



CHAIRMAN OF THE BOARD

Allan B. Ecker

THE U.S. POST OFFICE recently honored Frank Sinatra by putting the legendary singer and actor on a stamp. It sold out rapidly. For old-time's sake, I bought a sheet of the Sinatra stamps. The legend on the reverse side of each sheet is a condensed summary of Frank's achievements:

Frank Sinatra (1915-1998) is admired worldwide as a supreme interpreter of American popular song. Several of his recordings – including “In the Wee Small Hours” and “Come Fly with Me” – are considered classics. Sinatra also demonstrated outstanding acting ability in films such as *From Here to Eternity* and *The Manchurian Candidate*. (© 2007 USPS. All Rights Reserved.)



At the height of his fame, Sinatra hung out with a gang of entertainers that included Peter Lawford, Dean Martin, Jerry Lewis, Joey Bishop and Sammy Davis, Jr. They appeared together in a

Allan B. Ecker was a Paul, Weiss associate and partner from 1953 to 1977.

movie called *Ocean's Eleven*. They called themselves the "Rat Pack". They called Sinatra "Chairman of the Board".

That sobriquet was more than a joking recognition that Frank was *primus inter pares*. Though it is not generally known, the title originated from the fact that Sinatra was Chairman of the Board of Reprise Records, a company he founded as his own record label. Sinatra exclusively recorded on Reprise his carefully articulated, thoughtfully phrased, honest, unsentimental "saloon songs", such as "My Way" and "One For My Baby (And One More For The Road)".

When Sinatra sold Reprise to Warner Bros.—Seven Arts, Inc., a motion picture company controlled by Jack Warner, Frank retained a 20% stock interest. This arrangement was designed by Sinatra's astute lawyer, Mickey Rudin, who foresaw that the retained percentage could be a valuable lever if Warner Bros.—Seven Arts changed hands. But when Jack Warner sold the motion picture company to Eliot Hyman, a Canadian investor, Hyman made no effort to buy Sinatra's retained Reprise shares.

In 1969, Steven J. Ross, who had started in the funeral business, and then branched out into the car rental, car parking and construction businesses, decided to venture into his true love – entertainment and communications. Ross aimed high, approaching Eliot Hyman to make a bid for Warner Bros.—Seven Arts. It proved to be a difficult negotiation. While mornings went well, Hyman regularly drank himself blotto at lunch. In negotiations in the afternoon, he made generous concessions to Ross in exchange for reciprocal concessions, but the next morning remembered nothing of what he had given up the previous day. The upshot was that Ross adjourned all further meetings at noon. The usual rhythm of a continuous transaction being thus interrupted, it took twice as long to make a deal as it should have. But eventually Hyman agreed to sell Warner Bros.—Seven Arts to Ross.

There remained Frank Sinatra's interest in the Reprise Records subsidiary. Ross wanted Hollywood to accept him immediately as what island communities call a "belonger", an insider, and not to regard him as an upstart. His brilliant stroke: to buy Frank Sinatra's 20% stock interest in Reprise Records, while keeping Frank on as

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“Chairman of the Board”, and, of course, as lead singer.¹ Hollywood got the message.

Steve Ross renamed Kinney National Services Inc., his acquisition vehicle, “Warner Communications Inc.” It rapidly became a Fortune 500 company.

In those days, New York State imposed a prohibitively high stock transfer tax, based on the value of the transaction. But the tax applied only to sales of the stock of New York corporations, or to sales of the stock of non-New York corporations that took place in New York. It was the regular practice of knowledgeable New York lawyers and their Delaware-corporation clients to cross the Hudson River to Fort Lee, New Jersey. There, for a modest fee, a bank would make available a conference room where the paperwork to effect a stock transfer could be completed.

Warner and Reprise were both Delaware corporations. As a partner of Paul Weiss Rifkind Wharton & Garrison, representing Steve Ross and Warner, I proposed that little Hudson River jaunt to Frank Sinatra and Mickey Rudin. I even went so far as to reserve a conference room at a Fort Lee bank. But Frank had a more *gemütlich* idea. He had just built a lovely home for his newly widowed mother Dolly Sinatra in his old hometown, Hoboken, New Jersey. Why not have the closing of the sale take place there, instead of at some stodgy old bank?

So that’s what we did. Before the closing, Dolly insisted on showing us around. She was particularly proud of what she called the “Photograph Gallery”: a series of little shrines at which Frank was pictured with each of his four successive wives, Nancy Barbato, Ava Gardner,² Mia Farrow and Barbara Marx, and with a number of his numberless girlfriends. (Whether or not within the bonds of matrimony, they were all accorded equal status by Dolly.) We gave Mrs. Sinatra’s collection respectful and admiring attention.

¹ There were other important Reprise recording artists, among them Bing Crosby, Jo Stafford, Rosemary Clooney, Dean Martin, The Kinks, Joni Mitchell and Jimi Hendrix.

² Asked to explain the breakup of her marriage, Ava deliciously replied: “Deep down, I’m pretty superficial.”

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After the house tour ended, the serious business of the day took place. Frank signed the assignment form on the back of the stock certificate, transferring his 20% interest in Reprise to Warner Communications Inc., and handed the certificate to Steve. In return, Steve handed Frank a check for \$22.5 million.³ We all ate some of the delicious cookies that Dolly had baked to celebrate the great occasion. Then, in separate limousines, we headed back to New York, serene in the knowledge that we had lawfully avoided the New York State stock transfer tax.



³ According to Tina Sinatra's memoir, *My Father's Daughter*, Frank was a generous father. He gave \$1 million checks out of the Reprise proceeds to each of his three children, Nancy, Frank, Jr. and Tina.