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# Paramount Slams Opposing Lawyers in Film Investment Lawsuit

2:38 PM PDT 7/28/2014 by Eriq Gardner

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In a legal war over such films as "Mean Girls" and "The Manchurian Candidate," the studio tells the judge about "careless copying and pasting" and inconsistent plaintiff witness testimony.



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"Mean Girls"

On Friday, Paramount Pictures renewed its bid to have a New York federal judge dismiss a nearly six-year-old lawsuit that alleges the film studio committed fraud in raising financing for its "Melrose I" slate of movies, including *Mean Girls*, *Elizabethtown*, *Collateral* and remakes of *The Manchurian Candidate*, *The Stepford Wives* and *Alfie*.

Paramount has settled Wall Street lawsuits [time](http://www.hollywoodreporter.com/thr-esq/paramount-settles-massive-fraud-lawsuit-411787) (<http://www.hollywoodreporter.com/thr-esq/paramount-settles-massive-fraud-lawsuit-411787>) and [again](http://www.hollywoodreporter.com/thr-esq/paramount-settles-big-film-slate-665363) (<http://www.hollywoodreporter.com/thr-esq/paramount-settles-big-film-slate-665363>), but this one from Allianz Risk Transfer, Marathon Structured Finance Fund, Newstar Financial and Munich Re Capital Markets has proven some endurance. The investors allege they put up \$40 million but didn't know the studio was abandoning its historical practice of preselling distribution rights for movies in foreign territories. That alleged concealment is one of the reasons why investors say they haven't received profits.

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Earlier this month, the plaintiffs [pointed to evidence](#) (<http://www.hollywoodreporter.com/thr-esq/investors-say-they-have-evidence-716959>) surfacing in discovery to support their claims. Now, it's Paramount's turn to respond.

On a threshold standpoint, Paramount is reiterating [arguments](#) (<http://www.hollywoodreporter.com/thr-esq/paramount-fights-investors-fraud-lawsuit-698222>) raised in its summary judgment motion that the investors agreed to legally binding waiver and release provisions. The studio also emphasizes that the

investors failed to identify any false statements in the specific private placement memorandum (PPM) used to procure investments.

But Paramount also is attacking the manner in which the plaintiffs' attorneys at Pryor Cashman have handled witness testimony to rebut the summary judgment motion.

For instance, the studio points to "carbon-copy" witness declarations like "[Munich Re's] decision to invest in the Melrose Slate occurred at the time of the closing in July 2004" and "Allianz's decision to invest occurred at the time of the closing in July 2004."

The problem, says Paramount's own lawyer **Allan Arffa**, is that that's not entirely true.

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"It is undisputed that Allianz did not decide to invest in Melrose until the second closing of the Melrose Transaction, in *October* 2004," states Paramount's legal brief.

"The problems with these manufactured declarations go far beyond careless copying and pasting by lawyers," Paramount's brief continues. "Witnesses also now recall their reactions to documents that, at the time of their depositions, they could not recall seeing before."

And it doesn't end there.

The Melrose film slate covered 25 Paramount films released between April 2004 and March 2006, and in their most recent court papers, the plaintiffs said that the studio presold foreign rights for only two of them. But Paramount wonders about the plaintiffs' expert who, earlier in the case, found that Paramount had presold five of them.

The inconsistency is noted, before Paramount argues:

"More importantly, whether the 'correct' number is two or five does not render false the statements that Paramount would 'selectively' and 'opportunistically' enter into cofinancing arrangements — certainly not where the PPM also expressly informed potential investors that there was no guarantee about the amount or type of co-financing, including international pre-sales, that Paramount would (or would not) use in the Melrose Slate. Indeed, when asked at their depositions, all of the plaintiffs uniformly testified that they fully understood there was no guarantee of any level of co-financing or particular co-financing techniques. Now, in a last-ditch effort to avoid summary judgment, each of the plaintiffs has submitted a declaration contradicting and embellishing his deposition testimony."

Here's the [full reply memorandum](#) (<http://www.scribd.com/doc/235310548/Allianz-Paramount>) in support of Paramount's motion for summary judgment.

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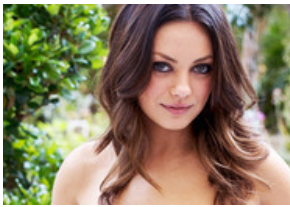
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