

Dino DeLaurentiis had it all. His own studio. His own back lot. His own starry-

THE LITTLE

eyed Wall Street backers. And \$240 million. Now, 19 horrible, money-losing movies

PRODUCER

later, it's all gone. Except, unfortunately, for the 19 horrible, money-losing movies

THAT COULDN'T

There are a number of ways to reckon the house-of-cards collapse of the DeLaurentiis Entertainment Group. It could, for instance, be explained (correctly) in the bloodless, dreary language of the business school classroom: higher-than-anticipated distribution costs, excessive budgets, capricious management practices, imperceptible market research. It could also be explained (correctly) in the language of common sense: no movie company can stay in business if it makes movies so bad that nobody will pay to see them. But an often-told story about Dino DeLaurentiis's personal translator may best explain the collapse of DEG. Although he has lived and worked in America for



BY MARK FRANKEL

more than 20 of his 70 years, DeLaurentiis has never been at home with English. He can, of course, make himself understood—shifting seamlessly from his gruff Neapolitan Italian to curt Anglo-Saxon profanity (with a Neapolitan accent). But his grasp of the American idiom is problematic, and every movie script that crosses his desk must be rendered into his native tongue before he will read and evaluate it. DeLaurentiis employs young Italians to do this.

Back in the early 1970s, when DeLaurentiis's office was in the Gulf+Western Building in New York, he offered one of his directors the use of his beach house in the Hamptons. *Take the whole family*, DeLaurentiis insisted; the house would be empty except for his translator. The film director, together with his wife, his children and the family dogs, drove out to the Hamptons, arriving late one Friday night.

Early the next morning, the director ambled into the kitchen. As he brewed coffee and fed his pets he looked up to see a young Italian man standing in the doorway: the translator. After groggy introductions, they struggled to make polite chatter when suddenly the young Italian glanced at one of the hounds eating noisily by his feet.

"Ah," the translator said. "What a beautiful cat that is!"

The translator wasn't the only one who failed to recognize a dog. "Why did DEG fail?" asks a former DEG executive. "Bad movies." Even in the post-*Heaven's Gate*, post-*Ishbar*, post-*Howard the Duck* era, when cinematic catastrophe is routinely discussed in terms of tens of millions of dollars, DEG set new standards for squandering tens, even hundreds, of millions, in just a few years, making some of the most dreadful movies imaginable. In its two years as a solvent public company, DEG produced just two dozen or so movies—movies other companies wouldn't touch, with stars no one wanted to see: utter critical and commercial failures, *historic* bombs such as *Maximum Overdrive*, *Tai-Pan*, *King Kong Lives*, *Million Dollar Mystery*, *From the Hip* and *Date With an Angel*. DEG is gone now—forced into bankruptcy, its assets sold, the majority of its executives employed elsewhere. But its cinematic legacy will live with us for years, languishing on video store shelves, there to divert thousands of bored teenagers stuck at home on Saturday night without a date or a better video.

The tale of DEG's collapse is a story of Hollywood and Wall Street, of sharpies on both coasts who believed they had stumbled onto a miraculous, no-risk formula in a quasi-glamorous but volatile and unpredictable industry. But the saga centers on one man—DEG's mad, cartoonish charmer of a founder, chairman and CEO, Dino DeLaurentiis.



One easily imagines him playing a Mediterranean tycoon—cutting deals, scheming, manipulating—opposite, say, Joan Collins on Dynasty

to some inner voice that no one else heard—and that probably wouldn't have been understood anyway.

One executive recalls that whenever he or his colleagues decided not to buy a particular film, Dino would simply change the subject and ask again another day. "Dino would never really believe in market research," explains one confidante, "because it never told him what he wanted to hear."

DINO (AS WITH CHARO AND CANTINFLAS, A SINGLE name can suffice) looks like an international impresario delivered from Central Casting. One easily imagines him playing a Mediterranean tycoon—cutting deals, scheming, manipulating—opposite, say, Joan Collins on *Dynasty*. Barely more than five feet tall (see "I Am Standing Up!," page 52), barrel-chested, sporting a nimbus of gray hair like an olive-leaf laurel, always impeccably tailored, Dino radiates what Italians call *eleganza*. Imitating Dino's hoarse growl is part of the standard repertoire of Hollywood party tricks. (Dino himself has said that Dustin Hoffman does him best.)

As he approaches 70 Dino is, along with Sam Spiegel and Lord Grade, one of Hollywood's last Last Tycoons. He is, in many ways, a throwback to an earlier epoch in the film industry, when men were men (rather than agents) and movie studios had not yet become the glorified banks-cum-ad agencies they are today. In the DeLaurentiian universe, everything is first-class; everything is as big as the Ritz. *When I buy jewels, I don't go to Tiffany, I go to Bulgari*, DeLaurentiis is fond of boasting. *Only the best*. That meant, among other things, a brace of matching blue Rolls-Royces—one for himself and one for Martha Schumacher, the pretty, mid-30-ish blond with whom he shares a Beverly Hills house that once belonged to pulp novelist Harold Robbins. In his world Dino is king, with his own ways of wangling what he wants from writers, directors, financiers,

film executives and studio heads.

And from fish, as DEG president for marketing and distribution Laurence Gleason learned when he accompanied his boss of bosses on a working holiday to Bora Bora. Along on the trip was MCA president Sidney Sheinberg and his wife, Lorraine Gary. Dino hoped that a few days' exposure to the tropical sun would soften Sheinberg's resistance to selling him the rights to one of the *Conan* movies.

One morning during this balmy schmoozefest Dino invited his man Gleason to go fishing with him off a nearby reef. The wee mogul talked excitedly of meeting nature face-to-face. *We will catch the fish ourselves and cook them on the beach!* he said. With Hemingway-esque visions of marlin and albacore leaping over the waves, Gleason, to his surprise, later found himself cramped into a small motorboat with Dino and a native guide—the latter armed with a single spear gun.

