

TRANSCRIPT OF INTERVIEW

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WEEI: Hour two, Dennis & Callahan. If you've been paying even a little bit of attention to anything. You're aware of the 38 Studios plight in Rhode Island and Curt Schilling's company. **Curt Schilling** joins us in the studios. Good morning, Curt.

SCHILLING: Good morning.

WEEI: I would ask how you're doing but I think I have a pretty good idea about that. Instead I'll start with this: When you embarked on this adventure, when you embarked on this business idea, I suppose as you write a business plan, you sit there and think: what's the best it can happen and what is the worst that can happen? Did you consider what the worst could possibly be, and did this scenario ever enter your mind pre-launch?

SCHILLING: Well you always think about it, you have to plan, you have to consider things. You know this was always a potential, but it never in my wildest dreams did I ever expect they'd be either here or close to here up until about two months ago. And then, you know, it all happened so fast and - and it's just been - it's been kind of a surreal, you know, 60 days / 75 days.

WEEI: Yeah, I was gonna ask you, what - what has it been like for you and your family and your employees watching this thing play out so publicly? Like a bad movie? Like a nightmare?

SCHILLING: All of it. Yeah, all of it. The - the - The employees got blindsided, there - there - there was no uh - You know, one of the many, many mistakes I think

that was made or that I made or that we made it is a – it's a leadership team was - was that this – this came out of nowhere for them.

WEEI: Mm.

SCHILLING: And – and, you know, in all honesty we never -- You know they – they - found out because Governor Chafee made a comment on Monday night about 7 o'clock, a public comment which neither side had ever publically commented on anything we were doing, and it was based around keeping the company, he used the word “solvent,” –

WEEI: Mm hmm.

SCHILLING: That word –

WEEI: Red flag.

SCHILLING: ...was – Yeah. It was an enormous problem maybe for us. But the employees had no idea, and payday was the next day, and they didn't get a paycheck. And – and it just - it just went downhill from there.

WEEI: Personally this went haywire for you; politically it went haywire, and certainly first and foremost from a business standpoint it went haywire. Let's start with that overview: what happened business-wise that had this thing circling the drain unexpectedly?

SCHILLING: Well, we – we - If you look at the – at the original documentation around the – the bond offering, one of the – the - one of the going concerns from day one, and it always was something we were – we were cognizant of was there needed – we needed to raise capital, a final, what we call the final trunch of capital –

WEEI: Mm hmm.

SCHILLING: ...between the Rhode Island money and – and my investment in the launch of the – of the - - the, MMO. And you know we tried for - for a long time to do that, and it didn't come to fruition. And it's - you know, the challenge is – and – and I – I – I can understand people, you know, questioning validity of – of the comment, but - but the - the scenario and the landscape had changed in the la- in the final probably four to five months dramatically. We launched our first game in February: incredibly well-received; out-performed -- lifetime sales expectations in its first 90 days. So the context and the velocity of the discussions that we were having changed dramatically, and we were in a period of time where we felt like – and we were comfortable with the thought that sometime between mid April in the end of May we would either get it a term sheet or more than one term sheet or – or find one, if not one more investors, and the conversations were around those things.

WEEI: Mm hmm.

SCHILLING: At the same time, the studio down in Baltimore had a - literally we were - we were awaiting literally a Tuesday morning meeting to get a final sign out for a about a 35 to \$38 million publishing deal for the second game for "Reckoning," the second game - the - for - for - or from our first game. And the next morning. The - late the next day after - after the public commentary, the con- the discussion ended completely. It went from kind of a - a what was just a, a kind of a cursory meeting to - to - to give the final pr- har- they - they had already done all their due diligence, and we were - we were talking in detail about terms and completion, and the conversation ended immediately. And - and I knew then we were - we were in - in a world of hurt, but it di- you know - The - the challenge, in - in - in - - first of all, again, the employees got blindsided: they didn't deserve it; it was not how we ever did business with - We - we - the employees were everything, that was - that was what the company was --

WEEI: Mmm.

SCHILLING: ...and it was about. And we were never concerned. ... And I - I don't want to say "concerned," we were never worried about actually getting the money to make the payroll, that was - we were just assuming that there were semantics and some people were getting involved and - and negotiating for things during the discussion around the tax credits just for that reason. And then it became a potential reality that we weren't actually going to get the money and - and I had already funded the company too as far as I could go.

WEEI: Mm hmm.

SCHILLING: And - and it just kind of spiraled out of control.

WEEI: Are you - are you busted now, are you broke?

SCHILLING: I'm - I'm tapped out if - if that helps.

WEEI: So you didn't walk away with -

SCHILLING: No.

WEEI: ... with anything.

SCHILLING: No. No, I put everything in my name was in this company. I - I - I - it - I - I - I believed in it, I believed in what we had built. I mean I um, never took a penny from this company: never took a penny in salary, never took a penny for anything. And um - but it - but it was - it was - it was different, it was - it - What we built was so incredibly different from a company perspective, and what we had was - was a- it was amazing. I mean, it was - it was - I think it

was a dream place to work. And, you know, you'd have to ask employees to – if whether that was true or not, but – but everything we did was built around taking care of – It w- they – it was a lot of lessons I had learned in my career. We – we - we spent five-and-a-half years building a place that - that wasn't a place to work, it was - it was a place to - to belong.

WEEI: Mm.

SCHILLING: It was a very different place, and - and we had invested our - all of the time and money into to making that, and - and we had that.

WEEI: How much of your money did you lose in this venture?

SCHILLING: I - I put in just north of \$50 million dollars I think when all is said and done. I don't have an exact total, I – And that's still – I'm still trying to figure out exactly what the dollar amount is.

WEEI: And got none of that 50 back.

SCHILLING: No. No. Unh unh. I – It was all – all – And - and, you know, it – it, it – I - I don't - It's - it – I don't - I don't want to – I – I mean obviously it's – it's been a challenging couple of months, and, and I couldn't imagine this, but I – I don't - I'm not asking for sympathy, I – I – I – I made - that was my choice –

WEEI: Mm hmm.

SCHILLING: ...I chose to do this, I wanted to build this, I wanted to - to create the jobs and create something that had a very longstanding world-changing effect, and – and I thought we – I mean we were close and we were – we were close to getting there, and it just, it fell apart.

WEEI: Did you follow your heart too much and not your head? I mean, you can - and you made the comparison to your career. You could be passionate about baseball; you can be emotional. Were you too emotional about this company and not – and – and - and – and maybe ... For an example, you talk about how much your employees made, and - and how nice the studio was: were these things that maybe you went overboard on?

SCHILLING: Well, no. No. Jerry, the – the – the - the thing was we - we didn't - if you look at what we - we paid our employees, we didn't out-pay people, we didn't - we didn't buy employees, it was – we - we paid them a very competitive salary in the industry, and they're – they're - they deservedly make a lot of money. I think our average salary in the city was \$86,000 a year.

WEEI: That seems a lot.

SCHILLING: It is.

WEEI: When people hear that—

SCHILLING: It is—

WEEI: ...they say that's a lot of money.

SCHILLING: But these are kids that are unbelievably talented, and - and can work literally anywhere they want, and we were a pre-revenue start-up, and, and so to get them to come to - to work with us and for us, they had either a) be paid more, a lot more than they were currently being paid, --

WEEI: Mm hmm.

SCHILLING: ... or be- believe in what we were building. And we weren't going to overpay them, and we didn't, so - so, you know, we put together an incredible place to work and we - we are the - we have an incredible health and - and benefits plan for the - for the employees and we went overboard to - to take - Not overboard, but we did everything we could do to make sure that they understood that they would never work for someone that cared more about them than - that we need.

