

Weinstein Co. Survival in Question as Harvey Weinstein Scandal Expands

“The Weinstein Company as we know it today is no more,” investment banker Lloyd Greif tells *TheWrap*

Matt Pressberg | October 12, 2017

The odds of the Weinstein Company’s survival keep dropping as more and more accusers come forward with allegations of sexual misconduct — and even rape — involving Harvey Weinstein.

Tuesday’s exposé in the *New Yorker*, in which reporter Ronan Farrow alleged that people inside the company aided and abetted Harvey’s misconduct, could also mean big trouble for its officers. The *New York Times* also reported late Wednesday that the board and company were aware of settlements paid to accusers in 2015. And that could leave the Weinstein Company and senior executives firmly on the hook — and likely hasten its end as a going concern.

“The fact of the matter is that Harvey Weinstein was the face of the company and he ran the company,” Jay Holland, a labor and employment lawyer with Joseph Greenwald & Laake told *The*



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Wrap. “And if he’s sexually harassed these women, the company might automatically be liable. If the company were sued for its actions, in my view, the anticipated defense that the company is not liable for his individual potential wrongdoing may not fly.”

“Now it’s got some legal baggage,” Lloyd Greif, the president and CEO of investment bank Greif & Co., told *TheWrap*. “We’re now talking civil litigation. That be-

comes a contingent liability that anybody buying the stock of the Weinstein Company is going to have to come to grips with. There are lawsuits in the wings waiting to be filed.”

And the added wrinkle of this potential liability means the Weinstein Company is almost certain to cease to exist as an enterprise, Greif and Holland said. Both expect the shareholders to look to sell off individual assets, which

wouldn't entwine potential buyers with any Harvey-related liabilities. It is hard to imagine anyone wanting to buy equity in a company with a disgraced leader and plenty of potential liability issues.

"The Weinstein Company as we know it today is no more," Greif said. "I don't see it continuing as a whole entity. I see it being broken apart. I see this as the way it's going to maximize its value and it's going to be up to the shareholders to decide what they want to do."

"Anyone who's looking at buying the Weinstein Company, getting its TV division or movie division, is probably going to buy assets," he added. "When you buy assets as opposed to buying stock you can restrict by contract the liabilities you assume."

Media reports on Thursday indicate the company is discussing a fire sale of its assets. A representative for the company's board did not immediately respond to The Wrap's request for comment.

Holland said such a deal would deliver much-needed cash to the company's shareholders without exposing buyers to claims stemming from the sordid history of Harvey Weinstein.

"Selling off the assets they could reap the benefit of the revenue for those assets," he said.

"The purchaser of those assets wouldn't necessarily be assuming that liability. If the company were purchased, the purchasing company couldn't avoid this level of liability."

Holland said the company's board members could be targeted by investors if they failed to protect it due to negligence about Harvey's behavior, but it would be hard for the accusers themselves to target individual board members, who would likely be covered by insurance anyway. For top management though, it could be another story.

"Senior management — if they knew what was going on, possibly they could be liable too," Holland said. "They could have tort claims, potentially creating a situation where they knowingly put these women in harm's way by allowing this to occur."

And the Weinstein Company's lenders might also push for a quick sale as a way to extricate themselves from a situation that keeps getting worse.

"If I'm the lender, I'm looking for the exits," Greif said. "I want out. I want out of this credit in a New York second."