As the skiff coasted to a stop over the reef, Gleason looked down through the clear water and saw an underwater corral constructed of chicken wire, teeming with hundreds of fish. The Bora Boran jumped overboard with the spear gun while DeLaurentiis stood in the bow, peering into the depths.

"Get that one!" he bellowed, pointing out a particular fish to the diver as if he were directing truculent extras around a movie set. "Now that one!"

Which is pretty much how Dino operates in Hollywood. Whenever he spots something new that he wants to own (a script, a star, an executive, a piece of real estate), he wells up with monomaniacal passion, shouts at a flunky to get it for him and then, often enough, gets it. During almost 50 years in the film business, first in Italy and then in the U.S., he has been involved in the production of at least 500 motion pictures. Although he has produced two Best Foreign Film Oscar winners (*La Strada* in 1956 and *Nights of Cabiria* in 1957, both directed by Federico Fellini), the bulk of his producing credits fall into the swollen ranks occupied by *Barbarella*, *Conan the Barbarian*, *Orca*, *Lipstick*, *Amityville II: The Possession* and *Halloween III: Season of the Witch*. Dino's vast roster of films commands the same kind of respect normally accorded the tanks of the Warsaw Pact: *They may be poorly designed, crudely built and unreliably manned, but there are so damned many of them!* "Even if he's

Left, Dino wags a digit; right, Ding wags two Oscars—for *La Strada*, a long, long, long time ago. Bora! Bora! Bora! At an island hideaway, below, Dino dreams up megabudget follow-ups to South Sea classics like *Hurricane*.



had 500 rotten movies made, he still deserves a statue made to him," says screenwriter Gary DeVore (*Running Scared*, *Raw Deal*), who briefly served as DEG's head of production.

Like St. Bernadette and Elwood P. Dowd, Dino has a way of seeing things that others don't. When he first thought of committing his own version of the Bible to film, he envisioned a \$30 million, 12-hour movie in three parts, realizing in a flash of insight, as he later said, "In a certain sense, the Bible is already a screenplay." So true upon reflection, but it took a man of Dino's special perception to see it.

He's a man who follows his dreams, sometimes literally. As he did late one night in 1975, when *Jaws* was passing the \$100 million mark. Dino woke from a dream and called one of his employees. "I have a vision," Dino told the man. "Dino's whale will eat Spielberg's shark." Two years later, Dino's *Orca* came to life and bit the big one at the box office.

By turns autocratic and generous, beguiling and profane, part grandfather and part despot, Dino possesses a grandiose, seductive charm. "He instills a sense of loyalty to the family, kind of an Italian family loyalty," says a woman who worked for DEG. "I knew I could never trust his judgment, but I always felt a certain loyalty to him. I don't know why." Gary DeVore says, "Huge personalities in small bodies can be very effective." Two words recur in insiders' descriptions of how they felt after dealing with Dino: *snake-charmed* and *steamrolled*.

Dino has never let a no stand in the way of something he wants. The first time he's rebuffed, he'll say, *I'll call you back*. The second time, it's *Okay, maybe next time*, followed by *Think it over some more*. On and on it goes, until Dino gets the answer he wants. "Dino is a bull," explains a producer who worked with him.

The early 1980s were a difficult time for Dino. Even though he enriched the cinema of the period with *Shark Boy of Bora Bora*, *Firestarter*, *The Bounty* and *Dune* (the last at a cost of more than \$40 million, perhaps the most DeLaurentiisian of all his films), the major studios refused to finance or distribute any further additions to the oeuvre. Dino's movies hadn't drawn substantial crowds to the box office since his 1976 remake of *King Kong*.

Further disenchanting Hollywood were the deals Dino usually struck with the studios. Typically, one of the major studios, desperate as always for films to keep its expensive distribution network primed and serviced, would pay for 60 percent of a DeLaurentiis film's production budget and all of the prints and advertising in return for the North American distri-

bution rights. Dino would cover the rest of the budget by preselling the foreign distribution rights. Then he would regularly demand (and receive) a \$1 million producer's fee from the studios. By keeping his own financial exposure low and producing a certain kind of film that generally finds greater acceptance in South America and Asia than in America, Dino would walk away with a profit regardless of a film's American box office reception.

But the studios didn't always make out so nicely. "Our record of joint involvement [with DeLaurentiis] is quite bad," Sidney Sheinberg finally confessed to *The Wall Street Journal* in 1986. "The bottom line is that it's just not profitable."

DINO DELAURENTIIS, HOLLYWOOD collectively said around 1985, *we don't have confidence in you anymore, we don't respect you, we don't want your movies.* Dino found a friendlier reception on Wall Street, however, where investment bankers were climbing over one another to take small entertainment companies public. Drexel Burnham Lambert was about to take Aaron Spelling Inc. public, and other Wall Street firms were looking for little independent companies to call their own. The frenzy was fueled by a newly discovered *financial* high concept: the explosive growth of home-video, pay-cable services and television syndication had sparked a ravenous demand for movies. "It was like a tulip craze," recalls one financial analyst.

In this hothouse climate, Dino—a man unlike other men, a man of vision who, seeing Ken Norton, beheld *Mandingo*—had a new dream, a dream that had eluded lesser men for decades. *He would build a new major Hollywood studio!*

In Wilmington, North Carolina, Dino had already built a 32-acre movie-making facility duplicating Hollywood on a small scale—a sort of studio version of an actual studio back lot. To become a genuine mogul, all Dino needed was a way to distribute his movies. So in late 1985 he purchased the Embassy Pictures distribution company from Coca-Cola for \$17 million and a stock warrant. With an actual studio, a distribution company, Embassy's library of 244 movies and a mogul of some standing as its head, DeLaurentiis Entertainment Group incorporated in Delaware in October 1985.

Dino was everywhere, on the *Today* show and in the papers, boasting with characteristic hyperbole that his new studio would soon occupy a place in Hollywood's upper echelon. When anyone called DEG a "mini-major" studio, he would quickly correct them. "We are a major studio," he declared.



