

Weinstein Co. closing in on sale to Maria Contreras-Sweet-led investor group, sources say

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Weinstein Co., the troubled movie and television studio founded by disgraced mogul Harvey Weinstein, is closing in on a sale to a group of investors led by former Obama administration official Maria Contreras-Sweet, according to people familiar with the matter.

Backers for Contreras-Sweet, who ran the Small Business Administration under President Obama, include billionaire Ron Burkle and Dallas-based private equity firm Lantern Asset Management, according to people with knowledge of the talks who were not authorized to speak publicly.

A deal could be reached as early as next week, capping a process that began months ago after Weinstein faced a barrage of allegations of sexual harassment and assault involving dozens of women. Weinstein, who was fired from the company in October, has denied all allegations of nonconsensual sex.

The scandal triggered the #MeToo movement against sexual



Maria Contreras-Sweet has worked in private enterprises and public service, including running the Small Business Administration under President Obama and co-founding the private equity firm Fortius Holdings. (Evan Vucci / Associated Press)

harassment, exposed the company to potentially costly lawsuits and threatened its very survival. Weinstein Co.'s board has been trying to find a buyer and last week narrowed its search to half a dozen potential suitors that valued the company for as much as \$500 million, including debt.

People with knowledge of the process cautioned that a deal with Contreras-Sweet may not happen, and that negotiations are still hap-

pening. Other options remain on the table, including an offer from Lionsgate for the assets. Another bid is from New York-based production company Killer Content, which has teamed with Abigail Disney.

But, with time running out, Weinstein Co. directors have zeroed in on Contreras-Sweet's bid, which first emerged in November. At the time, the Los Angeles Times reported that the offer could

be potentially the best chance for the company to survive, despite her lack of experience in Hollywood.

Contreras-Sweet's backers have the deep pockets to keep the company afloat and retain employees, people familiar with the situation said. Additionally, having a woman take over the business would represent a fresh start for a studio whose name has become toxic in Hollywood.

"The only bid on the table that keeps the whole thing intact and obliterates the taint [of Weinstein] is Maria's bid," Los Angeles-based investment banker Lloyd Greif said. "She is a white knight, in this case."

Deadline first reported that Contreras-Sweet was in the front-runner position.

In a Nov. 8 letter to the Weinstein Co. board of directors, Contreras-Sweet made a proposition to acquire the company, rename it and install a majority-female board of directors. The current board is all-male, including Weinstein's brother, Bob, who would leave the company after a sale.

Under the terms of the deal, female investors in Contreras-Sweet's group would take a 51% stake in Weinstein Co. The consortium would assume hundreds of millions of dollars of debt incurred by the New York-based company. Also, the backers would leave behind a separate entity with as much as \$30 million in capital to help offset the legal liabilities stemming

from the allegations against Weinstein, one person said.

Still, some financial experts familiar with the company, who were not authorized to comment, were skeptical that the entity would have enough money to deal with the mounting legal issues.

Representatives for Weinstein Co. and Contreras-Sweet declined to comment.

In Burkle, Contreras-Sweet and the reincarnated Weinstein Co. would get a powerful backer who has long had an interest in Hollywood. In 2010, Burkle teamed with Harvey and Bob Weinstein in a failed attempt to buy Miramax, the brothers' previous company, from Walt Disney Co. He has invested in movies with the Weinsteins, including "Our Idiot Brother" and "The Iron Lady."

The supermarket magnate was also an investor in Ryan Kavanaugh's Relativity Media, the studio that went bankrupt in 2015 and later emerged from Chapter 11 bankruptcy protection. Burkle stepped in with funding in 2012 when Kavanaugh's company was strapped for cash.

A spokesman for Burkle downplayed his involvement in the current bid, saying his L.A.-based company Yucaipa "does not have a deal in place with Maria Contreras-Sweet." However, he added that Yucaipa supports the plan to install female leadership.

"We share her belief that a women-led board is the only possible way the company survives at

this point," the spokesman said, declining to elaborate.

Born in Guadalajara, Mexico, Contreras-Sweet came to America with her mother and five siblings when she was 5.

She has held many jobs in private enterprise and public service, including a 15-year stint at 7Up-RC Bottling Co. She was also secretary of the Business, Transportation and Housing Agency under California Gov. Gray Davis.

Contreras-Sweet co-founded the private equity firm Fortius Holdings, which backed small Latino enterprises in California. She also founded ProAmerica Bank, catering to small and medium-size businesses in the Latino community. Most recently, she led the U.S. Small Business Administration from 2014 to 2017.

In her November letter to the board, Contreras-Sweet said she felt compelled to take action to help women who have suffered indignities and employees who may otherwise lose their jobs.

"I believe we have now reached a crossroads where it is imperative that a woman-led board acquire control of the company and create content that continues to inspire audiences around the world, especially our young girls and boys," Contreras-Sweet wrote.