

The Weinstein Co. Closes In On Financial Lifeline

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EXCLUSIVE: The embattled Weinstein Company is close to securing a last-minute capital infusion to help it stay afloat and stave off bankruptcy, according to sources. The Fortress Investment Group is on the 1-yard line with a bridge loan for \$35 million that will enable the New York-based studio to meet payroll and its commitments on television projects through January, sources say.

That buys time for the company to complete an asset sale or restructure, expected to be closed by then.

The fallout from allegations of sexual assault and harassment against co-founder Harvey Weinstein has created uncertainty about the studio's future.

The eleventh-hour cash infusion will provide TWC a financial lifeline, and runs contrary to speculative reports that the exit of Colony Capital from an exclusive negotiating period would force TWC into a Chapter 11 bankruptcy filing that would allow the company to reorganize while being shielded from its creditors.

Fortress would step in to replace Colony, which was to provide cash to stabilize the business as the private equity firm engaged in exclusive negotiations to buy some or all of the studio's assets.

The reasons for Colony's exit depend on the source. We've heard Colony's Tom Barrack was trying to get the assets at a price well below that which the remaining board members think they are worth. Others say the exit came down to a desire to structure a deal so as to avoid providing a financial windfall to Weinstein, who is now the subject of criminal investigations in Los Angeles, New York, London and Beverly Hills. Weinstein, through a spokesperson, has denied allegations of non-consensual sex.

We have heard that the numerous suitors vying for the TWC assets have all insisted on a freeze-out of Weinstein, perhaps by putting funds due him to be frozen in an account, in anticipation of civil claims that will likely be waged by myriad women who've accused him of sexual assault. All of the suitors have insisted on being



THE WEINSTEIN COMPANY

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completely indemnified from future claims, a source said, and part of the monies would likely be set aside and pooled with TWC's insurance policies.

Moelis & Co. has been involved in soliciting would-be buyers for the studio. Its representatives have been hinting at strong interest in the boutique studio, whose film library includes *Inglourious Basterds*, *Silver Linings Playbook* and *The King's Speech*, and whose TV unit produces the reality series *Project Runway* and the Netflix scripted series *Marco Polo*.

Among the companies that have looked at the books and are considering getting in the mix for a long-term asset purchase with Fortress are Viacom, IMG, Anchorage, Yucaipa, MGM and Lionsgate, Deadline previously reported.

Fortress, for its part, has succeeded in reviving other troubled studios — acquiring Revolution Studios from Joe Roth and other founding partners in 2014, recapitalizing it, bulking up its library and orchestrating its subsequent sale in January.

Meanwhile, FTI Consulting, a company that does extensive bankruptcy work, has been retained, according to one banking source. A spokesperson for the firm declined comment.

Los Angeles investment banker Lloyd Greif said The Weinstein Company's exposure to potential liability in connection with Weinstein's alleged conduct may well force a bankruptcy filing.

"To say they're a company that can continue in its current form — I don't think so," said Greif. "You have a situation where the pieces are worth more than the whole."