When anyone called DEG a "mini-major" studio, he would quickly correct them. "We are a major studio," he declared. Only the best!

Only the best! Dino had big plans: the company would release as many as 18 movies annually (Columbia, for instance, released only 14 in 1988). A separate division would produce TV miniseries, and an Australian subsidiary, DeLaurentiis Entertainment Limited, would produce features and build a brand-new studio on Queensland's Gold Coast ("Australia's first major motion picture studio").

The privilege of underwriting DEG's initial public stock offering fell to PaineWebber. Under the

rutelage of the firm's premier entertainment analyst, Lee Isgur, who is still at PaineWebber, Dino underwent an apostasy from 1985 to 1986 as he visited investment bankers to pitch his new venture. The former Hollywood profligate now spoke like a comptroller—Dino DeLaurentiis Lite. DEG's prospectus embraced austerity and low budgets. No longer would Dino drop \$600,000 filming a single cavalry charge scene, as he had put into *The Tempest*; the new company would produce movies that could be brought before the camera at a cost of \$9 million or so, maximum. And by aggressively preselling a movie's valuable videocassette, cable and foreign rights before filming started, he could recoup—at least on paper—its entire production costs long before the first bored moviegoer wandered into the lobby for popcorn.

Not that preselling was an entirely new idea in Hollywood: other independent studios have regularly depended on aggressive presales to help finance their movies. But in the way DEG *boasted* of the presales concept in its business prospectus, the company made it sound to investors unfamiliar with Hollywood practices as if it were some newly discovered financial alchemy.

"It was the Look Mom No Hands school of making movies," explains Timothy Tunney, a former PaineWebber broker. "If you set a movie budget at \$10 million and presell \$11 million [in cassette, cable and foreign rights], you've made \$1 million and it doesn't matter if the movie's not very good. Trust me, that's how PaineWebber sold it."

Dino surrounded himself with a handpicked staff. The president and treasurer was Fredric Sidewater, Dino's longtime majordomo. Sidewater had



Alesio Lenae Jones, center, the only winner associated with *Million Dollar Mystery*

been Dino's right-hand man for decades, in recent years shaping his ethereal visions into financial realities (and annoying nonbilingual agents and executives by repeatedly interrupting business meetings to confer with his boss in Italian). Laurence Gleason, president of Mann Theaters, became DEG's president of marketing and distribution. For his board of directors Dino chose one of his favorite bankers, Frans Afman (the high-flying head of the Entertainment Business Division of Crédit Lyonnais Bank Nederland), and Marshall Manley, managing partner of Finley, Kumble, Wagner, Heine, Underberg, Manley, Myerson & Casey (a law firm that, in its own innovative, visionary approach to the law and to partners' compensation, may be cited as the legal profession's equivalent to DEG—it collapsed in late 1987). Dino bestowed executive titles as if he were doling out knightships in a fantasy kingdom: just about every executive was made a president of some branch of DEG. By all accounts, Dino was a generous boss, paying above-market salaries even by the inflated, grab-it-while-you-can standards of the industry. "To the mentality of a guy who makes a \$30 million movie, an extra \$100,000 was nothing," says one former well-paid employee.

When he was trying to set up the DEG television division, Dino called in a leading talent agent and offered him the extremely well-paying job of running it. It was, the agent says, the most Hollywood encounter of his career. Dino instantly embraced the man and guided him to the window. *See that building across the street?* he asked. *It is mine. You come to work for me, it is yours—full of your people.* Sorry, no, the agent told him, not interested. *Yes, you must come,* Dino insisted. Nope, sorry. *Yes, you must!* No, thanks.

Okay, Dino finally piped. His wooing finished, he briskly ushered the man out the door. The whole conversation, conducted entirely in the terse I'll-give-you-this-you-give-me-that Esperanto of Hollywood, lasted less than 90 seconds.

It was this Busby Berkeley-esque approach to business that made Dino the star attraction for investment bankers and financial analysts who couldn't wait to buy into the magic and glamour of Hollywood. Some, though, walked away unimpressed by DEG's surefire high concept. "What I remember most is [Dino's daughter] Raffaella's diamond ring," one recalls. "To these people this was make-believe, playing movie mogul." The hypothetical reliance on presales "couldn't survive much adversity. I didn't believe their numbers, that they had all their costs covered, because it was all leveraged."

The few skeptics had good reason: DEG's financial arrangements required a suspension of disbelief. Revenues from the sales of foreign, video and payable rights often wouldn't show up on DEG's books for a period of months. DEG would carry

BOMBATHON: LOSING \$160 MILLION (IN TWO YEARS OR LESS)

*A DeLaurentiis Entertainment Group
Cinematic Retrospective*

THE MOVIE	THE BUDGET (in millions)	ESTIMATED RENTALS* (in millions)	EXPLANATORY NOTES
<i>Raw Deal</i> (June 1986)	\$ 12	\$ 6	starred Arnold Schwarzenegger
<i>Maximum Overdrive</i> (July 1986)	\$ 9	\$ 2.4	directed by Stephen King
<i>Manhunter</i> (September 1986)	\$ 14	\$ 2.8	from the creator of <i>Miami Vice</i>
<i>Blue Velvet</i> (September 1986)	\$ 7	\$ 2.2	critical success
<i>Trick or Treat</i> (October 1986)	\$ 3.5	\$ 2.5	low-budget horror
<i>Tai-Pan</i> (October 1986)	\$ 25	\$ 1.5	tedious epic
<i>King Kong Lives</i> (December 1986)	\$ 21	\$ 1.7	sequel to the original remake
<i>Crimes of the Heart</i> (December 1986)	\$ 9	\$ 7.7	play adaptation
<i>The Bedroom Window</i> (January 1987)	\$ 8.3	\$ 3.5	starred Steve Guttenberg
<i>From the Hip</i> (February 1987)	\$ 7.5	\$ 2.8	starred Judd Nelson
<i>Evil Dead 2</i> (March 1987)	\$ 4	\$ 1.1	low-budget horror
<i>Million Dollar Mystery</i> (June 1987)	\$ 9.5	\$.2	both a movie and a game
<i>Weeds</i> (October 1987)	\$ 12	\$.6	actors in prison; earnest and socially relevant
<i>Hiding Out</i> (November 1987)	\$ 7	\$ 2.3	starred Jon Cryer
<i>Date With an Angel</i> (November 1987)	\$ 8	\$.6	starred Phoebe Cates
<i>Illegally Yours</i> (May 1988)	\$ 13	\$.05	directed by Peter Bogdanovich
<i>Traxx</i>	\$ 6.5	—	unreleased
<i>Rampage</i>	\$ 7.5	—	unreleased
<i>Collision Course</i>	\$ 13	—	unreleased
TOTALS:	\$196.8	\$37.95	

