

KEYNOTE CONVERSATION: MLS COMMISSIONER DON GARBER

- ABU TAHL: Hello everyone. My name is Abu Tahl. On behalf of the NYU Sports Association, the NYU Journal of Law & Business, and the NYU Sports of Society Program, I want to thank everybody for coming to what has been a great day. Very interesting, very informative. This morning we heard from a great group of panelists on two new locations and expansions as well as the legal business issues when teams move around, and when an expansion teams pops up. We heard from another great group of panelists on a new advent in the sports gambling space of entity betting. we heard from another group of panelists how intellectual property has come to dominate the value of sports. Now, without any further ado, we would like to thank Mr. Don Garber from Major League Soccer for being here to talk about the future of American Soccer, the legal and business issues that face Major League Soccer and sit in conversation with Professor Arthur Moore who was the chairman of the NYU Sports and Society Program. Without any further ado, thank you for being here and let's get started.
- ARTHUR MOORE: Thank you, thank you. Let's do the usual biographical nonsense. You started in PR?
- DON GARBER: I did.
- ARTHUR MOORE: You made a transition to the NFL while you were trying to sell them M&M Mars, right? As a sponsor. How did that transition occur?
- DON GARBER: It's a cute story. I'll get to how I got roped in and then ultimately how it led to leaving and getting into the soccer business. I was working for an agency that was starting a sports marketing group and, at that time, early 80's late 70's, sports marketing as we know it today didn't quite exist in a structured way that it is now.
- There were sports agencies representing players, but most of those agencies were not doing marketing programs and sponsorships and they weren't dealing with licensing activities, and a bunch of agencies started popping up. The firm that I was working for was early in that and I worked just a couple years out of school on an account.
- I took a giant jar of M&M's around the country on the back of a trailer, and it was to promote M&M Mars's relationship with the 84' Olympic games and people were going to guess how many M&Ms were in the jar and then you get to win a trip to the Olympics. As that

was winding down, I was asked by the client to go to the NFL to talk about a sponsorship.

I went to meet with a guy that's now the chairman of Octagon, a big sports marketing firm, and I got back to my office and I said, "Man you guys are pretty aggressive. I just literally got back and you want to see whether or not we're going to do this deal." They said, "No, we'd like to talk to you about coming to work for League," which I did early on. I did that for 16 and a half years. I did a lot of different things there but I remember, it was before Professor Balsam was there, I was working for these guys and I had already agreed to be on the PR staff of the 84' Olympics. I said to the guys at NFL Properties, "I'm going to take this job but I'm going to the Olympics."

It was a dream of mine to be involved. I have always been a big track and field fan. I was working the track and field venue and I said as I was coming over, "I'm going to come to work for the League, but I need to take three weeks off to go work in the press office." This guy said, "Sure. No problem." Then, it gets close to the Olympics and I walked into his office. I said, "Hey. It's time for me to leave." He said, "Where are you going?" "Time to go to the Olympics. We agreed to that." He said, "You didn't really believe that I was going to let you leave while you are working for the National Football League?"

I thought that was a cute story. I'm not sure you guys did, but anyway that was the beginning of it, Arthur.

ARTHUR MOORE:

All right, why football into soccer?

DON GARBER:

In the last number of years, my last three years at the NFL, commissioner Tagliabue put together an organization that was integrating, or wanted to integrate, the goal was to integrate a number of disparate international businesses within the League. Rodger Goodell was running for the League the American ball games, and the World League at that time, which was a joint venture with Fox. Innovo Properties was doing licensing and sponsorship and a guy that was a legend in our business, a guy named Val Pinchbeck, was doing all the television broadcasting. Roger and Paul thought it would be a good idea to create a new company. They asked me if I wanted to run that. At that time, I didn't even have a passport, so I really had not traveled much. I'd been in Europe and my honeymoon was ten years

later. I had never renewed my passport so I had no international experience to speak of, but I thought it was a great opportunity.

It took me out of the marketing business and allowed me to run a fledgling League. We changed that venture to be an NFL wholly-owned venture. Changed it to the NFL Europe League. We opened up offices in n different countries around the world. I said to Paul at that time, "I only want to do this for three years. I don't want to be that international guy that never comes home." He said, "Sure. It's kind of like the M&M Mars thing, we'll let you come back in three years."

