

Maria Contreras-Sweet Bid Leads Weinstein Co. Auction; Staff Would Stay, Bob Weinstein Exit, Women Lead Board

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EXCLUSIVE: After a protracted bidding process, the sale of the scandal-scarred The Weinstein Company is close at hand, and the company will rise from the ashes with a future that will be forged by women, timely news on a day when the Golden Globes is expected to be dominated by the #metoo theme, which was borne out of allegations of sexual assault and harassment by co-founder Harvey Weinstein. Maria Contreras-Sweet, former head of the U.S. Small Business Administration for



the Barack Obama administration, has emerged as the frontrunner to soon complete a deal to buy the pieces and resurrect a company that will be renamed, and majority controlled by women, sources said. Ron Burkle's Yucaipa Enterprises and Lantern Capital are minority partners in the bid, sources said. The derby isn't quite done yet and Lionsgate is also squarely in the mix.

Bob Weinstein, who founded TWC with brother Harvey Weinstein, is expected to exit and set up his own company and take the Dimension Films name along with properties that include *The Six Million Dollar Man*, which has interest from both Warner Bros. and potential star Mark Wahlberg.

As Deadline reported last December, the board pored over bids — more than 20 came in, including bids for just the TV component, or the library — and the ones in the final round include Lionsgate, a Killer Content bid backed by Abigail Disney (daughter of Roy Disney), Shamrock Capital, Vine In-

vestments, Sony (for the television business), MSD Partners, Critical Content, Versa, and Qatar-based beIN, which owns Miramax. The finalists are Contreras-Sweet, Lionsgate and Killer Content, which would for sure put women at the helm, as well as Sony, Shamrock and Vine, the latter two for the library.

The Wall Street Journal reported last week that the company will sell for around \$500 million, a figure I've also heard. That number includes a purchase around \$275 million, an infusion of fresh capital, plus the assumption of liabilities and operating costs that includes keeping employed the long-suffering 157 or so staffers and managers whose lives turned upside down the moment that *The New York Times* and *The New Yorker* detailed shocking first person accounts of sexual assault and harassment allegedly perpetrated by Harvey Weinstein, who was summarily fired by the board of directors.

TWC will quickly be renamed and it is all moving quickly as the intent is to complete the deal before the money runs out in February, when it would need bankruptcy protection. Phoenix might be an appropriate name given the potential turnaround here, but that is taken by Mike Medavoy's company. There is the possibility this new company could be in motion for Sundance, where Weinstein was once the biggest buyer of prestige films, going all the way back to Steven Soderbergh's *sex lies & videotape*.

If it is Contreras-Sweet who emerges victorious, she certainly puts a positive face on a company that badly needs one. Her bid has no contingencies, and solid backing. She is an immigrant from Guadalajara, Mexico and was executive chairwoman and founder of ProAmerica Bank, a commercial lender to small to mid-sized business with a specialty in the Latino community. She became California's cabinet secretary overseeing the Business, Transportation and Housing Agency before spending three years as a member of President Obama's cabinet.

Contreras-Sweet has followed through on her pitch letter to the board of directors in late November, where she promised to not only assume liabilities but also infuse new capital to retain staff and pay suppliers. While the shock of the Weinstein scandal left those with TV or movie projects wanting to get far away with series and films that have been stalled, that stigma might be removed if this deal makes it. Her bid was blessed by Gloria Allred, who reps numerous women who have filed civil lawsuits against Weinstein. Included is contingency funding that will be paired with insurance policies to cover liabilities related to claims against Weinstein.

The bidder inherits a strong lineup of library titles and output deals with the likes of Netflix. Projects include the Kevin Costner-Taylor Sheridan series *Yellowstone*, movies like the recut Benedict Cumberbatch-Michael Shannon-starrer *The Current War* and the Lin-Manuel Miranda and Quiara Alegria Hudes musical *In The Heights*, the Armie Hammer-Dev Patel starrer *Hotel Mumbai*, as well as numerous other series and films. It might make possible the David O Russell-directed series with

Robert De Niro and Julianne Moore, which was scrapped at Amazon even though it had a two-season commitment.

Investment banker Lloyd Greif said word has circled that it came down to Contreras-Sweet and Lionsgate, with motivations that couldn't be more different: Lionsgate is looking to bulk up its portfolio at a time when companies are looking to grow larger in the wake of the Disney acquisition of Fox and the pending merger of AT&T and Time Warner.

"You're either prey or predator," Greif said. "This is an opportunity to buy on the cheap."

In this scenario, Lionsgate would look to acquire content, but it doesn't need or want the The Weinstein Co.'s organization. Even the tainted Weinstein brand would disappear, Greif said.

Contreras-Sweet presents a phoenix-rising-from-the ashes opportunity, in which, "The phoenix is wearing a dress," Greif said. The new company, he said, sans Weinstein taint "will be accepted by the entertainment community at large — writers, actors and directors."

Contreras-Sweet is the only potential acquirer who would keep the studio intact — making her the likely preferred buyer, assuming all offers are roughly equal. This option also gives The Weinstein Co.'s board the ability to claim a modest victory at a moment of defeat. After all, the investors who were once close to a mega-deal with ITV that imploded when Weinstein was investigated for groping an actress/model in New York. would essentially walk away losing their investment. The board is expected to be gone in the new configuration.

"The board could say, 'We saved all these people's jobs!'" Greif said.