TOTAL LOSS: \$158.85 million

*receipts of DEG's distribution arm

mounds of short-term debt, because most of the money raised was in the form of bank credits and junk bonds that would require regular payments.

Such qualms harbored by a few fuddy-duddies did not stop the money pouring into DEG during the great Wall Street go-go year of 1986, in what Mallory Factor, whose company handled investor relations for the DEG stock offering, calls "the most brilliant structure I'd ever seen up until that time." Under the hand of DEG corporate division president Stephen Greenwald, a deceptively Milquetoasty former partner at Finley, Kumble, DEG seemed to take advantage of every financial resource then available on Wall Street. The public sale of 2.1 million shares of DEG at \$12 a share on the American Stock Exchange and a \$65 million junk bond issue raised \$88 million. A six-year revolving credit agreement with the Bank of America and several other banks yielded \$75 million more, and the creation of the Australian subsidiary raised another \$19 million. Using these and other instruments—a limited partnership here, another credit line there—during 1987 the company raised approximately \$240 million. And Dino, in return for simply being who he was, still retained 70 percent of the stock.

"The company was structured so that if it was swaddled in mediocrity, it would do fine," explains a DEG insider. "What no company can sustain is ten continual bombs."

DINO'S STUDIOS MAY HAVE BEEN IN NORTH Carolina, but his heart was in Beverly Hills. There, atop its new three-story headquarters, DEG's initials shone in brass above Wilshire Boulevard. Dino was not the sort of executive who roamed the halls. He acted more like a modern-day emperor, holding court in a top-floor suite of offices decorated in a shade of red so garish, it hurt the eyes. He greeted visitors from behind a massive wooden desk of Brobdingnagian proportions. "Big enough to lay a body across, width-wise," recalls one visitor. *Only the best!* Dino earned his corner office by virtue of his positions not only as chairman and CEO of DEG but also as landlord: in a typically DeLaurentiisian corporate arrangement, the producer bought the building in March 1986 and, as if it were a large trailer, subsequently leased it back to his own company for \$111,805 a month.

In the best Hollywood tradition, Dino selected an animal mascot for the new enterprise. But the statuary of the DEG lion scattered throughout the building would never be confused with MGM's. Dino's lion stood sharply at attention; more to the point, it had balls—big ones. When Dino felt he needed a little extra luck, he rubbed the stone testicles



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of the nearest lion to give fortune a tiny nudge.

Starting a movie company from scratch is an awesome undertaking. Writers have to be found, scripts developed, agents frightened, directors and actors wooed; it can take a full year or two before films are in the can. But Dino—never one to wait for anything he wanted—jump-started DEG by buying back the rights to the movies he had in production at other studios around town, including *Tai-Pan* and *Maximum Overdrive*. "They were happy

to get rid of them, frankly," a former DEG executive says of the studios that sold Dino back the rights to his movies.

In the competitive frenzy to book movies into theaters, producers have a breathtakingly brief moment to establish their film at the box office. In general, unless a major film does good business in its opening weekend—at least \$4 million to \$5 million in ticket sales nationally for a wide release—it will quickly be yanked by theater owners. "You have to open big and be perceived as opening big," explains one marketing executive. These days, the cost of distributing and advertising a film can equal the cost of production.

Yet from the start, insiders say, Dino oddly refused to pump sufficient money into advertising DEG's releases. He once interrupted a board meeting to complain about a proposed marketing budget, exclaiming, *All you ever tell me is posters, television, radio, trailers! Is there no other way you can think of to sell our pictures?* Then the world's greatest producer told his subordinates how in Italy he had once hired a crier to walk through town shouting the title of his latest picture at the top of his lungs.

No one could make Dino see the light. Sometime before the June 1986 release of DEG's first movie, *Raw Deal*, the film's star, Arnold Schwarzenegger, asked for a meeting with Dino. *Raw Deal* (an ex-Fed-uses-superior-firepower-to-bust-crime-ring movie) looked like a sure summer hit; Schwarzenegger was on a box office streak that had started with *The Terminator* and continued with *Commando*. As Schwarzenegger crossed Dino's expansive office ("What a tiny man and what a giant desk!" the Austrian said) he was clearly dismayed by the paltry amount Dino had budgeted for advertising the movie. "They were several million dollars apart," recalls one executive present at the meeting. In the end, while *Raw Deal* did adequate business by DEG

standards, it fell far short of the mark established by Schwarzenegger's earlier and subsequent action-adventure vehicles.

But even a nine-figure ad budget would not have prevented most of DEG's first slate of releases from doing miserably at the box office. There was, for instance, the high concept behind *Maximum Overdrive*, the directorial debut of nouvelle-gothic novelist Stephen King: it was based on his own script, in which homicidal trucks terrorize an interstate truck stop. And during plans for the filming of *Tai-Pan*, DEG's \$25 million adaptation of James Clavell's nineteenth-century Hong Kong novel, Dino decided to drop Sean Connery for the title role because he was "too old" and went instead with Bryan Brown. *Tai-Pan* earned less than \$2 million at the box office on its opening weekend.