The good news was that that committee reported to Robert Kraft and Lamar Hunt and they founded Major League Soccer. I was at an owners' meeting in Atlanta and I walked over to Robert Kraft who became almost a mentor of mine. I said, "Robert, it's getting close." I told my wife. My wife was working at that time. My kids were in school. She had a big job and was traveling a lot. It was a hectic three years. I traveled about 140/150 days a year outside the US. I really wanted to come home.

Robert knew that and was working with me to try to get back. I said, "Hey, it's getting close." He said, "What do you know about soccer?" I said, "I don't really know anything about soccer." He said, "You'd be a great commissioner." He said, "Let's go talk to Lamar." He pulled Lamar Hunt over who was really one of the more wonderful people, let alone sports executives and visionaries, that I ever met. Robert puts his arm around Lamar and says, "Hey, it's time for us to bring Don home. We're looking to make a change with the founding commissioner. Why don't we have him run MLS?" Lamar said, "Robert, I never try to combine my business interests." Robert said . . . and I hope this is not going be Tweeted. Maybe I shouldn't say it because I can't control that.

ARTHUR MOORE:

Everybody Tweets these days.

DON GARBER:

Robert said, "Well don't listen to Lamar, we'll make this happen." They spoke to Paul and a guy that I was working for at that time and that almost brokered my leaving the NFL. I stayed for another couple of months and the fall of 99 I went over. It's been 18 years.

ARTHUR MOORE:

Have you learned anything?

DON GARBER:

I know a little bit about soccer now. It took a while, but it's a great sport. I'm sure there are a lot of soccer fans. When I was working for the National Football

League, and as a kid growing up in Queens, I was always a sports fan, but I never had deep passion as a sports fan. When the Giants were in the Super Bowl, I would get excited. The Knicks would do well, the Rangers would do well as a New Yorker, but soccer gets in your heart and it twists it around and it goes down into your gut and it twists that around. It has a way of just sort of being and representing our lives in ways that no other sport can. I think it's why it drives all the opportunity and passion and all the nationalism and all the problems and everything else that goes into why it's the beautiful game. It lives right now in the United States, in many ways, through MLS and now a new woman's league and through, hopefully, the World Cup coming here.

I get up on Saturday and Sunday mornings and I watch English soccer and German soccer. I have three games tonight, I'll be watching those. I go to a game on Saturday night. Soccer is my life, as it should be for anybody who's leading the sport.

ARTHUR MOORE: I have to admit to Don, before we came out, that I've never been to a soccer match. Never, never, never. I don't know why I say that with pride though.

DON GARBER: I think I can say this with respect, you're not in our target demographic.

ARTHUR MOORE: That's why I go to Yankee Stadium when the Yankees are playing.

DON GARBER: Now you could go to Yankee Stadium and see an NYC FC game. I think you'll enjoy it. It's great.

ARTHUR MOORE: You have to deal with owners, right?

DON GARBER: I do, yes.

ARTHUR MOORE: What's the difference, structurally, between your normal corporation, where you have a board of directors and you'll have stockholders . . . you've got owners, you've got a unique legal structure because you're a single entity, the NFL is not. What's it like dealing with, as they sort of kid around cynically, a bunch of billionaires?

DON GARBER: It is very different. This is a legal conference. MLS was founded by a bunch of lawyers and it's timely in that the World Cup we hope will come back in nine years. We can even talk about that later, but when the governing body for our sport, FIFA, granted the rights to the US to host the World Cup in 94, it was under one condition. They have less conditions now in how they are operating the sport than they certainly have had in how they were operating the sport over the last 25 years.

That condition was that they would start a division one men's league. The profits of that World Cup went into a foundation that still exists today. The United States Soccer Foundation does all sorts of great things throughout our country. Some of that money was used as seed money to start the League. The head of the World Cup was a guy named Allen Rothenberg who has a great career in sports and Allen was a lawyer at Latham & Watkins. He had a young associate who was working for him on a number of different cases. He came after the World Cup to a staff meeting and said, "Hey, I need somebody who knows a little bit about soccer."

A young guy, who was a British citizen at that point, raised his hand. His name is Mark Abbott. Mark has been with the League since those early days and is the president deputy commissioner. The two of them worked on this plan to create an entity that in many ways would address the challenges that the pro-leagues had experienced over the last ten or twenty years leading up to the launch of MLS, which happened in '96. Team location, labor issues, revenue sharing, how decisions were made, and 25 other things.

