

Multimillion-Dollar Harvey Weinstein Settlement Rejected by New York Court

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A federal judge rejected a [multimillion-dollar settlement](#) of sexual-misconduct cases against Harvey Weinstein, saying the proposed agreement improperly attempts to create a class action.

On Tuesday, U.S. District Judge Alvin Hellerstein quashed the proposal, telling attorneys to stop “wasting your time with a phony settlement and attempts to create a class where it doesn’t exist.”

Because the experiences of Mr. Weinstein’s accusers are so varied, the judge believed the case shouldn’t be handled as a class action, a legal mechanism that allows people with similar claims to band together in a single lawsuit. He also objected to a proposed \$12 million defense fund that would reimburse the Weinstein brothers and their former board of directors’ legal expenses.

“The idea that Harvey Weinstein can get a defense fund ahead of the claimants is obnoxious,” Judge Hellerstein said during the 20-minute hearing.

The settlement, announced last month by the New York attorney general, represented the culmination of years of negotiations between the office, Mr. Weinstein and his accusers, creditors, insurers and former board members. The proposed terms included a \$19 million fund to compensate women who had accused Mr. Weinstein of misconduct and chose to participate in the fund.

For the settlement to move forward, a bankruptcy court, which has jurisdiction over the Weinstein Co., and a U.S. district court in New York first had to agree to its terms.

Weinstein Co. bankruptcy lawyers didn’t immediately respond to requests for comment on the ruling. The studio’s bankruptcy lawyers are scheduled to next appear in the U.S. Bankruptcy Court in Wilmington, Del., on Aug. 4.

Elizabeth A. Fegan and Steve Berman, counsels in the proposed class action, criticized Tuesday’s ruling and said they would pursue further litigation.

“We needed to find justice for all the women that Weinstein preyed upon in a fair and equitable way,” they said, adding that the board of directors “should be held accountable for their silence and inaction.”

Following reporting in 2017 by the New Yorker and the New York Times in which several woman accused Mr. Weinstein of sexual misconduct, dozens of women came forward and sued the famed movie producer, his company and its executives. Higher-ups within the company, they claimed, knew about the abuse and helped cover it up.

The Weinstein Co.’s board fired Mr. Weinstein in October 2017 and filed for chapter 11 bankruptcy in 2018. It sold off its film and television assets the following year.

In 2018, then-New York Attorney General Eric T. Schneiderman filed a lawsuit against brothers Harvey and Bob Weinstein and the company for failing to protect employees.

Last year, Judge Hellerstein dismissed claims against Mr. Weinstein's former companies—the Weinstein Co. and Miramax LLC—and their executives.

Under the settlement terms presented to Judge Hellerstein, the Weinstein brothers and former directors of their production companies would be absolved of liability and Harvey Weinstein wouldn't have to admit wrongdoing. The settlement would be paid primarily by insurance companies representing the Weinstein Co. as part of its bankruptcy proceedings.

As part of the deal, instead of contributing to the victim compensation fund, the Weinsteins and the executives would "collectively take in about \$15 million"—an amount that could be greater than what the accusers would divide among each other, according to court documents. After attorneys' fees, litigation and settlement costs, court documents suggest, there would be just over \$11 million left of the \$19 million fund for Mr. Weinstein's accusers to distribute among themselves.

"It results in the alleged wrongdoers receiving significantly more money than the proposed class of victims," according to a court filing Monday by six accusers protesting the settlement.

It isn't known how many alleged victims would have participated in the proposed settlement, though attorneys said there could have been 1,000, according to court documents. Using that estimate, the average payment would be only about \$11,000 each.

Last week, bankruptcy lawyers representing Mr. Weinstein's former film studio and a committee of creditors that includes Louissette Geiss, a named plaintiff in the class action, told Judge Mary Walrath in the Wilmington bankruptcy court that the proposed settlement was the best resolution possible under challenging circumstances.

Almost all of the \$289 million raised from the 2018 sale of Weinstein Co. assets was used to repay the studio's secured debt, lawyers told Judge Walrath. Under bankruptcy law, the women's lawsuits against the company would be paid out only after bankruptcy fees, bank loans and other secured debt are reimbursed.

Attorney Douglas H. Wigdor, who represents several Weinstein accusers, applauded the judge's ruling Tuesday. "We have been saying for over a year and a half that the settlement terms and conditions were unfair and should never be imposed on sexual-assault survivors," he said.

Mr. Weinstein's attorney, Imran H. Ansari, of Aidala, Bertuna & Kamins, P.C., said Monday: "The practical reality is that those who opt out of the settlement face an uncertain financial recovery." He cited the Weinstein Co.'s bankruptcy and Mr. Weinstein's various unresolved legal matters, including "debt, judgments, frozen assets and a line of creditors looking for compensation."

Mr. Weinstein has continuing legal expenses. A Manhattan jury convicted him of two felony sex crimes in February, for which he is serving a [23-year prison sentence](#). He faces similar criminal charges in Los Angeles.

"Mr. Weinstein's current and future financial state is far from healthy. Not only has his

personal liberty been taken from him, but his financial liberty as well," Mr. Ansari said.