Adversity never discouraged Dino; rather, it seemed to redouble his capacity for steadfast self-delusion. On the Friday night after each new DEG movie opened, a curious ritual would replay itself. Dino would eagerly await his staff's late reports of the box office grosses for selected theaters in New York. The news was almost always disappointing. But Dino would not be discouraged, or persuaded to shift tactics. *Ab, I don't understand*, he would say.

Well, maybe tomorrow we'll do better. They'll like it better tomorrow. It's not for kids. All weekend, Dino would rejoin like a Neapolitan touring company of *Annie Domani Domani!*

But *domani* never came, and by the end of the weekend Dino wouldn't care to discuss how the company could salvage the latest box office casualty. He would make his brisk, I-wash-my-hands-of-this gesture and address his ebullience to some happier subject. "By then in Dino's mind it was the next picture," explains one executive. "Dino never lasted beyond that [first] Monday."

As chief executive, Dino had a fondness for things old-world that extended to his management style. But old-world values made themselves known in a more personal way as well, as illustrated by the super-helpful domestic couple DEG retained on the company payroll. Though fully equipped with office space in the building, Dino's barber and his wife, the cook, were generally discouraged from servicing other DEG executives. Holding tight rein on his power and refusing to delegate authority, Dino governed like a corporate pataline. Leaving staff meetings, his executives were not always confident that ideas discussed with their boss would stick. "When

we walked out the door, we sucked out our opinions in our wake," says Gary DeVore. "He made his own decisions that were not consistent with the consensus."

To many in Hollywood, Dino will be eternally associated with one singular, remarkable movie: *King Kong Lives*. Dino carried a special fondness in his heart for the giant, tragic ape: *Everybody loves the monkey!* he liked to say. Indeed, *Dino identified with Kong*. After all, both preferred the company of slender, comely blonds, both arrived in America from a foreign land, both were of somewhat freakish stature and both had trouble making themselves understood.

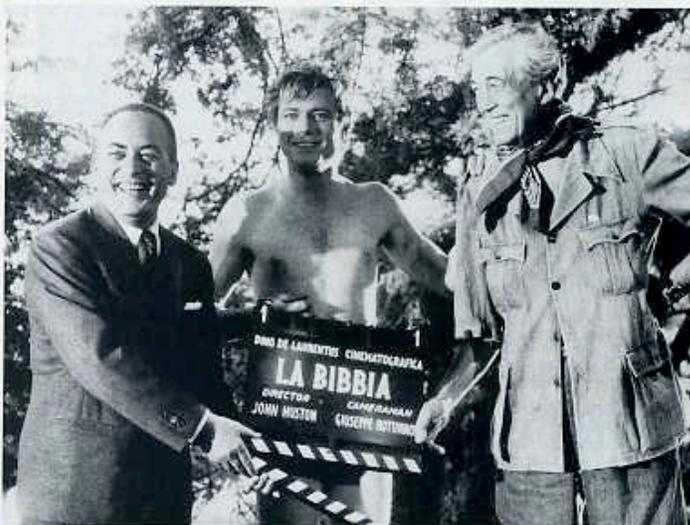
Dino considered the making of *King Kong Lives* a special coup. His pre-DEG remake of *King Kong* had cost about \$23 million in 1976, but a full decade later, producing its sequel required only \$25-million. Dino believed *King Kong Lives* represented a tremendous cost-saving for DEG, betraying a subtle appreciation for finance that eluded others. In fact, the *King Kong Lives* deal was much better for Dino than it was for DEG: DEG bought the rights for the movie for \$21 million from none other than . . . Dino himself. (When the movie brought in just \$4.7 million at the box office, Dino reduced the

price to \$10.2 million.)

DEG's marketing department did not share Dino's vision, believing the only way to sell *King Kong Lives* was as a piece of camp—as blatant, jokey schlock. They created an ad mock-up showing Kong embracing his lady Kong, à la *Gone With the Wind*. "America's second best-loved couple returns!" the ad read. Dino refused to allow the heretical poster out of his office. *He must be big, he must be brave, he must be powerful!* Dino cried. (His dismay was nothing compared with his anger upon glimpsing a gag photo that portrayed the two Kongs in simulated sodomy. *BLUE VELVET II: THE ROMANCE CONTINUES*, read the title).

The movie pulled in a pathetic \$1.1 million at the box office its first weekend. As ever, Dino refused to despair. The next picture would vindicate them. *Domani!* "Dino had an inhuman resilience to bad news and could revive himself quicker than anybody I've ever seen," recalls an employee from the *King Kong Lives* era—an era in DeLaurentis filmmaking rich in bad news. "It didn't knock him down five minutes."

Hey—watch that clapper! Dino, Adam (Michael Parks) and director John Huston share a robust laugh on the set of *The Bible*; below, DEG's supercolossal parking lot in back of his studio



NOT EVERYONE SHARED DINO'S SUNNY DISPOSITION. Around DEG's offices the mood was nearly always somber. In the last quarter of 1987 alone, the company lost more than \$15 million. Aside from the losses on pictures, DEG was locked into the high overhead of running a distribution company that demanded a constant supply of movies to amortize expenses. And DEG's \$240 million wasn't unfettered cash-on-hand; much of it was borrowed money, which required regular and substantial debt payments. Dino had already been warned, says one insider, that if the string of flops went unbroken, the studio would run out of cash within the year.

Even Dino's good pals at PaineWebber (the brokerage house made at least \$4 million in commissions from the DEG financing) grew skittish after the virtual flop of DeLaurentis Film Partners, a limited partnership formed by DEG with PaineWebber to finance 1987 production and distribution costs in return for part ownership in selected DEG films. DEG and PaineWebber had formed the limited partnership to raise money for a slate of about six DEG pictures by pulling in investors who wanted some of the action. DeLaurentis Film Partners raised less than half of its \$60 million target, and within a week of its sale, PaineWebber consumer-markets president Don Nicholson sent an in-house memo to his executives and vice presidents apologizing for the poor placement. "Paine quickly realized how fucked up it was," says a former broker.

