

JUNE 30, 2016 5:30pm PT by Ashley Cullins

'Broken City' Producers Facing \$6.2M Lawsuit for Racketeering



Alan Markfield/Twentieth Century Fox Film Corporation/Photofest

Emmett/Furla Productions faces yet another lawsuit.

Producers of *Broken City* defrauded investors out of millions, according to a lawsuit filed Wednesday in L.A. County Superior Court.

Nemesis Finance is suing Randall Emmett/George Furla Productions and both men as individuals for breach of contract, fraud and violation of the RICO Act.

The producers aren't strangers to legal hot water; they've recently been sued over *Heist* and *Motor City* and are suing the co-producers of a *Tupac Shakur* biopic. That isn't lost on Nemesis' attorney Bryan Freedman, who draws attention to the matter right off the bat in his complaint.

"Defendants' unlawful and intentionally unethical conduct follows a pattern that they have established over the past few years with numerous independent producers, whom they have swindled into doing business with them," Freedman writes. "Defendants' repeated swindles have earned them a reputation for dishonesty and unreliability."

According to the lawsuit, Nemesis and Emmett/Furla entered into a co-financing agreement for the film. After *Broken City's* international pre-sales totaled only about \$17 million, instead of the \$28 million that had been estimated, several contentious telephone conversations took place and Nemesis decided to change its role to that of a subordinated lender.

In 2011 Nemesis and Georgia Film Fund Seven, which is owned by Emmett and Furla, signed a loan agreement for about \$5.3 million. Days later, Nemesis learned that defendants had misrepresented to the major guilds the amount of debt loaned against the pre-sales in order to reduce the residual reserve they had to deposit. This left Nemesis with a potential \$1.6 million shortfall and, after the financier expressed concern, Emmett and Furla each executed a written personal guaranty, along with one from their company.

Emmett and Furla "irrevocably, absolutely, and unconditionally guaranteed to pay any losses incurred by Plaintiff as a result of any residuals payable to the DGA, SAG, and WGA exceeding the amount of the Residual Reserve," Freedman writes in the complaint.

In 2012 the sales agent of the film, Inferno International, filed bankruptcy and its rights in the film were assigned to Nemesis through an asset purchase and sales agreement.

That was the beginning of a collections headache for Nemesis, according to the suit. GFF7 defaulted on its loan in 2013. Investor Loggalex owed \$1.6 million to Inferno, a debt which Nemesis inherited, but a later-discovered secret side agreement with Emmett had diverted part of that minimum guarantee to a different film.

"Plaintiff alleges on information and belief that Emmett told several distributors of the Film, including Loggalex, that they did not have to pay Inferno pursuant to the terms of the deal memoranda for the Film by virtue of side deals like the one they made with Loggalex," Freedman writes.

Nemesis is suing for at least \$6.2 million in damages.

An attorney for Emmett/Furla has not yet commented in response to the lawsuit.



Ashley Cullins

✉ THRnews@thr.com

🐦 @thr