WEEI: So that wasn't a mistake to - to pay them what you paid them to, yeah, invest -

WEEI: Relocate them .

SCHILLING: We had - And that's - that--

WEEI: ...and not be more frugal?

SCHILLING: That was the only way we could get the - build the team that we built was—

WEEI: Right.

SCHILLING: ...to - to - to do the things. And listen, there's -we absolutely made mistakes, but it - I've - everything I've ever done in my life has been from my heart. And that - I mean that was why I - I didn't - I was able to do I was able to do I think in October, and that was why I was the pitcher I was, because I feel like, you know, my heart pushed me to do some things that... I might not have otherwise done if I was using my head. But, you know, to counter-balance that I surrounded myself with - with incredibly intelligent people -

WEEI: Right.

SCHILLING: ...in the software business and allowed - You know, because this was, you know, it was a place where - where I worked, and, and I was at the office every day for five-and-a-half, almost six years. But - but I had leaders, and,

and I allowed them to lead and -and - do what – what it is they were supposed to do.

WEEI: So what went wrong?

SCHILLING: We didn't raise capital. We did not raise private – we didn't get private capital. And that - At the end of the day when you look at all the things that we did, you know, I – I - I'd put all the money I said I put in, I – I... I guaranteed the things I guaranteed from a loan perspective, and I never took a penny out, and we spent the money exactly how we – we defined in all the documentation with the state. And the one thing that we always listed as a going concern, we couldn't execute on, and we could not raise private capital. And um, for - for a litany of different reasons I'm sure if you ask anybody they'll – they'll give you one or – one or more reasons, but, the hard part and probably the most painful part was we had for the first time in five-and-a-half years were so close, and it just didn't work out.

WEEI: Governor Chafee's comment about solvency, did not immediately flip the landscape?

SCHILLING: Oh yeah, it - it changed, drastically changed. And –

WEEI: And that \$38 million dollars you're going to get the next day went away –

SCHILLING: Yeah, ... deal--

WEEI: ...as a result of that...

SCHILLING: Yeah, all the conversations that we had, stopped at that point.

WEEI: All right. So my question to you is: did he do that intentionally? Was it a slip of the tongue? Was there - was there malice aforethought here?

SCHILLING: I – Well I think you'd have to ask him, I – you know, I – I – Listen, if you look at the last 60 days and you take every comment that the State of Rhode Island made, - And The - the other challenge is that when you - when I say "the State of Rhode Island," I'm – I'm talking about very few specific people, I'm not talking about the taxpayers, and – You know, I think that was one colossal mistake that we made from the outset was not engaging the Providence community, and bringing - literally having - if we needed to have open house, bringing them in to let them see what it is that we were doing.

WEEI: Mm hmm.

SCHILLING: And we were - we were - we were incredibly silent to the point where it caused problems. You know we had our grand opening at a store in Mass. for the launch of our game. Unbeknownst to anybody that wasn't our call, that was

the s- GameStop was the – the store where we had open – where we had the opening, and that was their decision on where we would do that, We wanted to open in Providence locally because that's where we belonged, and ...we made mistakes like that, we just didn't – we ...didn't engage the local community enough to get them to see what it is we were doing. Because we - we have 300 people in the studio who were out in the business community every day at lunch. I mean, we made an impact on that local - in the technology district, a dramatic impact from the day we moved in.

WEEI: Do you think Governor Chafee was disappointed when 38 Studios bailed?

SCHILLING: No. Not at all. No, I - I think – I think he had an agenda and – and executed it.

WEEI: And, and 400 people are out of work.

SCHILLING: Well, yeah, I mean they were. I – I think a majority, if not all or most of them. Again, we had an amazing, amazing team and *Epic* came in at the 12th hour and picked up our entire – almost our entire Baltimore studio as a team. And most - a lot of the - the employees in the - in the Providence studio found work elsewhere. That's - And that's been the hardest thing is I've been in touch with hundreds of them on a -- on almost a daily basis and ...

WEEI: You don't see too many disgruntled employees, and I -

SCHILLING: Well, --

WEEI: ...I've seen –

SCHILLING: And they have every right to be.

WEEI: I've seen reporters—

SCHILLING: Yeah.

WEEI: ...actually trolling on Twitter saying, “Call me.” And I've seen a reporter do this: “Call me if you're –

SCHILLING: Yeah.

WEEI: ... laid off, a fired 38 Studios employee and tell me your story. And I've looked for them; you don't see too many employees saying Schilling screwed us.

SCHILLING: They - You know, God bless them, they have every right to be upset. I mean I always told everybody if something we're going to happen, you're going to have a month or two lead time. And I bombed on that one in an epic fashion. And, again, you know, the – there's so many real life stories. You know, people talk about a lot of the incidents that came out in this, you know, we –

we - that we fired everybody by email. Which we ended up terminating people by email, but the reason was that at that point they hadn't received a paycheck in almost three weeks –

WEEI: Mm.

SCHILLING: ...and people were - were out of money. And so there were people that drove an hour-and-a-half both ways to work, and - and they couldn't get to work on a - if we weren't going be able to pay them, and – and – and, you know that we left them without health care, which we didn't. We - we were working diligently at the end to make sure that when -we did it right to make sure their – their he- their healthcare extended past when it was and- and, you know we – we had pushed payables like – And if you talk to entrepreneurs and you talk to business people you – you always want to be caught up on your bills. But you get to a point where you – you'll push things, push payables a month, you'll pu- you know, you push your credit card a month, this and that, we had pushed payables to the point where it was – it was – it was potentially a damaging situation, and – and – that's why again, if we had thought for a second we weren't going to get –tax credit money, we – we – we – it would have been a different com—It was never a consideration.

WEEI: All right, I want to take a - I want to take a 90-second timeout, and I want to ask you about the tax considerations, the loan guarantees, the move for Maynard to Rhode Island, also burn rates as well. Plus we're going to open the phone lines and let you talk to Curt: (617) 779-0850, toll-free number (888) 525-0850. Curt Schilling with you, next.

(BREAK)

WEEI: Welcome back Dennis and Callahan on a free forum Friday. **Curt Schilling** in studio with Dennis and Callahan, we'll open the phone lines and let you talk to Curt if you so choose: (617) 779-0852 / toll free, (888) 525-0850. The loan guarantees, Curt, did the – the lure of the loan guarantees from Rhode Island in any way quench your thirst for seeking out venture capital money?

SCHILLING: Are you talking about the tax credits?

WEEI: Yes.

SCHILLING: No, I mean that was part of –

WEEI: Not the loan guarantee, the 75 million.

SCHILLING: The seventy f- Oh, absolutely. I mean I had put at that point about \$30 million dollars of my own money into the company, and we were looking for ca-- we were looking for investment. And - and when they approached us and talked

about this deal, I mean obviously, it was incredibly attractive because we would have the state as a partner.

WEEI: Mm hmm.

SCHILLING: ... initially thought we would have them as a partner. And - and there are - I mean this is one of the private venture hubs of world, Boston / New England area and California. And - and - and initially that looked like it would be a huge boon because we would have them in our corner and working with us and ... for us, and ...it just never ever materialized I mean they - you know, when we initially signed the deal, you know, the EDC board is - is I think at 12-member board, and the governor can turn over half of that board, so we knew that that some of the board would be moving in and out, which was why we - we made sure up front - when we - when he signed the deal a couple years ago, we told them, you know, they were in first position for all the debt in the senior position so-called, and we made it clear to them at some point we're going to come back and revisit this. Because you're not going to have a - there's no publisher in the world that's going to sign a deal or an investor that's going to subordinate debt. And that was a -that was a very easy conversation to have initially, and when we went back have that conversation last year, it wasn't on the table. And, you know those were hurdles we saw at the outset, but we always envisioned being able to get past them.