Meanwhile, DEG executives had their hands full getting even their own slate of movies into production. Every month Dino held private luncheons in his red, red office with the heads of the major Hollywood agencies—Michael Ovitz of Creative Artists

Agency, Jeff Berg of International Creative Management, Lenny Hirshan of William Morris. Over plates of steaming pasta, Dino would make his pitch. *I want you to get me a Robert Redford picture. I want a Sydney Pollack film. Only the best! Only the best!* Yes, Dino, yes, the agents would reply. And within a few weeks each of them would send over a script that had been around the block many times already.

"You never got new products," explains a former DEG employee. "You got the rejects." The major



When Dino felt he needed a little extra luck, he rubbed the stone testicles of the nearest lion to give fortune a tiny nudge

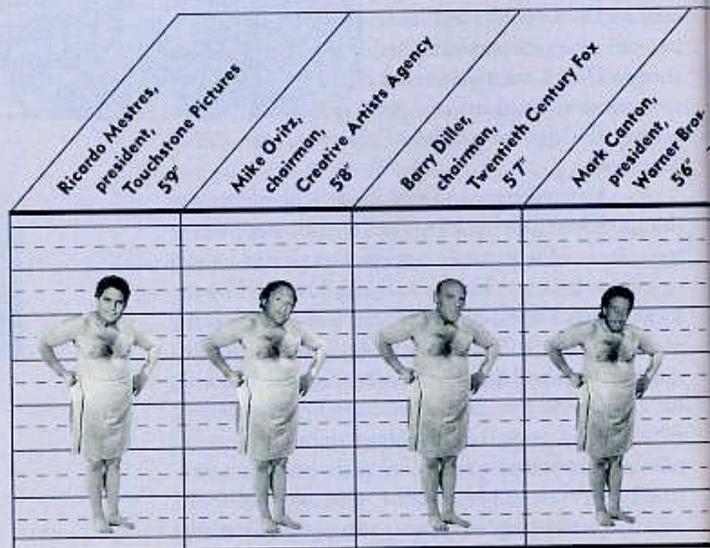
agencies reportedly wouldn't let Dino near their A-list talent and projects. And when a script did show promise, the film was inevitably miscast. Michael J. Fox showed interest in *Hiding Out*, an intermittently diverting comedy about a young stockbroker who escapes from the mob by attending high school, but he wouldn't have been available for a year. "In a normal major studio, you waited for Michael J. Fox. But DeLaurentis never waited for anyone," the former employee explains. "You wound up making [a movie such as] *From the Hip* with Judd Nelson, who was fifth or sixth down the list, because you needed to start February 15."

Dino eventually discerned he wasn't getting a crack at Hollywood's biggest talents. Although usually careful about keeping his temper, Dino one day summoned Berg and another major ICM agent, Jim Wiatt, to his office for a showdown. *You're not giving me A-talent, he railed. You're always giving me shit!* I

I AM STANDING UP!

The One Man Who Stands Head and Shoulders Below Even the Teeny-Tiny Elmer Fudds Who Run Hollywood

In the company that Dino DeLaurentis keeps, moguls don't get their power just because they are short. No, they become Hollywood lords because they work harder at it than other, well... normal-size people. They thirst relentlessly for power—power to operate the American dream machine, power to make and lose millions, power to hire and fire and buy and sell more-normal-size people. But don't forget: power is one of those things they can't take with them. When Dino and Mike and Barry and Sparky finally pass away, they'll be former people just like you and me, only in a coffin with lots of extra leg room. (All heights estimated.)



want William Robinson! I want his next picture. You can't give him to anyone else!

The two agents were baffled. William *who?*

Another DEG executive in the room finally explained that Dino meant Robin Williams.

Berg and Wiatt wanted to laugh. *We're sorry*, they said, *but Robin is Mike Ovitz's client.*

Many chief executives brag that their organization is one big, happy family, but at DEG the cliché took on a new meaning. Dino never concealed his relationship with Martha Schumacher, who, despite the demands of her job as president of DEG Film Studios and as producer of no fewer than five DEG movies, still managed to find time to give birth to Dino's youngest daughter, Carolina. Dino's patriarchal largess extended to the entire clan. Son-in-law Alex DeBenedetti executive-produced *Evil Dead 2*; another son-in-law served as DEG's Spanish distributor. Dino's brother and nephew managed Filmauro, which distributed DEG movies in Italy.

The enterprise became even more of a family business in late 1986, when Dino's 33-year-old daughter, Raffaella, was appointed president of production (at a reported salary of \$400,000). Blond and square-jawed, "Raffy" was usually encountered padding around the office in her bare feet. Most who dealt with Raffaella describe her as a tough, talented executive (although one producer complains about a statue of Mussolini kept on her desk). Many hoped she would control her willful, high-strung father.

