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MLB Reacts to Cardinal's-Astro's Hacking Scandal

BY [ELISHA LERNER](#)/ ON FEBRUARY 20, 2017

On July, 2016, Chris Correa, the former Scouting Director of the St. Louis Cardinals, was sentenced to 46-months in prison, and fined approximately \$300,000.00, for hacking the Houston Astro's database in 2013-2014.^[1] He pled guilty to "five criminal counts for unlawfully accessing the computers and emails of Houston Astros employees to obtain scouting and draft information."^[2] Correa was charged with Unauthorized Access of a Protected Computer, under Title 18 and U.S.C. §§ 1030(a)(2)(c)&(c)(2)(B)(iii).^[3] He was immediately terminated upon the discovery of the breach. Correa's actions shook Major League Baseball, challenging not only his own organization's integrity, but also the League's. Correa introduced a new form of unlawful conduct and concern into the management of professional sports, and specifically the MLB.

The FBI began their investigation on February 15, 2015, and from the outset it was unclear how many, and who from the Cardinal's participated in the hack.^[4] After a year of "aggressive FBI investigations," and with full compliance by the Cardinal organization and the MLB, Correa alone pled guilty to acquiring passwords from former Astro employees.^[5] The passwords allowed Correa to repeatedly access both the organization's email, and a proprietary database called "Ground Control."^[6] The hacked servers contained the teams privileged information ranging from analyst reports and statistics, scouting information, contract details, to signed player information.^[7] Notably, the hack came during the "money ball" era of baseball, which describes a period of valuing player's through their performance data, player information and statistics.^[8] Correa was convicted of five counts for each of the five times he tried to access the Astro's systems.^[9]

As the criminal proceedings came to a close, the MLB was left with a gaping hole and had yet to investigate and assign penalties for unjust advantages. On January 30, 2017, Rob Manfred, Commissioner of Major League Baseball, announced that the findings of the investigations conducted by both the government or the MLB did not support the inference of co-conspirators in this hacking.^[10] Correa was the sole hacker. Factoring this discovery into the final resolution, Manfred announced that the Cardinal's pay two-million dollars in penalties, and relinquish their top draft picks (56th and 57th pick) for the June draft to the Astro's.^[11] Manfred also banned Correa from the MLB, placing him on the permanently ineligible list, effective immediately.^[12]

Manfred expressed that surrendering the draft picks are, "believed to be the most severe penalty of its kind ever given to an organization."^[13] Draft picks do not always result in actually finding athletic superstars, however, it is important to remember that while the odds do not guarantee rewards, these picks are not trivial.^[14] The Astro's are in a substantially

better position than the Cardinal's in the upcoming draft, the value of this difference is estimated at \$1.85 million.^[15]

Both teams have respectfully responded to the Commissioner's statements. Owner of the Cardinal's, Bill DeWitt said, "We respect the Commissioner's decision and appreciate that there is now a final resolution to this matter," The Astro's said, "This unprecedented award by the Commissioner's office sends a clear message of the severity of these actions."^[16]

The closing of this case marks the first instance of corporate espionage in North American Professional Sports.^[17] Correa's actions placed the integrity of the Cardinal's organization and the MLB at risk as criminal and internal investigations ensued, and the resolution arrived in the midst of two competing forces: the need for closure from the investigations spanning over one year, and arriving at a fair and just punishment. No reasons have been put forward to question either the FBI or MLB investigations, yet some suspicion remains as to the full depth and scope of the hacking.^[18] Without any prior cases, it is especially difficult to evaluate the quality of the resolution.^[19]

The severity of punishment reflects the value placed on intra-team deliberation strategies that have impact on the outcome of a season. But, insofar as this is the first incident of its kind, there is no certainty what the effects of this resolution will be. The question remaining is whether this will be sufficient to deter potential harm resulting from hacking and unlawful conduct in the MLB and broader area of professional sports.

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^[1] Tyler Kepner, *Cardinals to Suffer, but Former Executive Bears Brunt in Hacking Case*, The New York Times, (Jan. 30, 2017), <https://mobile.nytimes.com/2017/01/30/sports/mlb-st-louis-cardinals-hack-houston-astros.html>.

^[2] Zach Zagger, *Ex-Cards Scouting Head Pleads Guilty In Astros Hacking Case*, Law360 (, <https://0-www.law360.com.ben.bc.yu.edu/articles/744412/ex-cards-scouting-head-pleads-guilty-in-astros-hacking-case>.

^[3] H-15-679

^[4] See Kepner, *supra* note 2.

[5] Bill Campbell, *Baseball Hacking: FBI Is Looking Into Possible St. Louis Attack On Houston Astros*, NPR (June 16, 2015), <http://www.npr.org/sections/thetwo-way/2015/06/16/414931667/baseball-hacking-fbi-is-looking-into-possible-st-louis-attack-on-houston-astros>.

[6] *Id.*

[7] See Kepner, *supra* note 2.

[8] *Id.*

[9] *Id.*

[10] *Id.*

[11] Allison Grande, *MLB Makes Cardinals Pay Astros \$2M For Database Hack*, Law360 (Jan. 30, 2017), <https://0-www.law360.com.ben.bc.yu.edu/sports/articles/886353/mlb-makes-cardinals-pay-astros-2m-for-database-hack>.

[12] *Id.*

[13] See Kepner, *supra* note 2.

[14] *Id.*

[15] *Id.*

[16] Grande, *supra* note 10.

[17] Jon Schuppe, *In Sport Rich With Cheating, Cardinals May Have Broken New Ground*, NBC News (Jun. 17, 2015), <http://www.nbcnews.com/news/sports/sport-rich-cheating-cardinals-may-have-broken-new-ground-n376561>.

[18] Correa tweeted in response to the resolution, that the results of the investigation are improper. The Astro's hacked information from the Cardinal's in 2011. His response further criticizes the validity of the sanctions. See Chris Correa (@chriscorrea), Twitter (Jan. 31, 2017), https://twitter.com/chriscorrea/status/826435422834266112/photo/1?ref_src=twsrc%5Etfw.

[19] Lindsay Adler, *The Cardinals' Hacking Scandal Stands Alone In The History Of Cheating In Baseball*, Deadspin (Feb. 1, 2017), <http://deadspin.com/the-cardinals-hacking-scandal-stands-alone-in-the-histo-1791874131>.

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