WEEI: How do you - how do you go to -- what makes you go to Rhode Island? They call you -You're in Maine and everything's - and you're happy and everything's working out, do you have somebody seeking out one of these deals?

SCHILLING: No, we - it was a conversation that I had with Governor Carcieri, and - at an event for the Band of Brothers. We - we were discussing, and I was talking about my company and we were looking for -for private funding and they were looking to create jobs, and we - we - it was a conversation that we had and we just rolled off of that, and I ended up talking to a couple other people, and - and it just - it just, it came up, and - and we tried to put together a deal that would work that would a), create jobs, and b) help the company with- with payables, with just payroll and development, and - and that's where we ended up.

WEEI: Is there a specific - was there a specific person or group of people in charge of burn rate and did they not do their job well?

SCHILLING: Well you know, listen I - I made a lot of mistakes, and - and I think one of the mistakes is a company that we made. You got to - there were - there were two approaches to this when we first settled in: there were milestones that we have to meet to get the money to draw down on the money. They didn't want to be in the business of software development, so we didn't want to tie those milestones to the product achieving specific places because they didn't have

expertise on staff. So what we did was we - the logical step was to tie them to job creation. In hindsight, that was a big mistake because we ended up putting together a staff ramp that had us ramping up far too fast. And basically, the money they were investing in the company we weren't allowed to use as we needed to use it to ... we had to use of the create and pay jobs. We got too big too fast. And you know, looking back on it, that was - that was probably one on the mistakes that was made right from the outset.

WEEI: As far as Chafee goes, was it him – him? Obviously was against it, so was it like vindication? Why did he want – Did he -do you think in a way he was standing up saying: See, I told you so?

SCHILLING: Well, he did, he - And you can - I mean I'm not making that up, you can go back and read over the last sixty days, his comment. I mean and that – that was the - one of the challenging parts was again, this was our partner – supposed to be our partner, and – and there was not - You know, our first game was a failure. This is not a business --

WEEI: So these are his words.

SCHILLING: Right. And –

WEEI: That's true, we had that story out one day, and in the same story where he says the game's a failure, you have an analyst of the industry, a video game industry analyst saying it was a success.

SCHILLING: Well, *Electronic Arts* actually put a quote out in rebuttal to his comment because they – they said, you know, he said enough we actually now need to comment and make sure people understand that's not the truth. And - and so, as an investor if I'm looking at a potential partnership with this company, the – the - the senior debtor, which is the State, and the biggest partner is - is downplaying the partnership and downplaying the company to an - such a place that I've got to be concerned about becoming partners with them.

WEEI: If you - if you were publicly held company, your stock would have nose –

SCHILLING: Well, - well they – Yeah—

WEEI: ...a no--

SCHILLING: ...it wouldn't have been something somebody – I mean, I would imagine you would have been able take action against somebody saying something like that about your company.

WEEI: So do you think he'll run on this, is that is motivational ...?

SCHILLING: Well this is an I-told-you-so, absolutely. I mean, this is - this is absolutely: If-I had-been- here-this-wouldn't-have-happened, and I-told-you-so, and, you know, I guess that's okay. I don't know.

WEEI: All right, let's open the phone lines, and give you an opportunity to chat with Curt Schilling.

(QUESTION AND ANSWER SEGMENT)

WEEI: Gloria kicks off from East Providence. Hey Gloria, good morning.

GLORIA: Good morning, good morning everyone, and good morning **Curt Warner**.

SCHILLING: Good morning.

GLORIA: I'm - I'm interested in finding out if your relationship with **Epic Games** is really where the intellectual property that the people of Rhode Island paid for it going to end up being –

SCHILLING: You know, I...

GLORIA: ...MML.

SCHILLING: Right. Gloria, I - I don't have the answer to that one. We filed Chapter Seven. The trustee that was appointed to oversee that is, it's my understanding that they are con- total control over every asset that the company owns and controls. And so, all of the technology that was created in proprietary in Baltimore, all of the IP and property that was created in Providence now is in tr -- the hands of trustee to – to – to go out and try and monetize to money for the State.

WEEI: Frank's on Somerville. Frank, you're next with **Curt Schilling**.

FRANK: Hi Curt, I'm just curious about the time line. You were - you were talking about Governor Chafee making those comments on Monday that basically ruined everything.

SCHILLING: May 14th I believe was the date.

FRANK: I think it would really, you know, help people to kind of be in your court if you talked a little bit more about who you were meeting with on Tuesday, and - and where this money was going to – to come from. You know.

SCHILLING: Right.

FRANK: If you were so close to either getting the state film tax credits or this big windfall,

SCHILLING: Right.

FRANK: ...who - where was this money coming from?

SCHILLING: You know what I – I – it ... it's a pul- a well known publisher, and I – I – I don't know that that it would be okay for me to mention their name. I would imagine if something were to happen and that would have to come out, it would come out, but - but it was a publisher the - one of the - one of the probably four or five biggest publishers in the world. Not - not the original pub- It was not *Electronic Arts*, it wasn't the original publisher of the first game. But it was – it was one of the four or five biggest publishers otherwise.

FRANK: And – and when - I'm curious too, it - it seemed from reports that you had missed payroll before that –

SCHILLING: No.

FRANK: Are you saying you didn't miss payroll (inaudible)...?

SCHILLING: No, no, no. Right. So that was - the comment was made on Monday the 14th I believe – if I'm – if I'm not mistaken, it was Monday the 14th, right around that day, the 14th or 15th, and the following – that next morning we – we – payroll was the 15th, and we were in discussions – And that –that publishing deal had nothing to do with us making or not making payroll. That publishing deal was a – a deal that would end up making the Baltimore studio a neutral burn. We – it would cover the cost of that studio for the next two to three years, which reduce the burn rate overall for the company. The... payroll piece was all tied – and – tied to the tax credits, which we – about a month prior to that, mid-April we were in the final stages and processes of – of finalizing and finishing, and and we assumed would be done within a week of mid-April. And then we got the default letter, which was another, you know, kind of a stunning incident: we – we -- they knew a week before that – that – that wasn't - we were not gonna be make - we had a meeting, and we told them, you know, cash is tight, as our partner, we- we, you know, what -here's where we are, and I - we made a mistake, we didn't specifically ask them to give us an extension. And we just assumed based on the conversation that they understood we won't be able to make this payment on the first, but in - sometime in the next 30 to 45 days we should be comfortably able to make that payment along with everything...

WEEI: Was that – was that when the check allegedly ... bounced?

SCHILLING: No, that was - was actually - So - so what happened was the first came and went, and, and the 4th, which was the Friday of the -that May –

WEEI: May.

SCHILLING: ...we got a default letter, which completely blindsided us. And the default letter triggered a lot of other things: we were then immediately ineligible for tax credits and all of this other stuff and we were actually confused as to why we got it, because again, this is our – our partner, and we're trying to work together to make the company successful. They had every right issue it, and ... we've never argued that, but we just assumed based on the conversation –

WEEI: That they had your best interest at heart.

