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## **Pryor Cashman Defeats Motion to Dismiss in Paramount Pictures Film Financing Case**

Pryor Cashman, representing a series of funds which lost their entire investment in a film financing transaction concerning a slate of Paramount films, has defeated Paramount Pictures Corporation's motion to dismiss the case.

Pryor Cashman's clients lost their entire investment, cumulatively over \$40 million, in a transaction (known as "Melrose I") which raised over \$231 million in 2004 for Paramount to finance the production of films such as *The Manchurian Candidate* and *The Stepford Wives*. The slate performed poorly and Plaintiffs commenced litigation against Paramount, alleging that Paramount failed to disclose in the offering documents that it had abandoned certain risk-mitigation techniques which, had they been employed as the offering documents stated, would have reduced Plaintiffs' loss to only \$30.3 million.

Paramount moved to dismiss Plaintiffs' Complaint, arguing that because a special purpose entity named Melrose LLC issued the securities and the offering documents, Plaintiffs' claims were barred by the U.S. Supreme Court's decision in *Janus Capital Group, Inc. v. First Derivative Traders*, which held that only the "maker" of a fraudulent statement could be liable for fraud. Paramount contended that only Melrose LLC was the "maker" of the offering documents.

On January 11, 2012, U.S. District Court Judge Thomas P. Griesa ruled that Plaintiffs' action will move forward. In a decision delivered from the bench, Judge Griesa held that Plaintiffs' Complaint sufficiently alleged that Paramount was the "maker" of the statements under the *Janus* test and denied Paramount's motion to dismiss the Complaint.

Litigation Partner James A. Janowitz, Chair of Pryor Cashman's Entertainment Group, Counsel Jacob B. Radcliff and associate Bryan T. Mohler represented the Plaintiffs.

The case, *Allianz Risk Transfer AG et al. v. Paramount Pictures Corporation*, No. 1:08-CV-10420 (TPG) (S.D.N.Y.), has been the subject of media coverage, including a January 11, 2012 article in *Law360* entitled "Paramount Investors To Proceed With Fraud Suit." To read the article, please [click here](#).