They wrote that structure, that corporate structure, as a single entity to allow a league that they knew would take decades to ever be in the situation we're in today, to have the governance that would allow owners to make decisions as partners as opposed to desperate independent business people, which is what the franchise structure is of the other pro leagues. In essence, MLS is a company. It's an LLC. I'm the CEO of that company. The player contracts are held by the entity, so every player contract is signed by Major League Soccer.

All those employees, a thousand of them, now 1100, their benefits, their salaries, their contracts, are all held by the entity. For all you soccer fans, in the early days they added this because nobody knew how to operate a soccer team in America. Today it's a legal structure, but the teams are making the decisions, they have general managers. You met Claudio Reyna, he's making the decisions for New York. They are negotiating those deals.

We still do it under hospices of this entity that allows us to make decisions as partners. So whether it's Stan Kroenke or it's Arthur Blank or it's Robert Kraft or Phil Anschutz or Hank Paulson or some of the other younger guys who've come in to buy teams, all of them

get into annual quarterly board meetings. With the league as their key top executives, they are presenting annual plans and key decisions that require super majority to assent and act.

ARTHUR MOORE:

So your players are employees?

DON GARBER:

They aren't in front of a lot of lawyers, but to the consumer, to the fan, they are employees or they are players for their respective clubs. Early on in the League, this issue was a big challenge. The National Football League Player Association looked at that and said, "This sort of seems bad for us as a union." You can have one or two people negotiating all the player contracts. The owners aren't going to be competing against each other on player contracts, if you will, and bidding prices up and the like. We want to operate as a collective in the best interest of that collective.

The NFLPA got a handful of the players when the League was founded, first, in our opening year. They sued the League on anti-trust grounds. Our law firm was then, and remains, Proskauer. A guy named Michael Cardoza managed that case and won that case in the first circuit. It was taken up to the Supreme Court. It was never received at the Supreme Court, but was taken up to the court. Michael then left after that case and became the corporate council for the city of New York for 13 or 14 years.

We won the right to be able to operate as a single business, like Firestone or any other company. When it came through the last 20 years, the natural evolution of our League, growing and becoming credible and operating, having the ability to operate in the global market, it allowed us to be able to de-centralize most of the decision-making. We still reserve that right so if, for example, where you have a team that's going to make a decision about a player that makes absolutely no sense for them and absolutely no sense for the League and absolutely no sense, probably, for the player, there are times when the League's technical people, our deputy commissioner, will come in and say, "We're not going to approve that." Not that we won't allow it, but we won't approve it, and we are empowered by the entity to make those decisions. I would say in my 18 years, that's probably happened a half a dozen times.

ARTHUR MOORE:

What are your powers as CEO?

DON GARBER:

It's interesting, too, Arthur, because you're both the CEO of the company . . . We, in 2002, formed another

company that, it's called Soccer United Marketing. In essence, that company has rolled up soccer intellectual property all over the world. That is our MLBAM, or Major League Baseball Advanced Media, that is driving a lot of revenue for our owners while the League continues to grow. I'm the CEO of that company, but I am a commissioner no different than other commissioners and have to operate, behave, and engage with players and unions and owners in the best interest of the game.

Those things have never really conflicted because I think if, ultimately, you were to ask Adam Silver what his job is, it's to manage the league in the best interest of the sport, but it's also to grow revenues and make decisions that are commercially in the best interest of the sport. My powers are driven by the operating agreement, the original documents that were created back in 1996. I am charged with operating in the best interest of the game. I can get fired for cause if I don't. I go about my business growing revenues, managing expansion, managing owners, managing our relationship with players, building stadiums, engaging at FIFA and US Soccer and our regional entity . . .

ARTHUR MOORE: Let me give you a hypothetical. Suppose one night, one of your owners on a crowded street gets into an argument with a fan and uses a lot of profanity, which is picked up by the media. Do you have power to sanction?

DON GARBER: We do, and we have. It's in the actual operating documents of the League, and it's in my contract. Ultimately, you are charged with making decisions and disciplining players or employees or even owners if they're doing things that are not in the best interest of the League. During CVA negotiations, we had an owner that was instructed in a board meeting not to speak publicly about those negotiations. He did, and I fined him \$150,000. We're a soccer team, right? Not an NFL team. That's a lot of money for a soccer team owner.

ARTHUR MOORE: That's a lot of money.

