baseball and its affiliates, the Partnership, with respect to the 2012 Major League Baseball season and so long as the Club is covered by a PDC with the Partnership during the relevant season, shall reserve tickets for each Yankees playoff home game, subject to availability, if any, including playoff home games included within the ultimate championship series of Major League Baseball currently designated as the "World Series," in an amount that will enable the Manager to make two (2) tickets to each such home playoff game available for purchase at face value by Full or Partial Season Ticket Holders. It is expressly understood that the availability of tickets under this Section V can be affected by, among other things, (a) the number of tickets that are not subject to pre-existing contractual rights or other commitments; (b) the aggregate number of Yankees non-World Series home playoff games played by the Yankees; and (c) with respect to any Yankees non- World Series playoff series, the number of games that must be played at Yankee Stadium in order for such series to conclude.

- VI. Full or Partial Season Ticket Holder Gifts. Prior to the end of the Club's 2012 New York-Penn League regular season, the Partnership shall make available for purchase and distribution by the Company to each Full or Partial Season Ticket Holder one (1) Yankees baseball cap and one (1) Yankees-themed souvenir ("Souvenir"), as determined by the Partnership, that is scheduled for distribution, on a complimentary basis, to fans in attendance at a specified Home Game in 2012. In furtherance of the foregoing, the Company shall be permitted to join in the Partnership's order for the Souvenir and request such additional quantity of the Souvenir as the Company reasonably desires to purchase, provided that all Souvenirs ordered and purchased by the Company shall not identify the Yankees' sponsor (the "Sponsor") of the Souvenir or contain any logo, symbol or branding mark of the Sponsor, unless the Sponsor is also a sponsor, promoter or advertiser of the Club.
- VII. Promotional Events. Subject to all applicable (i) federal, state and municipal statutes, rules, orders, decrees and directives and (ii) rules, regulations, policies, procedures, guidelines and contractual restrictions of the Partnership, and the Office of the Commissioner of Baseball and its affiliates, the Partnership, with respect to each Major League Baseball season included within the period that the Club is covered by a PDC with the Partnership, shall arrange for one (1) or more promotional events (each a "Promotional Event") that full season ticket holders of the Club will be invited to attend; it being understood that the Partnership reserves the right to cause any such Promotional Event to be conducted on multiple dates in order to limit the number of invited full season ticket holders of the Club in attendance at any one time. Each Promotional Event shall afford each full season ticket holder of the Club in attendance thereat with the opportunity to experience such Yankees-related activities and/or front office executive, player and/or coach appearances as the Partnership shall determine. Each Promotional Event will be similar in nature and type to the Promotional Event scheduled to be conducted during the 2011 Major League Baseball season. It is expressly understood that any Promotional Event may or may not be held on the day of a Major League Baseball game played at Yankee Stadium and may or may not be held at Yankee Stadium.
- VIII. Season Tickets. Subject to ticket availability for each New York-Penn League season included within the period that the Club is covered by a PDC with the Partnership, the Company shall have the right to purchase two (2) season tickets at face value for Home Games in such location within Yankee Stadium as the Partnership shall determine.
- IX. Advertising. Commencing with the 2012 Major League Baseball season and for each subsequent Major League Baseball season included within the period that the Club is covered by a PDC with the Partnership, the Partnership shall use commercially reasonable efforts to provide the Company with advertising space, on a complimentary basis, (i) in all publications controlled by the Partnership (e.g., *Yankees Magazine*, Ticket Information and Fan Guide, etc.) or any of its affiliates that are made available for purchase at Yankee Stadium, if any, and (ii) on the scoreboard matrix board, DiamondVision video boards and LED side scoreboards located within Yankee Stadium. During such period, the Partnership shall also use commercially reasonable

efforts to include an article regarding the Club from time to time in *Yankees Magazine*, if same is published. The size and content (both written and pictorial) of all advertising and articles covered by the two (2) immediately preceding sentences shall be subject to the prior written approval of the Partnership.

- X. Use of name "Yankees". The Partnership and the Company agree that it is in the best interests of the Partnership and the Club that the Company continue to operate the Club using the name "Staten Island Yankees." Accordingly, after giving effect to the sale of all or substantially all of the assets of the Company to Nostalgic, Nostalgic may continue using (i) the name "Staten Island Yankees" and (ii) the same logo currently used for the Staten Island Yankees by the Company for so long as the Club is covered by a PDC with the Partnership, and neither the Partnership nor any of its Affiliates will interfere with the same.