

The Weinstein Company says it will file for bankruptcy

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(Reuters) - The Weinstein Company said late on Sunday that the U.S. film studio, whose ex-chairman Harvey Weinstein has been accused of sexual harassment and assault, planned to file for bankruptcy in the coming days after talks to sell itself collapsed.

Filing for bankruptcy protection creates more uncertainty about how women who allege they are victims of Weinstein could be compensated.

The scuppered deal had a provision for a victims' fund, but in bankruptcy the women may be treated as unsecured creditors that can recoup only pennies on the dollar for their claims.

The Weinstein Company had been close to inking an agreement this month to be taken over by investors led by former Obama administration official Maria Contreras-Sweet for more than \$500 million, but a lawsuit filed by New York's Attorney General Eric Schneiderman on Feb. 11 complicated the negotiations.

Schneiderman had wanted any deal to provide adequate compensation to women who said they were victims of Weinstein, protect the company's employees and to not reward executives who allegedly knew of the abuse.

Schneiderman's office said in a statement on Monday it was disappointed in the collapse of the deal discussions, which included a commitment from the buyers for up to \$90 million in victim compensation, and that it would continue to investigate alleged abuse by Weinstein.

More than 70 women have accused Weinstein, once one of Hollywood's most influential men, of sexual misconduct including rape. Weinstein denies having non-consensual sex with anyone.

"A deal (to sell the company) would have been best for everyone involved, including victims, assuming a sizeable amount of money was set aside from the acquisition to compensate victims," said New York lawyer Doug Wigdor, who represents multiple victims of Weinstein's alleged abuse.

Others said the bankruptcy would not necessarily limit claims and could introduce more oversight to the creation of a victims' fund.

"We don't think that the bankruptcy will ultimately limit what the victims could get," said Elizabeth Fegan, an attorney representing victims in a pending class action lawsuit. "Our claims are not only against The Weinstein Company but also against the board of directors, which will continue to have liability."

Contreras-Sweet's latest offer did not meet the requirements of Schneiderman's office and did not set aside enough money to ensure the company's approximately 150 employees would be

paid while waiting for the deal to close, according to a letter from the board of directors of The Weinstein Company to Contreras-Sweet and one of her investors, billionaire Ron Burkle of The Yucaipa Companies LLC.

“While we recognize that this is an extremely unfortunate outcome for our employees, our creditors and any victims, the board has no choice but to pursue its only viable option to maximize the Company’s remaining value: an orderly bankruptcy process,” the company said in an emailed statement.

In its letter, The Weinstein Company said the acquisition offer would increase the liabilities left behind for the studio, “charting a financial path that will fail.” It added that the deal could take many months to close.

The Weinstein Company, which Reuters has reported as having debts of roughly \$375 million, launched in October 2005 and has produced and distributed films including “The King’s Speech” and “Silver Linings Playbook.”

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