DON GARBER: I think if an owner misbehaved, and they have, and this is public, the owner of our Portland team . . . soccer's a very passionate sport. Arthur, you should go to a couple of games, I think you might get excited about it.

ARTHUR MOORE: I've lost my passion. Not being in your demographic, I have no passion.

DON GARBER: Officiating is a challenging aspect of our sport. We don't yet have instant replay or video review. We will start that shortly, but one guy really makes lots of deci-

sions and uses his judgment because there are rules that are not necessarily black and white. Particularly for new owners, it can drive them crazy. I've had a couple owners, one of them was with me yesterday, he's from Montreal, and he didn't like a call and ran on the field. We not only fined him a lot, but had him not be able to go to a game for a couple weeks, and we fined him publicly.

We had another owner that lost his mind and ran on the field and chased after the officials and pushed them in front of his supporter section, which has got about 20,000 rabid fans, so then the fans were throwing stuff at the official. He was not allowed to be in his stadium at a game for 10 games. I don't know what I would do. I'm very close to and engaged with the other commissioners. I don't know what I would do if an owner started attacking a fan on the street.

We're about to issue a fine and suspension for a very well-known player and one of our most respected players who inappropriately engaged with a fan last weekend, so these are things that you have to make decisions. Not fun, but you have to make decisions that are protecting the integrity of your sport. Hopefully that's probably beyond driving revenue, which I think is secondary really, that's what guys and people like me do.

ARTHUR MOORE:

In your 17 or 18 years, what's been your biggest crisis?

DON GARBER:

Well, a couple of them. We had a . . . I don't know that I would call it a crisis, but a moment of truth. I came into the job. I thought it would be fun to run a league. I had been at the NFL for a long time and I was not going to come back and continue on the international front. When I got here, we had 10 teams. Three of those teams were run by the League, which is odd. So that guy, Mark Abbot, was the general manager. He was the Claudio Ranieri for three clubs. He was trading with himself. It's really not a good dynamic. It was necessary. It was out of pure necessity.

I came over and they said, "You've got to get rid of those three teams who need owners, and you've got to expand the League, and, by the way, we need a new television contract and we need you to give us a five-year plan for what it's going to cost to operate the League for the next five years. We took about six months to do that, and this is public, we went out to Phil Anschutz's ranch with Craft, and John Kluge who owned the Metro Stars, and Lamar Hunt, and a bunch of other owners.

We laid out that plan and we said, "It's going to take you five years and several hundred million dollars to operate this League to know that we could even get to a point where we'll be able to expand. I'm not quite sure I think that you guys should do that. Plan B is all three of you, Anschutz, Hunt and Craft, you need to take over these three teams. We have two teams that we should probably fold, which is never fun, Tampa and Miami, and you, Phil Anschutz, you need to build a stadium for your LA Galaxy." The World Cup rights were not sold in 2002, so ABC would've had them in the previous iteration. FIFA had not sold the rights. We found out about that and we said, "We want to buy those rights for 2002 and 2006, the men's and women's World Cup rights. We want to form a company which you need to put 100 million dollars into and that will give us the energy to be able to get out of this."

It was interesting with lots of attorneys sitting around. That led to bankruptcy discussions because they couldn't make the decision to do that without really understanding, "How do you shut the League down if we don't do that? What happens to the IP? What happens to the investments that are made?" Players are soccer assets, you buy and sell their contracts, and they were valuable. Parallel to the big idea was the folded-down idea. Ultimately, we came out of that and they decided to do it. That was 2002 and we're in much better shape now.

That was probably a moment of truth for me as a leader of the company and a moment of truth for the sport, but there are always crises. We lost to Qatar in bidding for the World Cup. Michael Bloomberg and Bob Iger and President Clinton were our chairmen and were sitting in Zurich expecting to win. The FIFA executive committee had met with the president and met with Michael, Mayor Bloomberg and Iger, and said it was going to be ours. We're on the stage getting ready to figure out where we're going to stand for the photo, and they gave it to Qatar which has 100,000 people living there playing into the summer at that point where it's 120 degrees. Those are things that . . . our sport is challenging. The FIFA scandal was an enormously huge challenge for our League and for our sport. In sports, you go from crisis to crisis.

ARTHUR MOORE:

Speaking of World Cup 26, what are the chances?