SCHILLING: Yeah. Absolutely. And so we ended up having multiple discussions. They came back and – and came to the table, and, you know we have a litany of e-mails and where we made multiple agreements in different places: they came back they want an equity; they wanted other things, and we -we acquiesced everything, and we had an agreement multiple times. And then the fraudulent check story popped up, and – and - and that was probably - that should have been the final red light that they -- somebody is doing something very evil here. And that whole story was we had to make the default payment, and – and they – and we have had a couple of special meetings with the EDC, and I told them that I couldn't - they kept just saying – And, and for awhile I – they – they were playing a – a poker game, they believed I had money and just wasn't putting any in the company, and I said I can't do that. And the next night, what we did was we had an investor step up and offer the money based on the State giving the tax credits. And we had our CFO go over to the EDC with a 1.25 million dollar check. He announced he got there: this check does not have sufficient funds. When the certification is acknowledged, and the money – the, the, the buyer and seller will wire the money into our account; at that point the check will be covered; we will give it to you. They - we literally had people on the phone: we had counsel; we had our – our, the buyer, seller and our -our people on the phone, and we were all - it was - it was - it - 'cause this was the last minute thing, we had to have the money in by the wire that day, this was, this was panic time, because now it was really - we may not actually get this money. And the person representing the EDC hung the phone up. Just hung the phone up in the middle of the conversation. And 15 minutes later they issued a press release saying that we had s-issued a fraudulent check. We never issued – we never handed a check to anybody. Our CFO came back to the company with a check in his hand and told us exactly what had happened. And then that's - that was just - that was when it started to become very surreal and, and – and I started to realize that there was something not good going on.

WEEI: That more than a few people didn't have your best interest.

SCHILLING: Absolutely. And- and – and at that point now - now it's a little bit of panic because now they're – they're – they're making comments and - and

statements about us that we're - we had committed, basically, check fraud, and - and that was not the case. And, you know, that story comes out and then it's that we, you know, we -- we defaulted on the payment, we tried to issue a fraudulent check, neither of We did default on the payment, but – but everybody involved knew that that was going to happen. And we didn't issue anybody a fraudulent check. And so now it's like: do I say something publicly because -- one of the things that's happened is I've been, you know, un-fathomably quiet for - for two months, which is not how I'm made. But – but short of being able to us to talk through things and I couldn't do this in sound bites in – in column inches and - and there was so much going on, and this was changing every 30 minutes. And most importantly to me was my team and their families were being blindsided by something that was going to be a life changing thing, and these are good hardworking honest people...

WEEI: Live changing will take me to my next question. We're gonna take a brief time out. The phone lines are absolutely jammed. Blaine, Joshua, Justin, Donna, John, we'll get to all of your questions for Curt Schilling: I want to know how this has changed your life. We'll be right back.

WEEI: Dennis & Callahan on a free forum Friday: **Curt Schilling** in studio. (ANNOUNCEMENT)

WEEI: Hey, did you know Curt that loan guarantees, tax credits, any economic assistance at all was just for liberals, were you aware of that? Because as soon as this broke. and that's what I gotta answer every time, oh, it's hypocritical for a small government conservative to take any economic assistance, and we know – And, hell, there was a story in the *Globe* the other day, front page, of all the companies on the waterfront and how much – and how much have taken in loan guarantees, tax credits, whatever, you know, how much the city, the state, the government has invested in them, and I assume they're all being run by liberals, because conservatives aren't allowed to take --

SCHILLING: Well you – Listen Jerry, --

WEEI: ...help.

SCHILLING: ...this is - I don't know, because I've heard that as much as anything about me being hypocritical. I'm not sure where my - my stance and, and, and opinion in that we need a smaller government; I don't know how that correlates to this.

WEEI: Mm.

SCHILLING: You know this was – You know one of the amazing things, these tax credits that that -which were for 2011, were unclaimed tax credits. When the new budget gets passed, that money is lost, and no one had applied for it. And -

and – and - and honestly, if you're looking at how ta- film and tax credits work, or entertainment and film and tax credits work, generally it's a transient company that come from out of state, come, shoot a movie, leave, and go home.

WEEI: Mm hmm.

SCHILLING: ...and - and the money that they will accrue or acquire from the tax credits is money that won't be spent locally. They're - From - from a - from a pers- if you can - The argument: if you don't like tax credits or you don't like the program, that's a completely different argument, and I understand that and if you have a problem that. The program was there for local businesses to use, and in – in a sense we were a dream company to use them because we were local: that money was literally coming out of the budget into our company and going right back into the local economy. Our employees live in Rhode Island, spend the money in Rhode Island, and - and 99 percent of tax credit money was for payroll and development, so all that money was spent locally for rent and all the things that you do to - to keep a company running.

WEEI: Before I went to break I said I wanted to ask you about your family, and – and - and your life: How – how has this entire experience changed the Schilling family? You –you – you –

SCHILLING: Wow.

WEEI: ...in particular and the family in general?

SCHILLING: I – I don't know, I - I really d- I mean it's not over yet: I don't know, or I would imagine that the next foreseeable period of time in our lives is going to be consumed by this. And, you know, becau- And again, I ... I see some of the texters commenting. I - I am not blameless here, and I think I've said it a couple of times, I absolutely am – am part of the reason that this failed, and I sh- as the leader of this company, I ...I, as much as I hate to – to have to – to have to take it, it's on me. And – But, you know, I – I sat down with – with – with my family and explained about a month ago, in – in a – to them that 38 Studios was probably going to fail and go bankrupt and that the money that I had earned and saved during baseball was probably all gone and that it was my fault, and that, you know they might start hearing some things in school and - and things like that. But it was - a conversation I – I certainly – And, and, and let's be clear, we're not talking about terminal illness or, or somebody dying, this is – it - it's - it's - but it's a life changing thing. And, you know, it's not a conversation I'd wish on any father or on anybody. But - but I had to do it and - and explain to them that that this was, you know, part of growing up is being accountable, and this was my decision to do this, and – and I failed, and now life would probably start to change and be very different for us. I - I don't know, honestly, how it's different or how it's gonna, it's - you know obviously, you know, people are – are saying things about me and

about us that - that aren't flattering, and, you know, for whatever that's worth, but – but, you know, life is going to be different.

WEEI: Will – will you be back on ESPN?

SCHILLING: Ask Ian, When?

WEEI: Will – will you be back? When...?

SCHILLING: I – I – Well, we – you know, we had a - we had a discussion and - and we mutually agreed that we would - we would back off and - and let this thing play itself out.

WEEI: Mm hmm.

SCHILLING: So.

WEEI: Does the anger and vitriol surprise you?

SCHILLING: No. No, no, no. No, I mean down –

WEEI: How about the – the, the joy in the...

SCHILLING: No, because it's - it's, you know, ... this is - this is - I've - I've heard some of this before and - and from the comment in '04 that I've never ever been able to walk away from, I've always heard things like this. And it – I – I'm - You know, it - it's - it's painful to hear people wish and hate - I mean, I – I - I've – I've been in a lot of situations in my life and, and in probably the - the 15 or 16 years since I've - I've become a Christian, I don't know that I've - I've ever said I hate somebody. I - I dislike people and I have problems with – but I don't hate. It takes too much energy to hate. But the amount of hatred is ... surprising. Given that – that I've never hit my wife, I've never driven drunk, I've never taken drugs, I've never done steroids, I've never - I've never done things that a lot of people have done. It doesn't mean I'm faultless, I – I – I make mistakes every day and I've done and said a bunch of stupid stuff in my life, but I've never done it maliciously, I've never done it with ill will or evil intent. I believe I've always have a pretty good heart and tried to be good to people. And - and it - it's surprising to some extent, but when you see how other people get put -- And - and part of it is - is the God-given ability I was given put me in a place that not a lot of people get to. And I've always been incredibly appreciative of the fact that I got to experience what I experienced when I played baseball, and - and I thought I was doing something good, incredibly good. I mean, I - I created a company and wet created 400 jobs in the worst economy of our lifetime for over five years, and we were, in my mind, we were on our way into building a – literally, a world changing company. And, you know I -- I made a comment when – when I founded the company I wanted to take a shot at getting Bill-Gates rich, and a lot of people

will roll their eyes and have said things about at - at the outset. And the – it wasn't the - for the reason people think, it was because to open up the Shonda Schilling Center for Autism Research for a quarter billion dollars, you have to make a lot of money.

