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mermigas on media



At a time of great upheaval in the media and entertainment industries, The Hollywood Reporter

contributing editor Diane Mermigas will bring insightful perspective on issues and trends in the business each week in her Mermigas on Media column, which debuts today.

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TW settles accounting flap

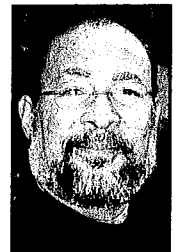
Includes \$300 mil penalty; finance execs stay on

By Georg Szalai

NEW YORK — Time Warner said Monday that it has finalized a previously outlined settlement with the Securities and Exchange Commission, including a \$300 million civil penalty, over charges that the company's America Online unit materially overstated online advertising revenue and subscriber figures.

The finalization of the deal, which was first outlined late last year together with a similar Justice Department arrangement, ends a long-running accounting probe and means that the world's largest media conglomerate is finally free again to register and issue stock for possible transactions, including a possible joint takeover with Comcast Corp. of bankrupt cable operator Adelphia Communications.

However, as part of the deal, TW also must bring in an independent auditor to review the accounting for 17 other past transactions, including cable program affiliation deals.



Parsons

In a related settlement, TW's top finance executives, including chief financial officer Wayne Pace, entered a cease-and-desist order. They will remain in their posts.

"The good news is that Time
See TW on page 46

Bateman finds 'Heartbreak' with Poehler

By Liza Foreman



Jason Bateman and Amy Poehler have signed on to star in "The Heartbreak Kid" for DreamWorks Pictures.

The story centers on a man (Bateman) who is convinced that he finally has met the right girl
See "HEARTBREAK" on page 46



Tonight's episode of CBS' "Judging Amy" was inspired by the Kaiser Family Foundation's AIDS awareness campaign. Advocacy groups are working with Hollywood creatives to incorporate social issues into film and TV plots.

Public service advocates find new roles in H'wood

By Gail Schiller

In the MGM film "Be Cool," John Travolta's character Chili Palmer drives a hybrid car, while the bad guys cruise around in gas-guzzling SUVs.

In an episode of CBS' "Judging Amy" that airs tonight, a young AIDS counselor with HIV helps save a suicidal teenage girl who has just discovered that she is HIV-positive. And on an episode of UPN's "Eve" that airs in early May, the real-life AIDS counselor who

inspired the "Judging Amy" character makes a cameo appearance in an episode about HIV testing.

Major elements of all three fictional story lines were not thought up by writers but inspired by advocacy and public health groups that work with Hollywood creative talent to encourage the accurate depiction of social issues including sexual health, drug and alcohol abuse, HIV and AIDS awareness, gun violence and the envi-

See ADVOCACY on page 8

Church will try to squash hero in 'Spidey 3'

By Liza Foreman

Thomas Haden Church, who was nominated for an Academy Award for best supporting actor in "Sideways," has been cast as Spidey's new archenemy in the next chapter of the "Spider-Man" franchise. Director Sam Raimi made the announcement Monday along with producers Laura Ziskin and Marvel Studios' Avi Arad.



Church

See CHURCH on page 47

Hulbert tapped Hallmark Int'l chief executive

By Mimi Turner

LONDON — Hallmark International has appointed former Walt Disney International television president David Hulbert to the post of chief executive, chairman David Elstein said Monday.

Elstein, who acquired the \$242 million business from Crown
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Advocacy

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ronment.

Although funding pressures have recently caused several advocacy groups to scale back their efforts or completely shut down, all the buzz over branded entertainment is prompting a growing number of nonprofits to take a closer look at working with Hollywood to get their messages out.

"These advocacy organizations have got to get their messages through the clutter just like everyone else," said Andy Marks, a producer of branded content and consultant to nonprofits trying to work with Hollywood. "With all the attention on product placement, more of these organizations are realizing this is an opportunity."

But while brands are often paying exorbitant fees for integration into story lines, the nonprofits are getting their messages in for free, often just by serving as a resource to writers, producers and showrunners on vital social issues that make for dramatic programming.