DON GARBER: I think they're very good. I think bidding with Mexico and Canada makes it really, really good. Our marketing company represents the Mexican National team in their League. We have three teams in Canada. We represent US Soccer. I've been on the board of US Soccer and CONCACAF, which is the entity that's a subset of FIFA in our region for almost 20 years, so we've worked to orchestrate that joint bid for quite some time. I think it took a little bit of a leap of faith with the different administration. At that time we did not know what the administration's reaction would be.

We have an owner or two that has good relationships in the White House, and we're able to get the White House to support the bid. The president came out in strong support, particularly in bidding with Mexico. Right now, FIFA's rules say that it has to go to either Africa or our region. The African bid might be Morocco, and I think that our bid in North America would be much better than that, so I think it's pretty strong.

ARTHUR MOORE: What's the downside? Where might there be some weakness?

DON GARBER: I don't think we have any weakness at all. We could host the-

ARTHUR MOORE: How naturally you say that.

DON GARBER: True . . .

ARTHUR MOORE: You're still a public relations person.

DON GARBER: In '94, which was many years ago, in a World Cup that was arguably a quarter as small as it is now, it still is the highest attended and highest revenue World Cup of all time. You go from the United States and you go to France, you go to Korea and Japan, you go to Germany and South Africa. The one 23 years ago was the most successful. We don't have to build a building. We don't have to build any trains or infrastructure. We don't have to build hotels. We don't need to do anything other than ensure that we can get people in and out of our country. We worry about that, right? We worry about that, so if there is a weakness, I'd say that's probably a pretty big one.

ARTHUR MOORE: . . . and the entry fee is what?

DON GARBER: It's 150 million.

ARTHUR MOORE: What did it used to be?

DON GARBER: When I started, we couldn't get it, a team away for it's operating losses. That was 18 years ago. In 2005, it was seven million. And I was with our Montreal owner

yesterday. They came in 2012 and it was 40 million. It's a very wealthy family. It's the Suputo family. They're one of the largest food, privately held, part of it's public, food company in the world. Getting him to pay that 40 million dollars was impossible. His team obviously, not that long after he came in, it's worth a lot more than that.

Again, expansion fees are really only a measure of sort of future perceived value of what your revenues will be and the cost of that dilution. So expansion fees aren't . . . it's not about ego and it's not about getting that money to distribute it out to your owners. We do a forecast as to what the future revenues will be and as you bring in more equity holders you're diluting the current holders. That 150 today, based on our forecast, doesn't even cover the future dilution. So one could argue, and many of our owners are arguing, that the price should be even higher. What we have to do is manage . . . you ultimately want great owners. You want the right city and you want them now.

So in St. Louis, where we just lost a public vote, the co-founder of Bain Capital, a terrific guy, he's from that area, it's \$150 million for the team and then he's got to build a \$200 million stadium. So now he has \$350 million into a soccer team. You can probably buy a controlling interest in other leagues, certainly one league, and you can super control for that amount of money. So you get to the point where these are big investments but that leads you to have great possible owners who believe in the future of soccer in North America.

Yesterday, and it was public, we met with John Ingram and Bill Hagerty. Bill Hagerty is going to be, if confirmed, the ambassador to Japan. The Ingram family is one of the big, wealthy, net Tennessee-based families. A privately held company. A wonderful guy. Very, very passionate about sport, about the university, and about the city of Nashville. When you have families like that, that are interested in vesting in building soccer, that's great. Not quite of your generation, but you need to have this disparate group.

ARTHUR MOORE: If you have a billion dollars, you're within your demographic. It's a very simple proposition.

DON GARBER: I think you'd be worth a billion dollars, but, no, John Ingram is in his early 50's. So I think about that. I don't think I've ever said this publicly before. The founders are in their mid-70's and you've got to be thinking

about what this League looks like 20 years from now. The next generation of owners have to be younger because they need to be thinking about being the Robert Krafts and Arthur Blanks of MLS 20 years from now. So our owner in Vancouver is a guy that sold his business to Seagate. He's a software guy. His partner is Jeff Mallett who was one of the founders of Yahoo. He's in his late 40's or 50's and he's a very, very engaged guy, on a lot of our committees. We need to be thinking about how we manage the future investors, and the future governors if you will, of the sport. They're going to take it, way after I'm gone and way after some of our original owners are gone, to the next level.

ARTHUR MOORE: Well, it's a handsome list of 12 applicants. How long is it going to take before you figure out who the winners are?