WEEI: Mm hmm.

SCHILLING: And- and we've been impacted and affected by so many things in our life. We've had the ability to be involved with ALS for over 20 years. And we've had - and we have an autistic son; my wife is a cancer survivor. Those are three things that are immensely important to us, and I – I've - And we have tried to do and make sure that the world ends up being a better place when we leave it than it was when we got here, and this was one of the ways to do that. I absolutely – we had a Philanthropic arm of – of 38 Thirty studios and my employees had an amazing heart, and -- and a lot of effort, and again as a start-up, a lot of young kids in this company, but they understood that we were building something bigger with much bigger goals and purpose, and - and that was one of them

WEEI: Let's talk to talk to Justin in Peabody. Justin you're next with **Curt Schilling**.

JUSTIN: Hey, good morning guys.

WEEI: Hi.

SCHILLING: Hey.

JUSTIN: Just first of all... I played the game; I thought it was excellent, so.

SCHILLING: Thank you.

JUSTIN: This – the, the whole thing's a shame: I'm disappointed.

SCHILLING: Thank you.

JUSTIN: But, mu I have two quick questions: First of all, I guess I don't understand why if the game was such a success, which it was, especially for anew IP considering the – the good reviews and so on and so forth, why didn't that help more than it did? I mean, obviously you would have estimated it to sell less, and it sold more right.

SCHILLING: Right.

JUSTIN: Why didn't that help?

SCHILLING: Well...

JUSTIN: But my question is, --

SCHILLING: Okay.

JUSTIN: ...I don't completely understand the developer / publisher relationship—

SCHILLING: Right.

JUSTIN: How did the EA come out on this? Did EA make money? Did EA lose money? And then what's your general take on working with EA?

SCHILLING: So - so EA funded the development of the first game to the tune of about 35 million dollars I think it was.

JUSTIN: Okay.

SCHILLING: And EA is - The way it's set up in the – in the developer / publisher world, and this is not specific to EA, is that there's generally something along the lines of a 60 / 40 – 70 / 30 split in their favor –

JUSTIN: Right.

SCHILLING: ...of revenue. That – that - that split is recovered immediately on top of them recouping their investments. So, literally if you have a 70 / 30 split and they give you 30 million for your game, a hundred million of the first hundred million goes to the developer. It- it's a - The game is – the - the industry is set up so independent developers can no longer make big budget products. And - and so, you know, EA, as they should have, got all of the money that came from reckoning and would have got, if we had sold 5 million, they probably would have gotten most of all of that as well. And - and we - that – we, we never we never minced words around Reckoning was our way to announce ourselves to the world and to bring in awareness for the intellectual property and to get our names and - and - and our - our - our ability out there and - and - and all those ways I think it succeeded.

WEEI: We're going to take a quick time-out; then we'll get to Blaine in Providence, Joshua Donna John, more of your questions for **Curt Schilling. We'll be right back.**

(BREAK)

WEEI: All right. Callers have been lined up for quite some time. Let's - let's go by the people who waited the longest. Blaine is in Providence, Rhode Island. Hello Blaine, you're next with **Curt Schilling**. Blaine? Blaine? Blaine's not there. Let's see. Joshua. Cambridge. Joshua, good morning.

JOSHUA: Hey, good morning.

WEEI: What's up? Go ahead Joshua.

WEEI: Joshua.

JOSHUA: Hey, okay. How're you doing? Curt, I'm a big Red Sox fan here.

SCHILLING: Thank you.

JOSHUA: I just want to say thanks for all the endorphins in – in the World Series man, that was real great...

SCHILLING: Thank you.

JOSHUA: I'm a big, big, big fan.

SCHILLING: Thanks.

JOSHUA: Let me just ...you a couple of questions, 'cause I'm a little confused.

SCHILLING: Yup.

JOSHUA: I manage a small business in Medford, and, you know, I'm not as business savvy as you and --

SCHILLING: Oh, I'm—.

WEEI: (Laughing)

SCHILLING: Uh no, don't say – I'm not – I'm not business savvy.

JOSHUA: And uh – No, no, it's –it's a very, very small business; it's slightly larger than a lemonade stand. So I – I – I just wanted to understand: you invested 50 million of your own money in the company, --

SCHILLING: Yes.

JOSHUA: ...and then EA gave like another 35 million? So that's like 85. And then, how much did Rhode Island give? I mean, on the record anyway...?

SCHILLING: So – so hold on a second. Yeah. No, no, so EA invested 35 million on the development of the game that was being built in Baltimore. So that was – that was – but –

JOSHUA: Oh.

SCHILLING: That – right. Not that that changes anything, but- but - but for the period of time that that game was being developed it was p- it was paid - the development was paid for by a – by EA. The state ended up – and it was one of the issues, and – and – and I know this is - this sounds whiny but it was a very relevant piece of this. When we initially went to Rhode Island, we were going to be issued 75 million dollars on the bond.

WEEI: Wow.

SCHILLING: And we actually got 49 million from the bond: they held back 26 in reserve...

JOSHUA: Wow, you did a good job. So how much was the total investment?

SCHILLING: I don't have an exact dollar amount, but if you figure my 50, plus—

JOSHUA: Oh, I was just looking for a ballpark—

SCHILLING: - MY 50. Plus – plus we had a small number of... with investors, I'm probably about a hundred and ten in - in the game and both – in - in the Province studio in the game and in problem.

WEEI: You - Now the governor said you weren't eligible for the tax credits because you weren't incorporated in Rhode Island, is that correct?

SCHILLING: Well the problem is that this was - this was the fourth time. We had already been pre certified three separate times before this and received tax credits. So that – that

WEEI: And you weren't registered in Rhode Island then.

SCHILLING: Well, I ...No, --

WEEI: Corporate. ...

SCHILLING: ...we – Right, we were domiciled and headquartered in Rhode Island, I mean, we didn't have an employer outside of Providence or – or... in Maryland, Bal-- and that money was spent in Maryland -- in Providence, all of it. But that was the – the – the – the - one of the multiple times we had already done it before this, and we had been pre-certi—which means we submitted all the applications all stuff that we did, and in the film tax commission, entertainment commission came back and, and was okay with everything. And - and we didn't not divulge any information or hide anything. We did all the things you're legally supposed to do. And again, you know this was a vehicle for us to - to help. keep the company going to get to that public event, and it is it's something any business that qualifies for tax rates should, and - and in a state that has them, you should absolutely go after them. These were unclaimed 2011 credits. No one had applied for them.

WEEI: ...John in Falmouth. John, you're next with **Curt Schilling**.

JOHN: Hey Curt, I want to ask you a couple questions.

WEEI: Shoot.

JOHN: First Curt, you – you say that Rhode Island, the State of Rhode Island was a business partner of yours.

SCHILLING: Right.

JOHN: And then in one breath you say that you can't see how people can make the jump that you're being hypocritical with your - your outspokenness, and you admittedly, you admittedly outspokenness on small government –

SCHILLING: Right.

JOHN: ...and not getting involved private business. How would...

SCHILLING: No, I – I – No, I – Hold on a second, I never said that. I never said - I didn't have a problem with small government getting in - I don't have a pro -- any problem with government helping entrepreneurs and businesses succeed...

JOHN: Yeah, how about the bailout? How about the auto bailouts, Curt?

SCHILLING: What – About – what do you mean?

JOHN: The auto bailouts, do you agree with the auto bailouts, the bank bailouts?