"In television, when anyone brings you research around an interesting issue, you often leap at working on the idea because you're usually brain-dead after Episode 10," said veteran film and TV scribe Paul Haggis, who earned an Oscar nomination for his "Million Dollar Baby" screenplay. "We also want to be socially responsible in what we do."

Tammy Ader, executive producer and creator of Lifetime's "Strong Medicine," said working with advocacy groups is a staple of the show's story-development process.

"You can pretty much pick any episode of 'Strong Medicine' and there is an advocacy group associated with it. We consider the show's social conscience to be an integral part of the series, and advocacy groups represent a lot of real-life social issues that we are dramatizing."

Neal Baer, executive producer of "Law & Order: SVU" and a former writer and executive producer on "ER," said that while he doesn't take story ideas from public health or advocacy groups, he feels working with them is essential to ensure his shows are accurate.

"What's critical about a lot of these groups is they help writers get accurate information out there," said Baer, who also is a physician. "You might argue it's entertainment, but people still get their

health information from television so I think it's incumbent on us to be as accurate as possible. We have some responsibility toward the audience."

While the motivation of corporate advertisers and advocacy groups is different, they are both trying to use the cultural clout of entertainment as well as viewers' identification with TV and film characters to sell their marketing messages to the public.

"Just like Coca-Cola may try to get their Coke brand into a show, we're trying to get a public health message into a show," said Tina Hoff, vp and director of entertainment media partnerships at the Kaiser Family Foundation, which just recently entered the third year of a partnership with Viacom on the issue of HIV/AIDS. "It really is a form of pro-social product placement."

While Kaiser works with other entertainment companies, its partnership with Viacom is unprecedented among advocacy and public health groups.

Since the Emmy and Peabody Award-winning "Know HIV/AIDS" campaign was launched in 2003, 40 broadcast and cable programs on Viacom-owned networks have incorporated HIV/AIDS into programming. In addition, Viacom has committed \$600 million of media value to the public education initiative, and Know HIV/AIDS has created more than 100 public service announcements.

Kaiser is one of at least a dozen public health or advocacy groups that are extremely active in working with the Hollywood creative community. A few of the groups were started by top entertainment industry executives, many have celebrities and top industry professionals on their boards, and one — the Entertainment Industries Council — was created in 1983 to serve as an official entertainment industry clearinghouse of information designed to "bring the power and influence" of Hollywood "to bear on health and social issues."

For the most part, the nonprofits use similar approaches to encourage social placements, offering briefings, panel discussions and one-on-one meetings; providing research and experts; and sending out informational publications, e-mails and faxes. Several of the groups also hand out awards to writers and producers to recognize their work in highlighting health and social issues.

See **ADVOCACY** on page 46

Advocates and issues

Here are some of the major groups that offer resources and information to the creative community