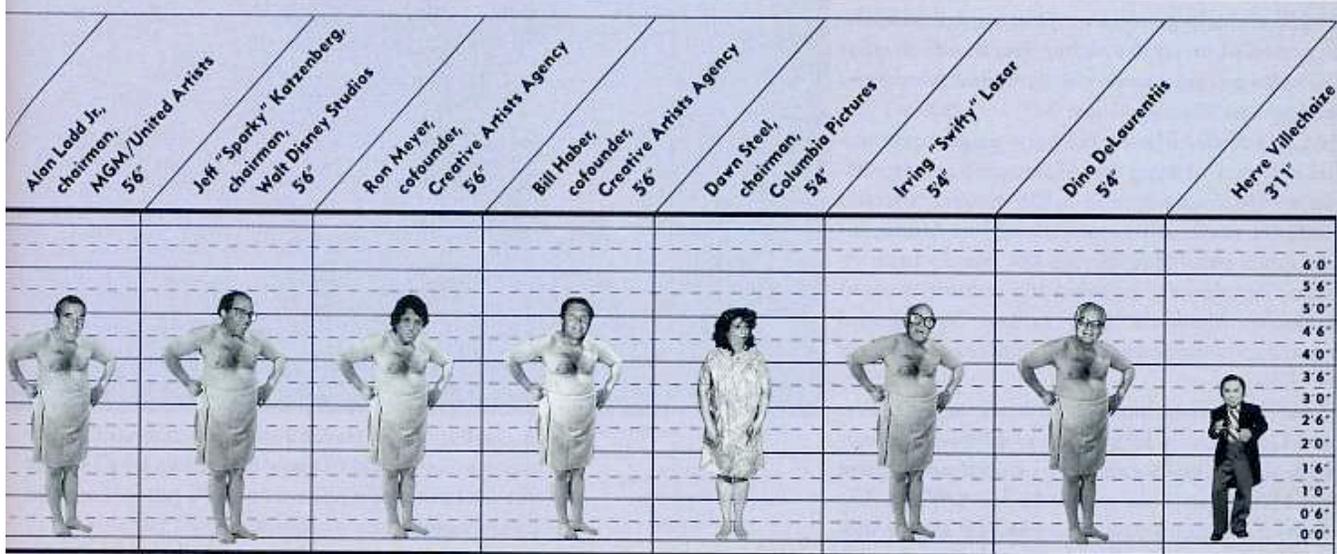
But not even she could block Dino from rushing into a new series of ruinously expensive deals in 1987, the fruits of which essentially bypassed theatrical re-

lease altogether. Remember *Rampage*, with Michael Biehn? Rob Lowe in *Illegally Yours*? *Traxx*, starring Shadoe Stevens? No? Exactly. Dino, whose last big hit was by now a decade old, had a special weakness for films directed by aging wunderkinder who hadn't produced a major hit in years. And so Dino made William Friedkin's *Rampage* (an idealistic-D.A.-versus-serial-killer-in-the-courtroom movie) and Peter Bogdanovich's *Illegally Yours* (a guy-turns-detective-to-clear-his-grade-school-sweet-heart-from-murder-charges movie). *Illegally Yours* was a troubled screenplay put into "turnaround" (that is, abandoned) by Lorimar before Dino picked it up over his colleagues' strong objections. "Nobody wanted this picture," recalls a former executive. "Raffy didn't have her green card and had to leave the country every six months and reapply for admission. One weekend she went to Mexico, and

Dino bought *Illegally Yours.*" Into a different (though no more successful) category falls *Traxx*, a \$6.5 million just-like-Rambo-except-funny comedy starring Shadoe Stevens, one of the biggest movie stars ever created on the *New Hollywood Squares*—and, according to a DEG executive, with a two-picture deal from DEG to prove it, *Illegally Yours* received only token theatrical release. Of the other two—both unreleased—only *Traxx* made it to videocassette.

THE DELAURENTIS ENTERTAINMENT Group managed to release theatrically only *one* movie between March and October 1987, rather than the half dozen its executives had promised. Nonetheless, that one film, *Million Dollar Mystery*,

Two of the many beautiful flowers in DeLaurentis's DEG garden: left, Martha Schumacher pinning a megaswanky corsage on her dress; right, DEG production executive Raffaella DeLaurentis displays her unique, hobbitlike management style.



will forever hold a singular position in the annals of cinema.

According to a former studio executive, the idea for *Million Dollar Mystery* first struck Dino when he passed a long queue of people waiting patiently on a Manhattan sidewalk. He assumed they were waiting to see a movie until a companion explained they were waiting to buy Lotto tickets, the jackpot having climbed to a record sum.

You mean people wait in line to win a million dollars? asked Dino. *There's got to be a movie in this!*

The plot, such as it was, concerned a frantic race to recover a buried cache of loot, and the movie starred an overwhelming cast of unknowns—Eddie Deezen, Penny Baker and Rick Overton. The biggest names were comedian Rich Hall and Glad Bag pitchman Tom Bosley. (Glad, not coincidentally, cosponsored the movie/contest and made sure the script was riddled with not-so-subtle plugs for the product.) Secreted in *Million Dollar Mystery's* plot were clues to the location of a \$1 million prize; anyone solving the puzzle would be entered into a drawing for a \$1 million cash award (thanks to DeLaurentiis, the \$1 million was not the miserly and much less expensive 20-year annuity usually awarded in state lotteries—which winds up costing the promoters substantially less—but \$1 million in cash, on the spot. *Only the best! Only the best!*). In the DeLaurentiisian universe, it was the greatest gimmick since Free Dish Night.

Few of his colleagues shared Dino's enthusiasm. "You can't go out with a \$10 million picture and not have a single name you've ever heard of. He should have known better," said one. But Dino could not be swayed. He would point out his office windows toward Westwood, L.A.'s movie theater neighborhood. *In one you've got this piece of shit playing, in another you've got that piece of shit playing. Except with this piece of shit, I'm giving away \$1 million. Which piece of shit you think they'll see?* he'd say.

Million Dollar Mystery proved a gargantuan, unqualified dud of *King Kong Lives* proportions. Despite a wide, wide release in 1,396 theaters, just over \$500,000 worth of tickets were sold its first weekend, quite possibly a record low for so broad a release. Within days the company publicly assessed its loss on *Mystery* at \$6.5 million. The limited partnership, which owned about half the movie, lost \$5 million.

In a 1987 roundup of new stock issues, *Forbes* listed DeLaurentiis Film Partners as the worst performer: in just eight months, its stock had dropped from \$16.25 per share to just \$2.13. Within a few months following the failure of *Million Dollar Mystery*, it was clear that DEG was in severe distress,

hemorrhaging millions of dollars every month. The other mini-majors—Cannon Group and New World Entertainment—were also sinking; like DEG, they'd discovered that extensive presales without at least one real hit can't keep a studio going forever. Less than two years earlier DEG had \$240 million. Now it was nearly gone, and Wall Street was no longer so taken by high-flying Dino DeLaurentiis. The banks worried about their loans and the company announced it was investigating



"Dino is the John DeLorean of motion pictures. He regards bankruptcy as taking a bath. He'll arise like the phoenix when it's all over"

"possible recapitalization, restructuring or combination with a third party." Finally, one Saturday morning in August 1987, a palace revolt occurred. Led by Raffy, the senior executive staff returned to headquarters to confront Dino and plead that he relax his iron grip on the studio so they might salvage the business.