SCHILLING: I don't know enough in detail about any of that stuff other than to know that if they're successful and it works, great.

JOHN: Curt, you – Curt, you – Well, you're not towing your Tea Party line, your right wing line, you're on air.

SCHILLING: Right.

JOHN: ...hundreds of times saying you believe in small less government; that government shouldn't -- Before you started this business, government and small business and large business shouldn't - they shouldn't help one another; you're saying now -- You know what,...?

SCHILLING: No. No, but wait. No, no, you – John, no...

WEEI: John. John, you're – you're –

JOHN: ...that puts you on—

SCHILLING: Hold on a second, you're —

JOHN: Obama should—

SCHILLING: ...No, no, you're lying.

JOHN: ...put you on a commercial—

SCHILLING: You're lying. You're lying.

WEEI: He does that.

SCHILLING: You're lying.

JOHN: Obama should put you on as a commercial.

SCHILLING: Hold on a second. You —

JOHN: The government of Rhode Island-

SCHILLING: Wait a minute --...

WEEI: John. John, I'm going to put you on hold so we can have a conversation—

JOHN: You got —

WEEI: ...I'm not hanging up on you, I'll get you back on the air. You're on hold because you're talking over everybody.

SCHILLING: If you're gonna — if you're gonna call me out for a quote, please do, that's fine, I — I — and if you disagree with me and you want to argue with me, that's fine. Do not put words into my mouth and make me say things I didn't say. I am for smaller government, always have been for smaller government. But you're — you're making comments that I made that I didn't make.

JOHN: No, Curt, that — that's — See, Curt? I mean, Curt, you're a good talker, you're a fast talker, and that — and instead of blaming Governor Chafee, you should blame more of yourself for the ...

SCHILLING: I — I ...

WEEI: Oh shut up, John. He just sat there—

SCHILLING: I did —

WEEI: ...and blamed himself for an hour. If you're paying attention. You know, why did - why did Rhode Island hand over, you know, the 49 million to get you to move there with 400 employees. Is that that difficult a concept?

WEEI: Understand? No.

WEEI: I'm pretty sure, you know, GM, you know, it didn't move somewhere and take their business and their tax base to somewhere else. Every city, does every city, every state not have an economic development office?

SCHILLING: I - I - I don't know if they do or not, but we, you know, when we were talking about you know - one of the other falsehoods around this was that Massachusetts walked away from us: we were never in - in - we never got in - we had one conversation with people in the state of Massachusetts and it wasn't about anything specific. There was no bartering back and forth - excuse me, or multiple conversations, we had initial discussion looking at what the state did offer, or- or what offer was in the - in the interest in offering to help small business. It was never a point-specific conversation: they came out and saw the studio, loved it, but it never went past that initial conversation. And the conversation with Rhode Island went -

WEEI: This is from the Fortune Magazine in - now, July's Fortune Magazine. It says: Schilling has been an outspoken conservative loudly endorsing limited government. But he basically begged Massachusetts for subsidies, and when that failed, took a massive loan guarantee from Rhode Island.

SCHILLING: Yeah, I mean there's not -

WEEI: Did you beg?

SCHILLING: No, I - and -

WEEI: ...Massachusetts for subsidies?

SCHILLING: ...and - No. And, and again, that's - that's another reason why I had been as quiet as I had been. I mean there -there's - there's just no - there's so much misinformation and -and - and - you know, you just heard him say that I absolutely am to blame for this, there - I - I absolutely bare part of the responsibility, a lot of responsibility for the company failing. And - and I don't know how many other ways I can say that. And - and in all honesty, the state was our partner: there was - there was - they have every incentive and every reason for us to - to want to be successful.

WEEI: Right.

SCHILLING: They didn't -- we weren't asking them to give us another loan, we were taking advantage of the things that they had - mechanisms they put in place to help

businesses succeed. We didn't ask them for another bailout or a handout. I'm not sure how many ways you can say it.

WEEI: We're up against the top of the hour. Can you stick for one more segment, or do you have to go?

SCHILLING: I'm all right.

WEEI: Okay. Hour three, D & C, Curt Schilling, more of your phone calls....

SCHILLING: Maybe we'll talk some Red Sox.

WEEI: Yeah, we'll talk a little Red Sox too.

(BREAK)

WEEI: Hour three, D & C. (Advertisement / golf tournament)

WEEI: All right, phone lines continue to be jammed. Let's talk to Donna in New Hampshire. Donna, you're next. Donna?

DONNA: Good morning. Yes, I here. Hi, I'm here.

WEEI: Go right ahead Donna.

DONNA: Okay. I – First of all, before I get to my question, I just wanted to say thank you for staying beyond the 8 o'clock here; I've been on hold for 40 minutes, so I'm late for work now, so it makes it worthwhile.

WEEI: Okay. Good.

DONNA: Because I wanted to thank you Curt for your contributions in bringing the World Series to Boston. But my –

SCHILLING: Thank you.

DONNA: ...question is you mentioned how you put 50 million dollars investment of your own funds, and to the average fan like me, that sh- we always say: oh, that's just a drop in the bucket.

SCHILLING: Right.

DONNA: Do you feel personally obligated to assist some of the employees that we – have hear - heard in news reports are, you know, losing their homes and –

SCHILLING: Right.

DONNA: ...and whatnot.

SCHILLING: Yeah. Yeah, I - I feel personally obligated to everything. I mean I – I – I don't know how else to put this. I mean this has been a devastating thing for - for families. You know, one of the things that - that we did when we moved the company was we entered into - to a business deal with a company to - to handle the move. We spent about 3.2 million dollars moving what was about a 160 families. We - we worked with a company to assume the mortgages of the homes that the people were moving from, pay closing on that sale and pay closing on the new one, and - and - and reimburse them for up to 25 thousand dollars loss of their home. But wh- it was one of the thing - We had to do that.

WEEI: You had to do that.

SCHILLING: Well, because it - it was- it was about the team: it didn't matter - If we moved the company and had money, and the people didn't come with us, the team wasn't going to be there. These - It was always my understanding that when we entered into this deal that the ... company would assume the mortgages and pay – we – and, and we would pay them for the mortgages until the house sold. And we - I think we did it for almost a hundred homes. And at the e- When we went - when we filed Chapter 7, there were seven families still in the que in the process. And – and – the - those people are being now called on to pay two mortgages, and they can't do that. This could be financially devastating for those families. And so we're, you know, again once the - once of the bankruptcy got filed, it was up to the - it's up to the trustee to try and make that right. And so my ho- my hope is that that will be one of the senior priorities for - for anything that happens from a monitory perspective, those employees will be made whole in addition to the wages that weren't paid at the end. And that's, you know, obviously I feel - I don't know any other way to put it, I mean, I'm devastated that that that anybody is in that situation.

WEEI: So in this gaming industry, which I don't understand, if you said we're gonna pay you 90 thousand dollars, whatever the average salary happens to be, but you gotta get to Rhode Island yourself, and you got - ... they wouldn't come..

SCHILLING: Well that wasn't an option, I never even considered that as an option because again, this was about if we're not gonna overpay you, there's things we have to do. From a health care perspective, we had the best - as good a health care plan as any company in the world. We took care of - Because again, this was not – this - One of the things that I learned when I played baseball was that that when my wife and kids were healthy and happy and things for good, then it – then life was good, and - and the game was fun, and – and that wasn't corr- there was no correlation to the – to my paycheck. And I know that sounds very, I don't know, ...but because I was always making obscene amounts of money to play baseball, but I assume that carries, no matter how

much you're making, if your wife's healthy and your kids are healthy and happy, --

WEEI: Then life's good.