- **Henry J. Kaiser Family Foundation** — HIV/AIDS and health policy. A nonprofit operating foundation that partners with such media companies as Viacom, MTV, BET and Univision. Conducts briefings and serves as a resource for partner and nonpartner companies and productions.
- **Entertainment Industries Council** — Health and social issues including drug, alcohol and tobacco addiction, mental health, gun violence, human trafficking, skin cancer and traffic safety. Partners with nonprofits and government agencies to provide briefings, publications, a helpline and experts.
- **Hollywood, Health & Society** — Public-health issues. Funded by the CDC and the National Cancer Institute, HHS works in partnership with the USC Annenberg School's Norman Lear Center. Briefings, experts, tip sheets, mailings, help with PSA scripts and hotline numbers. The Sentinel for Health Awards.
- **The Media Project** — Sexual health. Funded by Washington-based Advocates for Youth. Helpline, expert referral, script review and private briefings. Recently slashed staff and shelved 20-year-old Shine Awards because of loss of CDC funding.
- **Environmental Media Assn.** — Environmental issues. Founded by Lyn and Norman Lear and Cindy and Alan Horn. Briefings, individual meetings, expert referrals and PSAs. Environmental Media Awards.
- **Harvard School of Public Health** — Retirement and civic engagement; volunteer youth mentors. Best-known initiative was the Harvard Alcohol Project in late 1980s, which helped establish the designated driver. Mailings, one-on-one meetings, access to creatives through top industry executives on its advisory board.
- **Population Communications International** — Family planning, women's empowerment and reproductive health. Sponsors annual soap summit for soap writers, producers and directors. In developing countries, produces soaps and provides technical assistance for soaps with social messaging.
- **Gay and Lesbian Alliance Against Defamation** — Accurate depiction of gays and lesbians. Both a watchdog and resource group. One-on-one meetings, help with scripts, advice on casting decisions and on the marketing of shows dealing with gay issues.
- **Children's Action Network** — Children's issues. Funded by such talent as Steven Spielberg, Henry Winkler and Sid Sheinberg. Briefings, one-on-one meetings, research and experts.
- **American Academy of Pediatrics Media Resource Team** — Children's health issues. Briefings, one-on-one meetings, mass mailings and script reviews. In the process of ramping up its Hollywood outreach efforts.
- **Children Now's Children & the Media Program** — Children's issues. Briefings, one-on-one meetings, research and experts.
- **National Campaign to Prevent Teen Pregnancy** — Teen relationships, sex and parenting issues. Works with task force of media leaders from Fox, the WB Network, MTV, Lifetime and Teen People. Story ideas, studies, research and expertise.
- **Entertainment and Health Group** — Patient safety, nursing shortages. Meetings, experts and research. Recently shut down Last Acts Writers' Project on end-of-life issues because of loss of funding.
- **PETA** — Animal rights. Letters pitching story ideas; vigilant responses to mentions of animals in film and TV; private meetings, and a new Los Angeles office to work with creative talent.

TW

Continued from page 1—

Warner can finally move ahead, e.g. issue stock," Merrill Lynch analyst Jessica Reif Cohen said.

TW and its officials didn't deny or admit any wrongdoing as part of the settlement.

But in a statement, the SEC said that between 2000-02, the company "employed fraudulent round-trip transactions that boosted its online advertising revenue to mask the fact that it also experienced a business slowdown."

The statement went on to chastise AOL for its past practices in reporting of user statistics, especially ahead of the often-maligned merger with TW. "The company artificially inflated the number of AOL subscribers in the second, third and fourth quarters of 2001 so it could report to the investment community that it had met its new subscriber targets, an important metric the market used to evaluate AOL (both before and after its merger with Time Warner)," the SEC said.

TW had outlined the terms of its SEC settlement late last year, including the \$300 million penalty, but the deal still needed the approval of the SEC commissioners. At that time late last year, TW also announced a separate settlement with the DOJ. Together, the two settlements cost the company \$510 million.

"We're pleased to have resolved the SEC's investigation of the company based on the proposed settlement announced late last year," TW chairman and CEO Richard Parsons said. "We look forward to continuing to operate our businesses best in class and delivering sustained, superior growth to our stockholders."

Under the SEC settlement, TW

also promised to cooperate with an independent examiner to review additional instances of disputed accounting.

The review will focus on whether "historical accounting for transactions (in 2000 and 2001) with 17 counterparties identified by the SEC staff, including three cable programming affiliation agreements with related advertising elements, was in conformity with generally accepted accounting principals," the company said Monday. The transactions all involved online advertising and related businesses, TW said. The examiner will report to TW's audit and finance committee within 180 days of being engaged.

As part of the SEC deal, TW has adjusted its accounting for ad deals with German media house Bertelsmann AG and for transactions with two other AOL customers. The adjustments recently resulted in a \$500 million reduction in revenue over several years. This was on top of a \$190 million reduction the company already had taken earlier.

Also under the SEC pact, TW adjusted its accounting for the consolidation of AOL Europe, whose losses it didn't include in its results at a time when it controlled the property, according to the settlement.

In a related settlement Monday, Pace, controller James Barge and deputy controller Pascal Desroches were named in administrative proceedings brought by the SEC. They also didn't admit to or deny any wrongdoing but agreed to the cease-and-desist order.

"We have confidence in our top financial officers, and we're pleased that they will continue to serve our company in their current positions," Parsons said.

TW shares closed down 1.5% at \$18.42. ■

Genies

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Oscar nomination for best actress, came away from the Genies empty-handed.

