

On the edge of bankruptcy? Weinstein Company and its lenders 'hire restructuring experts' to scramble together \$40m as potential buyer gets cold feet and report emerges of disgraced founder's 'army of spies'

- Private equity firm Colony Capital has ended talks with The Weinstein Company (TWC)
- Colony announced last month that it would throw the studio a lifeline cash infusion to help stabilize it in the wake of Harvey Weinstein's sex scandal
- Thomas Barrack, the owner of Colony, compared it to 'a patient that's dying on the table' which needed to be resuscitated
- Firm announced Tuesday it was pulling out just one day after it was revealed Weinstein used 'an army of spies' to try and silence his accusers
- TWC has reportedly been left scrambling to find the \$20 million to \$40 million of capital to stay afloat while it explores its options
- Company and its lenders appear to know just how close they are to bankruptcy
- TWC recently engaged the consulting firm FTI to advise on restructuring contingencies, while lenders engaged Sidley Austin to help chart restructuring
- **LA investment banker Lloyd Greif said that if bankers can't agree on terms for funding the studio, it's almost inevitable they will have to file for Chapter 11**
- Barrack said the problem is 'no one is interested in salvaging a company which would benefit Harvey,' who has a 23 per cent stake in the company

By [HANNAH PARRY FOR DAILYMAIL.COM](#)

The Weinstein Company may be teetering on the edge of bankruptcy after a potential buyer pulled out on Tuesday.

Private equity firm Colony Capital has ended talks with the film studio which has been hard hit by the flurry of sexual assault and harassment allegations against its co-founder Harvey Weinstein.

Colony had announced last month that it would throw the studio a lifeline in the form of a crucial cash infusion to help stabilize it in the wake of the scandal, while they negotiated the acquisition of all or part of HWC.

Thomas Barrack, the owner of Colony, an expert in distressed assets who saved Michael Jackson's Neverland Ranch from foreclosure, compared the studio to 'a patient that's dying on the table' which needed to be resuscitated.

But it appears the patient was too far gone, and the three-week window for Colony Capital to make an offer will expire on Wednesday.

This all comes just one day after news broke Weinstein had used 'an army of spies' to try and silence his multiple sexual misconduct accusers.

Now TWC, which is currently run by Weinstein's brother and co-founder Bob, has been left scrambling to find the \$20 million to \$40 million capital to stay afloat while it explores its options, sources told the LA Times.

The company and its lenders appear to know just how close they are to filing a Chapter 11 bankruptcy, as TWC recently engaged the consulting firm FTI to advise on restructuring contingencies, according to distressed debt research firm Debtwire.

Meanwhile, the studio's lenders have reportedly engaged the law firm Sidley Austin to help chart a restructuring path.

Los Angeles investment banker Lloyd Greif said that if bankers can't agree on terms for funding the studio, it's almost inevitable they will have to file for Chapter 11 bankruptcy protection.

'I see no chance of anything happening outside of a bankruptcy proceeding,' said Greif. 'The only thing that surprises me is that they haven't filed already.'

The problem is that few buyers want to make a big public investment that could benefit someone accused of sexual harassment and abuse by multiple women, including high profile stars such as Rose McGowan, Gwyneth Paltrow and Cara Delevingne.

The studio, which has a staff of around 150, still has several popular shows in production, such as the Emmy-winning Project Runway, as well as movies in the pipeline.

But while TWC fired Harvey Weinstein after the sexual abuse allegations emerged in early October, he still remains a 23 per cent stake in the company.

And 'no one is interested in salvaging a company which would benefit Harvey,' Barrack told Bloomberg TV.

Colony and TWC failed to agree on price as, according to people close to the negotiations, the board maintained it could fetch roughly \$300 million.

During their negotiation period, which Colony and TWC announced in a joint statement last month, Barrack said that if the 'toxic' scandal and 'Weinstein element' could be separated from the studio, then 'there's some value.'

'There's a big difference between the Weinsteins and the company,' he added. 'Harvey, whatever the accusations are, his conduct was totally unacceptable, reprehensible, and unacceptable on any terms.'

Without Colony's essential cash investment, TWC is currently hoping to use its film library as collateral against a loan of around \$20 million to \$40 million to help it stay afloat.



Thomas Barrack, the owner of Colony, (pictured with Weinstein in December) compared the studio to 'a patient that's dying on the table' which needed to be resuscitated.

Previous talks with New York equity fund manager Fortress Investment Group, for \$35 million in capital, fell flat.

The Weinstein Company did not respond to the LA Times' request for comment Tuesday. DailyMail.com was unable to reach TWC for comment.

Harvey Weinstein denies all allegations of rape and sexual assault. He is currently said to be in rehab.

Colony Capital declined to comment.

The Weinstein Company is facing another financial hit, from a \$5-million civil suit over the alleged misconduct of its former co-chairman and the company's alleged knowledge of the behavior.

Dominique Huett filed the suit in Los Angeles Superior Court last month, regarding a November 2010 incident at the Peninsula Hotel in Beverly Hills.

'Prior to the incident involving Plaintiff, Defendant TWC's executives, officers and employees had actual knowledge of Weinstein's repeated acts of sexual misconduct with women,' the negligence complaint stated, according to Deadline.

'In particular, Defendant was aware of Weinstein's pattern of using his power to coerce and force young actresses to engage in sexual acts with him,' it continued. 'This knowledge was possessed by Defendant's Board of Directors including, upon information and belief, Bob Weinstein.'

Meanwhile, Weinstein himself could be facing criminal charges after the NYPD received a 'credible' rape allegation from an actress. He was fired from his own company on October 8 after the first allegations emerged in a New York Times expose on October 5.

On Monday, New Yorker journalist Ronan Farrow revealed how Weinstein used an 'army of spies' that included former Mossad agents in order to dig up dirt on the actresses and journalists he feared would expose his history of sexual misconduct.

In yet another bombshell expose in The New Yorker, Farrow revealed that these men and women portrayed themselves as victims, journalists and, in one case, a women's rights activist to befriend actress Rose McGowan in hopes of getting an early copy of her memoir.

The disgraced mogul hired Black Cube, run by former Israeli intelligence officers of Mossad, and Kroll - one of the biggest global corporate-intelligence firms - to gather details about the personal lives and sexual histories of dozens of actresses and journalists.

Black Cube is still under contract with Weinstein, and McGowan said she spoke to an agent just two weeks ago - after the publication of both The New York Times and New Yorker exposes.



Barrack said that if the 'toxic' scandal and 'Weinstein element' could be separated from the studio, then 'there's some value' . Harvey Weinstein (with Bob Weinstein in 2007) still owns a 23 per cent share in the company.