SCHILLING: ...then you – then life is good. And you're – you're an incredibly productive person at work. And so we tried to make sure that everything was taken care of for the employees and their families so when they came to work they could be the creative people we hired to get. And - and that – that, again, that this collapsed as fast as it did, and blindsided the employees the way it did, is – is – is one the most devastating pieces to this.

WEEI: Jim's in New Hampshire; you're next with **Curt Schilling. Good morning Jim.**

JIM: **Hi. I wanted to first thank Curt for 2004. I waited a long time for that, and it was – it was well worth the wait.**

SCHILLING: Thank you.

JIM: That – that said, I've got a little problem with – with what I'm hearing today.

SCHILLING: Right.

JIM: And Curt, you keep referring to the State of Rhode Island as your "partner." Uh, you know, at the end of the day, I don't think that they were stockholders; I don't think—

SCHILLING: Right.

JIM: ...that they would have benefited from profits of the company.

SCHILLING: Oh, no, that's – that's incorrect actually, they would have. They - they w- The way that the – the everything was structured that – that when the company was telling ... when the MMO went out and – and we – we made money, they were going to be beneficiaries of us being successful, absolutely.

JIM: So it was the truth there was this partnership.

SCHILLING: There – Yes, absolutely. Absolutely. Yes.

JIM: Okay. And –

WEEI: Okay?

JIM: ...you know, the – the – I – I – I guess that that clarifies that. I guess—

SCHILLING: Yeah.

JIM: ...the other part that I – that, you know, you keep talking about tax money that would have been lost, but –

WEEI: Tax credits.

JIM: ...but the tax payers – tax credits –

SCHILLING: Right.

JIM: ...at the – at the end of the day, the – the tax – the tax money as a taxpayer is lost, it – it stays in our pockets.

SCHILLING: Right.

WEEI: No –

JIM: The fact that tax money feels like it has to be spent is what ... government.

SCHILLING: Right. No, I - it was my understanding that the money was budgeted and - and allocated, andI mean I'm - I'm – I'm not thoroughly - I'm not sure that I'm -- that I'm - I'm doing it justice, but it was budgeted and already allocated. And if - if the budget, the 2012 budget had gone through, that those - that – those – that - that would have been lost. But – but my - I guess my bigger point was that it was money sitting out there for businesses, Rhode Island businesses to use that nobody had claimed. And so we didn't push somebody out of the way or deny anybody else receiving the capital to – And – and, again, the - I think one of the bigger things was we were a local company: those tax credits weren't going to be put into the pockets of employees going to another state to spend it, all that money was being put right back into the Rhode Island economy, which I thought was an incredibly beneficial thing for that for – and – and a kind of a rarity.

WEEI: And, and as an entrepreneur, would it not be your fiduciary duty to claim that to try to make your company as good as it possibly could be...?

SCHILLING: Well, abso- It's – it's not – Listen, the – the bond deal, the tax credits, any entrepreneur, any business owner that would have had access to doing those things, --

WEEI: Would have done the same.

SCHILLING: ...would have done the same thing.

WEEI: Mike's in Newburyport. Mike, you're next with Curt. Mike? Mike? Put Mike on hold. Because I wanted to hear what his question was. Let's see, Christine is in Rhode Island. Christine, good morning, you're with Curt.

CHRISTINE: Hi. Hi Curt, how are you doing?

SCHILLING: All right. Yeah, thank you. I'm all right.

CHRISTINE: The first thing I'm not going to do is thank you for 2004: what I'm going to do is thank you for coming out and finally speaking about this.

SCHILLING: Thank you.

CHRISTINE: Listen, I just want to explain something really quickly: What you have to understand here with the animosity is Rhode Island was one of the hardest hit states with the economic crush.

SCHILLING: Yup.

CHRISTINE: Our motto is "Hope."

SCHILLING: Yup.

CHRISTINE: That's what we saw in you.

SCHILLING: Yup.

CHRISTINE: The blame-game has got to stop, number one. We can't blame you; you can't blame Rhode Island.

SCHILLING: Right.

CHRISTINE: In the end it's the taxpayer that suffers, and --

SCHILLING: Absolutely...

CHRISTINE: ...the employees that suffer.

SCHILLING: Yup.

CHRISTINE: And that's -- You know, nobody is really -- People are mad, --

SCHILLING: Right.

CHRISTINE: ...okay, --

SCHILLING: And they should be.

CHRISTINE: ...I'm not going to lie on that.

SCHILLING: No, they should be. They should be, absolutely, yes...

CHRISTINE: And they should be, absolutely. But what I want you to understand, I'm not going to belittle you, I'm not going to scream at you and accuse you of anything, but what I am going to tell you is you have to understand that a lot of us are already sitting here saying: Oh my God, what are we going to do? And then we looked at you – and I know this is a heavy burden to bare, but we looked at you as: Hey, it's Curt Schilling, he's awesome, we're gonna – we're gonna do this. And then, boom. Do you understand what I'm getting at?

SCHILLING: Absolutely.

CHRISTINE: And this is where it's coming from. Nobody is trying to upset you, but I just hope you understand it –

SCHILLING: No, I – and listen, --

CHRISTINE: ...from my point of view.

SCHILLING: No, I understand. And – and – and I understand the animosity as well. You know, the challenge for me is, - and, and you're right, it - the - the hard thing to say is – is, for me is -is that – that there is a blame-pire, this failed, and there's the reasons it failed, and there are people at fault, and - and I am one of those people. And so when I say the State of Rhode Island, it's sounds like I'm pawning off of the – the guilt and blame. But –but, you know, part of this is, if you remember, after - after Governor Chafee went into office, he came by the studio and – and - and he had made a public comment that, you know, he was against the deal before he got elected, but now that he was in the office he was gonna do everything he could do to help this company succeed. And that absolutely unequivocally never ever happened in any possible way, and – and - and that's not - that's not the sole reason this company failed. It's not. And, and again, I - I can say – I'll keep repeating it: I was – You know, I'm responsible for s- a part – absolutely a part of this. It just - it's - it's - it's crushing and devastating to – to – to – to have seen it fall and fail exactly the way it did after five years of building this thing..

WEEI: How many - how many copies of the game sold?

SCHILLING: As of about a month-and-a-half ago, it was about 1.3 m- a little over 1.3 million.

WEEI: I'm looking at a quote from Chafee where he called it a “flop.”

SCHILLING: Yeah.

WEEI: And there's a – an analyst of the industry who said just the opposite --

SCHILLING: Well, he did – Yeah.

WEEI: ...that it was a success. I – I - you know I know you're - you're getting killed here from callers and – and texters, but I - I just have a question for them: Why would Chafee call it a “flop?” Why would he say it failed?

SCHILLING: The - you know, that's one of the things...

WEEI: He wanted it to—

SCHILLING: Yeah.

WEEI: ...to fail. He was happy that it failed. He's happy that you failed. He's a politician to the court, and this is a big political victory.

SCHILLING: Yeah. I mean, I – I – I don't know - I don't know how to – how to – Like I said, it – it - it – there was – there was a lot of situations where I think he could've helped us succeed and – and probably the one thing at the end that- that I – and I said this earlier that people don't understand is we had an investor at the end that would right a 15 to 20 million dollars check, told the State, told the governor he would write this check. His o- his ask of the State was to be in senior position for the debt and for the State to issue the 6 million dollars in tax credits to clean up the mess that we had gotten into over April and May. If they – If that happened, he would come in and save the company.

WEEI: And the g- governor said? Nothing.

SCHILLING: Nothing.

WEEI: He was - we got caller who want to talk about the Red Sox.

SCHILLING: Yes. Please.