DON GARBER: It'll be the end of the year. We have . . . Jonathan Kraft chairs our Expansion Committee. We have a meeting in ten days and we've met with most of the candidates. I'm traveling around to those cities fairly regularly. We'll pick two by the end of the year and then two thereafter.

ARTHUR MOORE: You're shooting for 28. You started with how many? 12?

DON GARBER: Ten.

ARTHUR MOORE: Ten.

DON GARBER: Yes. We'll be the largest Division I soccer league or football league in the world in '28.

ARTHUR MOORE: So I get the sense that you're sort of optimistic.

DON GARBER: I am an optimist by nature. I think if you're in the soccer business you have to be an optimist. You know it is an incredibly exciting, fulfilling role for those of us who work in the League to be engaged in growing the sport.

So Shawn Dennison is one of our communications guys. He told me walking over here, the senior communication staff have been in the League between 10 years and 22 years. Mark Abbott's been here 23. The woman who runs Admin and HR and Public Service has been here since our founding. So we have a lot of people that have devoted their entire careers to the League and you have to believe, but it's hard.

Our challenges are not just being the last one in and the weakest, if you will, of the other major leagues. You're also dealing with the European Leagues that have the opportunity to do what they want here. Dealing

with international leagues and confederations and things like the World Cup that come in in the middle of our season. We are . . . the beauty of our country is we are the most open market in the world, but the rest of the world is using our country from a soccer perspective, like we're an ATM. We have no control over. That's why we started. Some figured if we couldn't compete with them, we might as well buy them and own as much of it as we could to be able to raise the water level and feed at least the investment in the League and player development and the like.

ARTHUR MOORE: What attracted you to Minneapolis and Atlanta? Those are the last two entrances . . . is this their first year?

DON GARBER: Yes. Yes. I was in Atlanta on Monday and I'll answer the question but I'll just tell you things were happening in ways you like to take credit for but you can't. So I said at a speech on Monday that I was speaking with Arthur Blank for ten years before he ultimately decided to come into MLS. Arthur is just an unbelievably special guy and he's got a great vision for building a business. He built Home Depot. He obviously knows how to build a sports team. He's very connected in the community and he has young kids who play at the collegiate level. At our announcement he said, "I bought my football team for the city." Then he started getting choked up and he said, "I bought my soccer team for my family." There is a deep emotional connection. Commitment he has to his team and the sport that's paying off in ways we couldn't have dreamed of. We've had two games. We're averaging 50 thousand fans a game.

ARTHUR MOORE: Wow.

DON GARBER: So we have a very successful team in Seattle. We thought that was an outlier for MLS, and I still think it probably is. It's a unique aspect of what goes on in the sport in the pacific northwest. Here in Atlanta, it's bigger than that. The 30 thousand season tickets, it's more than Seattle had their first couple years. They just broke ground on, that's why I was in Atlanta, a 60 million training ground for their club. If you pick that up and you put it in Manchester city, Manchester or you put it in Milan or you put it in Torino, it would look like a top-level football team's training ground. It's spectacular. To think that 60 million is more than some of our early stadium's cost.

So there's something great going on in Atlanta. Atlanta's a big market. We were looking to capture the southeast. It's why we're talking and very engaged in Nashville. A lot of people live in the southeast. A lot of energy, a lot of companies are moving there. Many of them are international companies and they're bringing with them a connection to things more globally. Nashville's a great example of that, with all the car companies that are engaging there. Minneapolis is right smack in the middle of the northern part of the country. We were weak there. So we have a team in Chicago, a team in Colorado and then you have to go all the way west to Salt Lake and then to the northwest into California.

Our clubs travel great distances to play each other. So if you're in England, you take a bus. If you're an Arsenal player, you literally can take a bus and play most of your games, then be home for dinner with your wife and family. Whereas our Vancouver team is traveling 60 thousand miles a year and we're not chartering a lot, so they're getting on Southwest Airlines, and that's hopefully something that changes in time. So geography is a big part of it.

ARTHUR MOORE: I noticed that your Canadian teams are what? Montreal, Toronto, and Vancouver. That's a hell of a distance.

DON GARBER: Yes.

ARTHUR MOORE: Just in Canada.

DON GARBER: All three of them are very successful.

ARTHUR MOORE: Let's talk about 2022. Your media contracts end in 2022 and what have you got now? ABC, ESPN, and Univision?

DON GARBER: ESPN, Fox, and Univision.

ARTHUR MOORE: What do you do in '22?