Elsewhere, Francis Leclerc's "Memoires Affectives" (Looking for Alexander) grabbed three Genies: best direction, best original screenplay and best actor for Roy Dupuis.

Quebec screen star Jean Lapointe picked up the best supporting actor award for his work on "Le Dernier Tunnel" (The Last Tunnel), a French-language thriller from Erik Canuel that also earned a

trophy for best overall sound.

Another multiple winner was Denise Filiatrault's "Ma Vie en Cinemascope" (My Life in Cinema), which earned Pascale Bussieres the best actress award.

The dominance of Quebecois filmmakers and actors had English-language performers complaining about being left out in the cold.

"This may be the only awards show where the nominees that don't win fire their agents in two languages," joked SCTV alumnus and Genies host Andrea Martin.

Among the few English-Canadian movies to enter the spotlight

Advocacy

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"We have found that education, resources and recognition are the three elements that tend to motivate the creative community," EIC president and CEO Brian Dyak said.

The movement of advocacy groups trying to place social messages in entertainment — often referred to as entertainment education — dates back to the 1970s. Many say Norman Lear's "All in the Family" was one of the first shows to take on major social issues and demonstrate the power of entertainment to educate, not just entertain. "In some cases, organizations grew up around the fact that we asked for some expertise, and people began to see television as a major medium for getting people to understand these problems," Lear said.

One of the most effective advocacy campaigns to take place in Hollywood since then was the Harvard Alcohol Project. A program of the Harvard School of Public Health Center for Health Communication, the campaign led to the depiction of designated drivers in more than 160 primetime episodes on the major broadcast networks over four television seasons beginning in the 1988-89 season. National polls showed a sharp rise in the use of designated drivers around the country following the launch of the campaign.

'Heartbreak'

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and marries too quickly. While on his honeymoon and in the process of discovering that his new bride (Poehler) is a nightmare, he meets the girl of his dreams.

Scott Armstrong and Leslie Dixon are writing the screenplay for producers Radar Pictures and Davis Entertainment. The DreamWorks executives on the project are Marc Haimes and Ashley Woodard.

James Bobin is set to direct the film, replacing Barry Sonnenfeld, who fell off the project late last



Poehler

year. Bateman recently won a Golden Globe for his performance on the Fox series "Arrested Development." His big-screen credits include "Starsky & Hutch" and "Dodgeball: A True Underdog Story." Poehler's credits include "Mean Girls" and "Deuce Bigalow: Male Gigolo."

Bateman is repped by ICM. Poehler is repped by UTA, 3 Arts and attorney Warren Dern. ■

Monday night was Mark Achbar's "The Corporation," which came away with the Genie for best documentary.

And American actor Jennifer Jason Leigh won the best supporting actress Genie for her role in "Childstar." ■

While advocacy groups work on getting story lines into both film and television productions in Hollywood, they are much more focused on the small screen. "Television reaches a broader audience, and it's faster," said Debbie Levin, president of the Environmental Media Assn. "There is less lead time between pitching and airing, so you can be more topical."

But Levin did focus on film with "Be Cool," convincing producer Michael Shamberg to put Travolta behind the wheel of a hybrid car. Not only does Travolta's Chili Palmer drive a Honda Insight throughout the film, he defends its virtues in a number of scenes, calling it "the Cadillac of hybrids" and "a small sacrifice to pay for the environment."

Similarly, Kaiser's Know HIV/AIDS campaign inspired "Judging Amy," which features a character based on the real-life work of Martinez Brown, a 25-year-old AIDS counselor who was diagnosed as HIV-positive at 18.

"We honestly wanted to do the Martinez Brown story because we thought it was so interesting, but we did our own version," "Judging Amy" executive producer Carol Barbee said.

Brown also makes a cameo appearance on an episode of UPN's "Eve" in May. "It made the episode resonate for all of us, cast and crew, to have someone on the set living with HIV," "Eve" executive producer Meg DeLoatch said. ■

Elsewhere, the Milla Jovovich-starrer "Resident Evil: Apocalypse" earned the Golden Reel Award for the Canadian film with the highest boxoffice in 2004.

A complete list of winners can be found at www.hollywoodreporter.com. ■