WEEI: I – I know you don't watch each and every game, but do you want to do that Dino—

WEEI: Sure.

WEEI: ...when we come back?

WEEI: We'll take a 90-second time out—

WEEI: Yup.

WEEI: ...and we'll talk a little Red Sox –

SCHILLING: Yup.

WEEI: ...with Curt Shilling next.

SCHILLING: Yup.

(TALK ABOUT THE RED SOX)

38 STUDIOS DISCUSSION BEGINS)

WEEI: Talk to Kristen in Chelmsford. You're next with Curt Schilling. Hey Kristen.

KRISTEN: Good morning.

WEEI: Morning.

KRISTEN: Cut, I just wanted to say from another, I'm a woman that's been in business for over 30 years, and I'm a small business owner, and the only state I will not work in is Rhode Island. I worked all over the country—

SCHILLING: That would have been good advice about three years ago hon.

KRISTEN: Yeah.

SCHILLING: No, I'm – I'm kid – I'm kidding.

KRISTEN: I just think –

SCHILLING: No.

KRISTEN: ... don't realize how difficult it is to go into Rhode Island and work. It's - it's – it's just, it's different. And I just wanted to say I –

SCHILLING: All right.

KRISTEN: ... I got tired of listening to people who don't understand that side of it...

SCHILLING: I appreciate that. And – Again, I appreciate it, but I also understand the anger. And – and the anger though when you – when you sit around, it's as much about, if not more so about the misinformation people believed to be true, rather than the actual facts of what happened.

WEEI: Can we do some basic arithmetic here because we have two or three texters, two or three callers that keep saying, "Where did the money go," asking where all the money went. He put 50 million dollars and he sold all these – Can you just explain that --

SCHILLING: Right. Where—

WEEI: So – so --

SCHILLING: ...the money went. We'll assume that – that – we'll use the most hypothetical business case you could ever assume, and we'll assume that every Game of Reckoning that sold for 60 bucks –

WEEI: Yes.

SCHILLING: ...we got 100% of that money.

WEEI: Right.

SCHILLING: Which we got none of it. But – but, anyway, that - that one -- there's about 70 to 75 / 78 million dollars from the Reckoning sales.

WEEI: Explain where that money get – went.

SCHILLING: That actually – the- the – that, --

WEEI: Again, --

SCHILLING: Generally –

WEEI: Go over it again.

SCHILLING: Well, well generally the wholesale pri – the – the – the developer will get about 30 to 35 dollars a game as opposed to the 60. That – that money was EA's: all of that money was EA's. So – so 38 Studios never saw a penny of that - sales of that product. I put in about 50, the State put in another 49, and I had probably between 5 and 10 million dollars from high net worth investors: that's a 110 million dollars. Every penny of that went into the – the payroll and development of the products, the game, building up the building, all the things that went to – to making the business go and move and grow. All of it.

WEEI: Pretty basic math.

WEEI: Yeah.

WEEI: Yeah.

WEEI: Well. And, and – and you have said that the company's been audited. I mean, wh –

SCHILLING: Okay. So –

WEEI: Here's – here's –

SCHILLING: Yes.

WEEI: ...here's what people want to know: what's the legal – what are the legal ramifications, --

SCHILLING: So, --

WEEI: ...what is the fallout?

SCHILLING: Here's what – From - from inception we had pr- PWC, Price Waterhouse Cooper as our auditor, which is not a common thing. It's very expensive, and as start-up, generally you don't put that kind of money. But we always wanted to make sure when we sat in front of an investor, and you sit in front of sophisticated investors that they don't have - they don't want to -- they don't need to bring in an independent ... auditor to - you want to have a Triple A five star independent: PWC is one of those. From inception we always had one. About a month-and-a half / two months ago, Governor Chafee demanded an independent audit, which under the bond agreement they were allowed to do once a year. The auditor came in and then they had – the, the - the results of that audit, they didn't like, so they audited it a third. And that's when you started to hear conversations around working with the State Police and bringing in foren-- I mean, that was where I started to realize that people can say anything they want and imply anything they want ju – for - for no reason. Because the auditor, their independent auditor went back and said there's four problems: the first is that he's invested every penny that he said he has; he's guaranteed the loans that he said he has; the company - he has never taken a penny from the company, ever, and the company has spent the money exactly how they said they were going to spend in the bond document. And they were so unhappy at the results they ordered a third independent audit, and when the same one came back it was a- there was a fourth one. And - and it's almost like they're - they're trying so hard to find something that they're going to find something: there's nothing to find. I never did anything illegal; I never – Again, I never took a p- I didn't get rich from this company, I - I actually did the opposite of that. And - and that was - that was – You know, that - when those conversations started, it was an incredibly uncomfortable time.

WEEI: And - and I think what – And - and we're hearing from a lot of – a lot of entrepreneurs are – can – can – can sympathize with you because a lot of people who have taken a chance and, you know, risked it all, lost it all.

SCHILLING: Yeah.

WEEI: And I – I - you still need ‘em. I mean, you still – we still need entrepreneurs, we still need people who –who take changes out there, and a lot of – You’re hearing from a lot of them today saying, hey, I followed my dream, I’m broke –

SCHILLING: Yup.

WEEI: ...you know, I sympathize. But, you know, what do you do now? What do you do now? I know you'll be back – Are you going to be back on ESPN?

SCHILLING: I – Yeah, I mean I – I hope so. I – I – I –Again, I've really - my - my faith has gotten me through. You know, I - I - it was amazing, I – I - I did a lot of praying during this. Initially it was to - I was praying for this company to get saved and these peoples’ jobs to get saved, and the future of the company to be there. And eventually it got to the point where I just wanted God to show me the path. Th- Whatever - whatever it is, I needed to end. The – the stress was - was - I've never been through anything like this before in my life and I wouldn't wish this on anybody, and - and the employees, that's what they had to endure, I just wanted - I wanted a pass, and then I wanted Him to give me the strength to keep my head up and walk it. And that's what I'm doing right now: it's literally day-to-day: I'm waking up and I don't know what tomorrow's going to bring. And so, you know, I'm coaching Gabby's softball travel team, I'm coaching one of Garrett's teams and – and I'm trying to – to be as strong as I can be for my wife and my kids.

WEEI: So are you more like **Terry Francona**, a player's manager, or **Bobby Valentine**, whatever he is manager of a softball team...?

SCHILLING: I – I – Well, you know what, I – it's – I'm in a incredibly pivotal time in the boys' lives: they're 16 to 18-years-old. It - to me it's as much about teaching them to be men and - and to be leaders as it is a- to – about the game of baseball.

WEEI: Well this is a hell of a life lesson, no question...

SCHILLING: Yeah, it is. It is. And – and – and they, you know, they're – the kids are incredibly respectful. With my son being on the team, it adds a little twist, and I'm incredibly proud of the way he carries himself. A lot of talented kids in Medfield, and my daughter who is 14 playing on an 18 travel team is an exceptional athlete and she's - she's going to be a four-year varsity player and hopefully go to college and play and pitch, and incredibly proud of both of them. But that's - that's where a lot of Shonda and I's time is getting soaked up right now, which I'm – I'm grateful for.

WEEI: Well thanks for taking some time to spend an hour and a half with us today. I think you answered questions –

SCHILLING: Thank you guys.

WEEI: You – you laid it out as clearly and as concisely as I think you possibly could. Not everybody heard or understood or ga- or gathered it when they keep saying: where's all the money? We know where the money went at this point. Curt Schilling, thanks for the time.

SCHILLING: Thank you guys.

WEEI: Good luck going forward.

SCHILLING: Thank you.

WEEI: Curt Schilling with Dennis and Callahan....

(END OF INTERVIEW)