DON GARBER: I think anybody who's in this sports business is feeling good about being in the live content business. I'm sure all of us know that. Our businesses have been driven by all of the energy that exists in those media companies. They have a wide variety of objectives and why they want sport's content. Some of them, they're not just related to the eyeballs that they get through television ratings. Even with all of these dramatic shifts, you can imagine we spent a lot of time thinking about that. We hired a guy a number of years ago that was one of the founders of the Golf Channel. Prior to that he worked at the NBA. He launched the Pack-12 Networks. He's now running Soccer United Marketing. A very

senior engaged person in the media business. So we are doing everything you would imagine to stay in front of all the technological shifts that are going on.

We just did a Facebook deal with Univision. We're the first league, of the five major leagues, to have regular season games going on weekly on Facebook. It's an interesting dynamic for us because . . . it's a Spanish language broadcast that we are broadcasting in English language on Facebook Live as opposed to having to hit the SAP button. Now our Univision ratings are as high as our Fox and ESPN ratings, which speaks to our . . . you know, 30/40% of our fan base is Hispanic so I feel very bullish about where we'll be in '23.

ARTHUR MOORE: Sticking with technology, you are going to use some technological assists for your refs.

DON GARBER: Yes . . . we're playing the world's game in the U.S. and Canada. The American, North American sports fan, is used to video review with tennis and hockey and every sport that people engage in. Football or soccer doesn't have that and yet in many ways the officiating community is almost like another constituency. They have their own political organizations. The rules are set up by that group. It's called IFAB. It's based in the UK. The League doesn't create those rules.

We did get FIFA's permission, like the Premiere League did, to create a company with our federation and the Canadian federation. It's called the Professional Referees Organization. It's actually based in the MLS offices. Those officials are trained and assessed and scheduled by an entity that's controlled by these three organizations. So we are at least a step closer to what the other pro leagues can do here. We pushed FIFA hard to be the League that would test video review and we will be the first league to roll it out after our All-Star game in August. We've been testing it quietly for the last year and a half. It's being tested every week now during this early part of our season. Red cards. A red card is when somebody gets thrown out. Penalty kicks.

ARTHUR MOORE: He's instructing me on basics.

DON GARBER: Nobody could talk to it like this, right? So, a number of things that we'll call "game changing decisions" can be reviewed. There have been a handful of them that have been done. There was an international event that took place where there were two plays that were made in a friendly between France and Spain, I think it was. They changed the game. A very well-known French

player scored a goal and they called it back. So, I'm expecting that it will at least have our owners less mad at the League for officiating . . . I think it's going to be great. I think it's going to be terrific.

ARTHUR MOORE: So is there anything that keeps you up at night?

DON GARBER: Everything keeps me up, right? I worry about the video review. I think soccer's a sport. Officiating is very, very judgmental. It's still going to be an official in the booth and he's going to have to decide whether he thinks that elbow was intentional or not. Whether that is a dive or not. I worry how the fan is probably thinking, and our owners. Players will think this is going to solve the issues that fans have with officiating. It won't. It's just going to address some of those issues. That's just one of 50 things that keep me and the rest of the staff up.

I do worry about security. I worry about it a lot. I think every manager of a public business worries about that. We have a unique situation of this suspension we're going to announce later today. Our fans are very close to our players. You've got supporters that are really, really passionate. We love that passion. We want them to have flags and paint their faces and have drums and all those things. They're getting close to our players and that's been a problem. The issue we have here, players were saying something to a goal keeper, inappropriate stuff. The goal keeper said something back, even more inappropriate, and then when the player walked out off the field, the fans were too close to him. So how do you manage this incredible passion that you have for keeping your players close, with the challenges of how close is too close? That's one of a hundred things that we spend our time thinking about. You make the best decision you can and live with it if it's a bad decision. You admit when you've made a mistake and move on.

ARTHUR MOORE: Back to your demographic, I don't take this personally, Don. Now we know it's younger and we know a significant portion of the demographic is Hispanic. Do you have a game plan for translating the enormous involvement of youngsters playing soccer to becoming fans who will watch soccer when they get a bit more mature?

DON GARBER: So it's interesting, for those who follow us. This is a good question and I've never been asked that question quite like that.

ARTHUR MOORE: You're not going to answer it.

