

Bob Yari faces contempt hearing, fines in secret battle with UTA

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Producer Bob Yari has endured more than a few financial fender-benders since his "Crash" won a best picture Oscar in 2006. That film grossed nearly \$100 million worldwide but spawned litigation with everyone from director Paul Haggis to producers Cathy Shulman and Tom Nunan. Then in December 2008, Yari was forced to put the releasing arm of Yari Film Group into Chapter 11 protection after the recession and battles with creditors sapped it of cash.

Yari's production arm has kept on trucking, but now a judge might find Bob Yari Prods in contempt--if the talent agency UTA has its way.

Yari is battling the agency in a confidential IFTA arbitration over commissions from the 2006 comedy "Dave Chappelle's Block Party," produced by Yari. UTA argued in the arbitration that Yari's perilous financial situation might render his company unable to pay a judgment, and its execs apparently suggested bankruptcy of the production arm might be a possibility. So in August, arbitrator Stephen Strick took the extremely rare step of ordering Yari to put \$350,679.06--the amount of Yari's alleged unpaid commissions and interest--into a safe account pending the outcome of the case.

"Given its officers' comments about the filing of bankruptcy, the arbitrator had yet another reason to issue an order requiring (Yari) to place the monies at issue in an escrow account," UTA's lawyer, Bryan Freedman, tells us. (We've left messages for Bob Yari Prods. and its lawyer, Behzad Nahai, none of which have been returned. UPDATE BELOW)

Judge Craig Karlan later confirmed the order and warned Yari in a public filing that if the money wasn't deposited, he'd find the company in contempt. "In my opinion, it's unprecedented that an arbitrator would order the funds at issue to be placed into an escrow account," Freedman says. "There was obvious concern over the financial health of Bob Yari Prods."

According to court documents, Yari appealed the order in September. But UTA responded by arguing that the appeal doesn't stay enforcement of the court's order unless Yari posts an undertaking, which apparently never happened.

Another hearing in October ended with the court agreeing with UTA, again ordering Yari to post the bond immediately or be found in violation of the order.

The bond still hasn't been posted, so UTA is seeking to hold the company in contempt. A hearing is scheduled for January 6 in front of Judge Karlan. Potential remedies include per-day fines and even jail time for the execs.

As part of its case, UTA's lawyers have helpfully provided the arbitrator with copies of 25-or-so lawsuits featuring Yari as a defendant over the past few years. (That's just the public lawsuits, not any private arbitrations.) Probably not something an arbitrator can consider, but the point has been made.

Does Yari plan to pay the bond? Will Bob Yari Prods file for bankruptcy? We'll update if/when we hear from the company.

UPDATE: We just spoke with Bob Yari. He says his company will emerge victorious in the underlying fight with UTA over "Block Party" but that in the meantime it simply doesn't have the money to pay the bond. "We told the judge there is no liquidity to put up funds," Yari says. "This isn't about hiding anything, this is about this company not having any cash." UTA has scheduled depositions of Yari, and Bob Yari Prods execs Dennis Brown and Bill Immerman for later this month, which Yari says will confirm that the company is having real money problems. So much so that a Chapter 11 bankruptcy might be in the cards. "If it's done, it'll be a reorganization, not a liquidation," he says.