Dino refused to admit his role in the company's downward spiral. *It's not my fault*, he insisted. "It was so depressing," recalls an employee who watched the coup fail. "Everybody knew there was no future for anybody." People began leaving. Even



Raffaella, who'd begun her movie career as a production assistant on Dino's *Hurricane* in 1977, quit her father's studio. (She now has a production deal at Universal.)

An eleventh-hour management shake-up did lit-

tle to retard the company's disintegration. In the summer of 1987, Gordon Weaver, well known for his work as a marketing executive at Paramount and later with Walt Disney, was handed the job of rolling out DEG's roster of upcoming releases. Howard Koch Jr., president of Ray Stark's Rastar Productions (and thus a man accustomed to obeying tyrants), had been recruited as head of production. But all they could do was perform hasty triage.

The company's last three movies—*Weeds*, *Hiding Out* and *Date With an Angel*—adhered to the strict DEG tradition of dive-bombing at theaters, despite what some say were the best-executed marketing campaigns conducted by the studio. In January 1988 DEG announced it was temporarily halting all film releases and continuing to seek a buyer for its extensive film library and the North Carolina production facilities.

Finally, in February 1988, Dino resigned as DEG chairman. To the very end, Dino was true to himself; one of his last demands was that his name be removed from the company. "He knew his company wasn't going to make it, and he didn't want his name sullied," explains an old friend. For once, Dino was correct: DEG skulked into Chapter 11 bankruptcy last August. In its 28 months with Dino at the helm, DEG had distributed 26 movies—only one of which topped \$20 million in box office sales. Documents filed with the U.S. Bankruptcy Court listed assets of \$197 million and liabilities of \$243 million. Among DEG's largest unsecured creditors were Wells Fargo Bank

mere 37 cents.

Though its films will be with us forever, the DEG era in Hollywood is now a thing of the past. Carolco Pictures, the producers of the *Rambo* trilogy, recently agreed to pay \$25 million for DEG—or what was left of it: the North Carolina studio, \$20 million in trade receivables of questionable collectibility, about 100 projects in various stages of development and a library of 140 Italian-language film titles.

Meanwhile, the inevitable class-action suits—including one on behalf of DEG's public investors and another on behalf of all buyers of the limited partnership—are grinding through U.S. District Court in Los Angeles. The suits charge that the studio was never a viable enterprise and accuse the PaineWebber brokers and Ernst & Whinney, DEG's accountants, of failure to perform due diligence. Of course, the maligned plaintiffs are the same starry-eyed investors who, two years earlier, thought they'd bought into the winning side of a not-illegal-but-unbelievably-risk-free money-making system. And in fact, if DEG's movies had been no worse than mediocre, the system probably would have worked. At any time, one blockbuster—an *E.T.* or a *Star Wars*—might have bailed them out. But blockbusters weren't Dino's style; DEG could have made *Platoon*, *Bull Durham*, *Bill and Ted's Excellent Adventure* and *Pet Sematary*—each one eventually a money-maker—but ended up passing over or selling each one.

"For the life of me, I can't figure out why [PaineWebber and Ernst & Whinney] got into this deal, because I think it smelled from the get-go," says Kevin Roddy of Greenfield & Chimicles, one of the law firms handling the DEG case for the plaintiffs. "Dino is the John DeLorean of motion pictures. He regards bankruptcy as taking a bath. He'll arise like the phoenix when it's all over."

In fact... look, there, it's Dino DeLaurentis, back in business! DEG's ashes were still warm when he unveiled his new, private production entity, the Film & Television Co. He revealed at a press conference in September 1988 that it would produce *Over My Dead Body*, a \$20 million murder-and-mystery-in-Monte-Carlo comedy. As in the pre-DEG era, Paramount Pictures originally agreed to produce the film, which was scheduled to start production in March. Its current status is unclear. Dino didn't even have to change offices—although, as DEG's landlord, he said he expected his old, bankrupt company to vacate the premises soon. The neighborhood was "too expensive for companies in Chapter 11," he said.

No one needed fear that the world's most famous producer would be permanently or even momentarily hampered by the DEG disaster. Says an old friend of the studio's failure, "It's just another *Dune*. Maybe it's his most expensive failure, but it's just another bad picture he's made." **D**

More third-rate supper-club stars than there are in the heavens? The DEG talent stable: front table, left to right, Steve Guttenberg, Rob Lowe, Judd Nelson, Dino, Raffaella DeLaurentis, Shadoe Stevens; clockwise from top of star, a guy, a lady, William L. Petersen, a lady, a guy, Kathryn Harrold, Tom Noonan, a lady, a guy, a lady, a guy, a choir, a lady, a guy, a lady, a guy, a guy, a guy, Arnold Schwarzenegger, Dean Stockwell, Phoebe Cates, a guy, Darren McGavin, Joan Chen, a guy, a guy, Pat Hingle, Kim Greist, Jon Cryer, John Hurt, Sam Wanamaker, Hope Lange, Emilio Estevez, Bruce Campbell, Jurgen Prochnow, Marc Price, Brad Greenquist, Tony Fields, Elizabeth McGovern, Michael Knight, Linda Hamilton, a guy, a guy, a guy, a guy, Kyle MacLachlan, Isabella Rossellini, a guy, Dennis Farina, Joan Allen,



(\$18,400,000); First Bank National Association of Minneapolis (\$12,154,556); BBDO, Los Angeles (\$7,211,729); Paramount Pictures Corporation (\$2,050,318). The company's stock, which had once traded near \$20 per share, could be had for a

Bryan Brown, Elizabeth Perkins, Charles Martin Smith, Laura Dern, a guy, Emmanuelle Beart, a guy, Frances Bay, a guy, Priscilla Pointer