DON GARBER: I'm going to answer it in ways differently than, "How do we get Hispanics to become fans?" and more

“How do you get the soccer playing grassroots community to become fans?” When the league was founded, the NFL guys thought about how all these people who are playing, 18 million soccer players, they’re all going to come to our games. Part of the challenge that the woman’s game has had . . . 50% of girls and boys, men and women, play. So if they’re all playing, it’s hard for them to go to a game because they’re on soccer fields all day long. So the idea that you’re going to get kids and families to be your fan base was the original concept and that concept was flawed.

What we needed were those engaged soccer families to grow up and become consumers and to become influencers so those 8 and 10 and 12 and 15 year olds or these folks here, might have grown up with the game and now they get it. They play the FIFA game, the EA game. They’re sitting around in college and what not and they’re engaging in the sport. They’re watching the World Cup. They’re watching Premiere League games because they care about it and now the millennial population, whether they’re Hispanic or not, are soccer enthusiasts. They care about it. Now we have to have teams that are authentic. Good stadiums that are marketing right. Players that those soccer-engaged people can believe in, to be fans.

Then as the consumer grows up, that’s our fan base. It is the youngest by far, almost 10 years younger on average than the other leagues, which is pretty remarkable. It’s not just fans, it’s that person who grew up who’s the head of Facebook and wants to get Facebook involved in our League because he’s a soccer fan. Or Sheryl Sandberg is a soccer fan. Or politicians. The former president of the United States, his daughters played soccer. So we were never invited to the White House to give our jersey to the president of the United States. Eight years ago we went and the National Team, the men’s and women’s National Team, were invited down several times because the president of the United States became a soccer family. That influence permeates through politics and corporations and throughout society. That’s ultimately what’s lifting the sport and why I would belong on professional soccer because it’s just the beginning of that. It’s just one generation. MLS is only 20 years old, so some of those folks here who are fans, they might have grown up when the League was founded.

When I was at the NFL as a marketing guy, the research we did said that it's the relationship that a family has, that shared experience, mother and father, son and daughter, centered around sporting events. The NFL's got the benefit of many holidays where families come together to share their love of their local football team. We've not yet gone through a full generation. Imagine when that generation grows up and their kids now are playing and they're taking them . . . come to a New York Red Bull game, because I did when I was 20 and now I'm going to bring my five-year-old. As those generations roll, that's going to be really good for us.

ARTHUR MOORE: Well, I hope I see the day when on Thanksgiving, there's a nationally broadcasted soccer game as opposed to the NFL stuff.

DON GARBER: Well, there is . . . but that's okay.

ARTHUR MOORE: Being an old fogie, when I said television I only think of the networks. In any event, I just looked around the room and . . .

DON GARBER: In stadiums, so it is.

ARTHUR MOORE: I just looked around the room. I want to ask one last question before we open it up to the audience. We've got a fair number of young people. I recognize a number of law students here. What do you look for in a young person when you're making a hiring decision. I suspect a couple of these people may be thinking of a sports career.

DON GARBER: It's clearly not one thing, and it isn't necessarily that you like our game. We want you to be curious. We want you to be courageous, to take risks, and to believe in our cause which is to create sort of a league for a new America. That is our positioning. We do believe that we can. The World Cup bid is a great example of that. That didn't happen by accident . . . that our league can sort of engage in all of these great and important things that are going on in our country. So we want you to believe in that. If it's just a job, probably not a good place to work.

We want you to be a good team player. We are in the sports business. Having worked in sports for 33 years now, those of our staff who work well in the sandbox but want to lead it, are much better than those who want to kill and step all over those people that they're playing with. Those people don't last very long in Major League Soccer.

I think there are enough people now that know our sport, and having some awareness of it actually helps. I don't know that . . . I said this to somebody the other day, "I don't think I would have been hired as the commissioner in today's world, if I didn't know anything about soccer today." The next commissioner, I think, is going to have to know it because of how complicated the sport is.

We're very diverse in how we hire. I think we're the most diverse of all the professional leagues, and we're very focused on that. We also ask our employees to give back. We have a service day next week and every employee can take the day off. We do some of it in an organized fashion. Some of it you do on your own. We do that several times a year, so we want to have people that are not just thinking about what they do every day. We want them to think about how they can give back in their communities.

So those are the key qualities. It's pretty easy to find people like that in today's world that have those qualities, fortunately.

ARTHUR MOORE:

Thank you so much for speaking. Thank you for coming everybody. Get home safe and happy holidays.