

Ricketts' ticket

By: Ann Saphir
September 15, 2008



A Cubs fan, Ricketts met the woman who became his wife in the bleachers at Wrigley Field

Thomas Ricketts, whose business acumen propelled his bond-trading company from startup to dominant player in less than a decade, wants to apply the same skills to his favorite baseball team.

One of five bidders for the Chicago Cubs, Mr. Ricketts meets this week with team management to learn more about the finances of the 131-year-old franchise. Friends and associates say Mr. Ricketts has been crunching the numbers, trying to pinpoint additional revenue streams he can squeeze from the team without upsetting fans.

Moreover, Mr. Ricketts' combination of deep pockets, low-key demeanor and respect for Wrigley Field tradition make him a leading candidate — if not the leading candidate — to buy the club from Tribune Co., friends say.

"I think he's going to wind up with the team," says Jim Bianco, president of market research firm Bianco Research LLC in Chicago, who invested in Mr. Ricketts' business, Incapital LLC, when it started in 1999. Privately held Incapital, also based in

Chicago, has underwritten \$150 billion of the \$200 billion of U.S. corporate bonds marketed to individual investors since 2001.

"One of the things Tom is really focused on is, 'What are the untapped potential revenues for the Chicago Cubs that would make me want to pay more for it?' " Mr. Bianco says. If he's better at identifying such revenue, "he could wind up outbidding the others."

How much Mr. Ricketts has offered for the Cubs and what he might do with the team and its revered but deteriorating home park isn't clear. He declines to comment. Even if he elbows out Mark Cuban and other bidders, Mr. Ricketts, who at 42 would be baseball's youngest owner, faces stiff challenges: squeezing more out of the Cubs than Tribune already is and renovating Wrigley Field.

Mr. Cuban, the owner of the NBA's Dallas Mavericks, reportedly offered \$1.3 billion for the Cubs, which would be a record for any U.S. sports franchise. The other three bid teams include Chicago real estate mogul Hersh Klaff, New York investor Marc Utay and Houston businessman Jim Crane.

Another round of bidding is expected later this month or in October. Tribune CEO Sam Zell, who put the team up for sale last year, says he expects to pick a winner by the end of the year. A Tribune spokesman declines to comment further.



A bid of \$1.3 billion for the Cubs would set a record for U.S. sports franchises. Photo: Erik Unger

Mr. Ricketts' father, J. Joseph Ricketts, founded Omaha-based online broker TD Ameritrade Inc., and the family fortune is estimated at \$2.6 billion, similar to Mr. Cuban's war chest (Mr. Ricketts' parents and three siblings are part of his Cubs bid). Along with financial wherewithal, Mr. Ricketts offers a lower-profile option for Major League Baseball owners than Mr. Cuban, who has drawn multiple fines from the NBA for criticizing officials and running onto the court. Three-quarters of baseball's 30 owners must approve any sale.

Tricky questions await the Cubs' next owner. The team already sells out home games at 41,000-seat Wrigley, and this year's \$116-million player payroll is the fifth-highest in the majors. That means a new owner will need to look for revenue growth from higher ticket prices or a major overhaul of 94-year-old Wrigley to add the modern luxury boxes the park lacks. Both run the risk of alienating fans.

Mr. Ricketts may also consider new TV and marketing deals, but wouldn't festoon the ballpark with billboards, friends say.

For inspiration, he may be looking to Boston Red Sox owner John Henry, who added seats above Fenway Park's towering left-field wall and who has celebrated two World Series championships since taking the helm in 2002.

Mr. Ricketts has met with management of the Red Sox and several other teams, people close to him say.

One of his goals is to make sure any renovation of Wrigley is done in the most "respectful" way possible, says Larry Berlin, who in 1987 hired him as a clerk at the Chicago Board Options Exchange. Mr. Berlin, an Incapital board member, says Mr. Ricketts takes a fan's perspective.

"When he was clerking for me, we played hooky a lot, and we went to Cubs games, centerfield bleachers, very often," Mr. Berlin says. "Wrigley Field is a sacred place, and you also need some modernization."

Mr. Ricketts left his native Omaha when he was 17 to attend the University of Chicago.

Mr. Ricketts, an economics major, and his friends "were the party-throwers on campus," says Curt Conklin, a college roommate. Mr. Conklin later pitched in with Mr. Ricketts to fund a U of C scholarship named for one of those parties.

After college, he briefly lived in an apartment above Sports Corner, a bar across from Wrigley Field, and later met the woman who would become his wife in the bleachers. He was an avid fantasy baseball player, spending hours putting together teams.

Today, Mr. Ricketts hardly looks the bleacher bum, showing up to his Wacker Drive office in a suit and tie. Last week, he flew to Washington, D.C., to talk with lawmakers about the effects of the government's rescue of mortgage giants Fannie Mae and Freddie Mac.

Mr. Ricketts also shared his team ownership aspirations with Ted Snyder, dean of U of C's Graduate School of Business, where Mr. Ricketts got his MBA. "What he stressed to me was that he loves the city, he's very committed to the city, and it would mean a lot to him," Mr. Snyder says.