Writers Guild unhappily sits on $20 million

The Hollywood union is having a tough time finding the rightful owners of a pile of foreign payments. Members and others are suing.

By Richard Verrier, Times Staff Writer
May 2, 2007

The Writers Guild of America, West has $20 million in a trust account in Hollywood, which is not the good news it might seem to be.

The money belongs to hundreds of writers, or their estates, whose movies or TV shows were viewed in foreign countries that levy special taxes to compensate authors for the reuse of their work.

The guild's failure to distribute such a big stockpile of cash has raised hackles in Hollywood, turning what might have been an arcane accounting matter into an embarrassing and potentially costly dispute for the union, which is just about to enter crucial contract negotiations with producers.

"They have an account with a bunch of money in it that belongs to their members — and not them — and they've made no attempt to distribute it," said Jon Brown, a partner in Ensemble Entertainment, a literary management firm, who represents the estates of several writers.

Guild officials, who say they dispense millions in so-called foreign levies each year to authors who wouldn't otherwise be able to collect them, dismiss as "ridiculous" allegations that they are deliberately withholding the money.

The officials do acknowledge some problems with foreign levies, though not in how they're distributed. It is turning over to prosecutors this week the results of an internal investigation that found that about $17,000 was missing from a foreign levies account.

When it comes to dispensing the foreign levies, guild officials say, it can be tricky to identify the people entitled to the money that comes in from overseas. Sometimes the entities that send the money to the guild don't provide enough information, the union says. Show titles often are listed in a foreign language, or the translation doesn't match the English title.

"Do we wish we didn't have $20 million on hand? Sure. We wish it were a lot easier to distribute," said Tony Segall, general counsel for the Writers Guild of America, West. "We've done nothing but work at getting this money out."

Plaintiffs in a lawsuit disagree. Filed in state court in Los Angeles in 2005, the suit alleges that the union is improperly holding on to money that belongs to writers and heirs who aren't union members.

The suit says that the money is owed to at least 1,000 individuals or estates.

A similar complaint was filed against the Directors Guild of America.

Among the plaintiffs in the Writers Guild case is William Richert, whose credits include "The Man in the Iron Mask" and "A Night in the Life of Jimmy Reardon." The guild sent Richert a foreign levy check for $467 for movies shown abroad from 2002 to 2005. He believes he should have received much more.

"The Writers Guild has been collecting money for years and not accounting for it," Richert said. "I never gave any person or union the right to collect money for me, and to withhold money from me without my knowledge."

The issue heated up last month when U.S. District Judge Margaret M. Morrow ruled that the agreement under which the guilds distribute the foreign levies "limited the plaintiffs' right to receive their full share." She also ordered that the case be tried in California.
Writers Guild unhappily sits on $20 million - Los Angeles Times

Officials from both guilds, who have dismissed the claims as baseless, declined to comment on the order.

On another front, the Writers Guild is fighting a wrongful-termination lawsuit filed last year in L.A. County Superior Court by Teri Mial, a former guild estates trusts manager who claims she was fired for cooperating with U.S. Labor Department investigators examining the guild's handling of foreign levies.

Mial, a former manager for child actor Gary Coleman, worked at the guild for nine years. In a deposition, she said she had voiced "heavy, serious concerns" to her bosses about repeated delays and problems in sending the foreign levies on to writers and their beneficiaries.

A Labor Department spokesman declined to comment on the alleged probe. Guild officials have declined to comment on the Mial case and have said they were unaware of any federal investigation.

In a separate development, Writers Guild counsel Segall said the union would give the Los Angeles County district attorney's office the results of the internal investigation into possible wrongdoing in the foreign levies department.

Segall said employees had alerted the guild that something was amiss. After hiring a forensic accountant to investigate, the guild discovered that about $17,000 was missing, Segall said.

"We discovered in the last month financial discrepancies in the foreign levies department, and that they go back to December 2006," Segall said. "We were unable to account for the funds."

The missing funds will be recouped through the guild's bonding or insurance policies. "The foreign levies program will not lose a penny as a result of these irregularities," he said.

Foreign levies date to the 1980s, when some countries began imposing taxes on home video rentals, the sales of blank videocassettes and recording equipment, among other things.

Initially, the levies were claimed by film and TV producers. Then in 1990, the Writers Guild and Directors Guild challenged those claims.

To settle the dispute, the two sides reached an agreement giving producers 85% of foreign levies and the two guilds the remaining 15%; the deal was later amended so that producers receive 50% and the two guilds 50%, which they divide equally.

The guilds receive the money from foreign collection societies and are responsible for distributing the proceeds to writers and directors, including those who aren't members.

Of more than $47 million the guild has received since 1991, about $27 million has been paid out.

Guild officials cite several reasons for the backlog, including limited resources and the difficulty of tracking down heirs of deceased writers and people who aren't members of the union. What's more, there are sometimes disputes among heirs over the rightful owner of the money.

Guild officials say they have hired temporary employees to reduce the backlog and are working more closely with the foreign collection societies to improve the quality of information.

Brown, the partner in the literary management company, said it was about time the guild attended to its foreign levy problems.

He said that when he called the guild two years ago to ask about foreign levy money his clients had coming to them, he was told that the guild had been unable to find his clients. That, he said, was incredible, considering that it was well known in town that he represented the estates of several famous late writers, including Paul Gallico, who wrote "The Poseidon Adventure" and "The Pride of the Yankees."

Gallico's estate eventually received a foreign levy check for about $120, Brown said, but only after months of effort.

"If they wanted to find me, they could have found me very easily," he said of the guild. "They know exactly who I am."

Countered guild spokeswoman Jody Frisch: "We wouldn't have known that he was the
Writers Guild unhappily sits on $20 million - Los Angeles Times

appropriate person to contact. We can't just make random calls."

richard.verrier@latimes.com

MORE NEWS
- Crash kills deputy parked on a stakeout
- Acrobat in fatal fall lacked safety gear
- L.A. population crosses 4-million mark

"Venice" is more than just Muscle Beach! View our readers' photos and share your own at Your Scene.
Submit your photo now >>

Ads by Google

2007 Best Stocks To Buy
10 Low-Priced Stocks You Must Own Get This Free Report - Profit Today
www.cabotwealth.com

TD AMERITRADE: Brokerage
Commission free trades for 45 days. No maintenance fees. Sign up now.
TDAMERITRADE.com

World's Top Penny Stock?
Learn How A Small Exploration Co. Will Be the Top Stock of 2007
www.DailyWealth.com/Penny_Report

Start Investing Today
No Minimums, No Inactivity Fees $6.95 Flat Rate, Unlimited Shares
www.firstrade.com

Buy Stocks Online for $0
Trade Stocks for Free on Zecco.com With Zecco's Zero Commission Trades
www.Zecco.com