

The Cinar story began with a horror movie. Soon after meeting for the first time in New Orleans in the early 1970s, company founders Micheline Charest and Ron Weinberg happened to see the now legendary British picture, *The Wicker Man*. Impressed by the film's strange power, the two movie lovers also saw an opportunity in it.

Written by Anthony Shaffer (*Sleuth, Frenzy*), and directed by one-shot wonder Robin Hardy, *The Wicker Man* cooks up a delirious alternate reality that feels like it was made under the influence of a witch's spell. The story focuses on a police investigator (Edward Woodward), who travels to a remote Scottish island where he discovers that the local people, among them an aristocrat played by Christopher Lee, are devotees of a neo-pagan cult. The oddly named Sergeant Howie, a strictly orthodox Christian who intends to remain a virgin until his wedding night, is horrified by the island's un-Christian hedonism.

Released in England on a double bill with Nicolas Roeg's *Don't Look Now*, and swamped

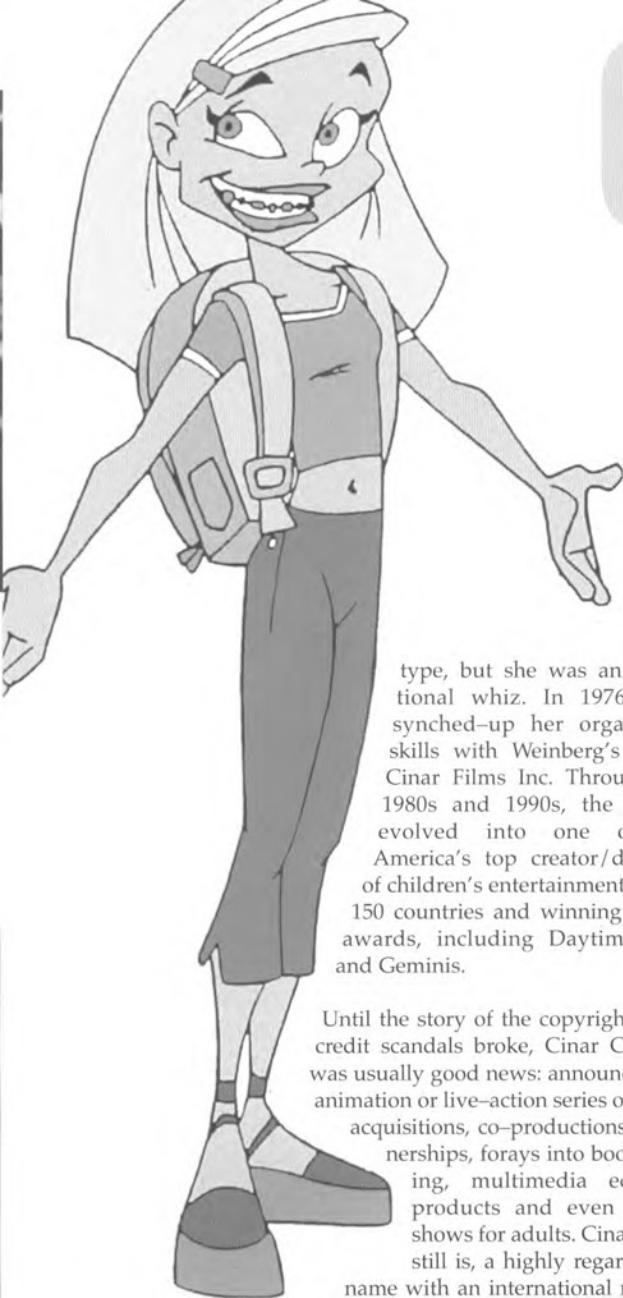


# CINAR FALLEN MASTERS

By MAURIE ALIOFF

by *Exorcist*-mania, *The Wicker Man* tanked at the box office. Charest and Weinberg picked up the rights from Warner Bros., stashed a print in their car trunk and travelled the midnight-movie circuit. The Québécoise (Charest) and the New Yorker (Weinberg) helped turn a unique film into a cult item and for their efforts netted about \$250,000. Ironically, the couple's eventual rise and fall, from hugely successful producers and distributors of wholesome children's shows to industry outcasts accused of fraud, originated with a story about moral righteousness destroyed by amoral devotion to the material world.

After graduating from the International London Film School, Micheline Charest began her career as an NFB staffer. A filmmaker who knew her back then remembers a woman who seemed smart, but not exceptional. She wasn't really an artistic



# CINAR

type, but she was an organizational whiz. In 1976, Charest synched-up her organizational skills with Weinberg's to found Cinar Films Inc. Throughout the 1980s and 1990s, the operation evolved into one of North America's top creator/distributors of children's entertainment, selling to 150 countries and winning a slew of awards, including Daytime Emmys and Geminis.

Until the story of the copyright and tax-credit scandals broke, Cinar Corp. news was usually good news: announcements of animation or live-action series orders, new acquisitions, co-productions and partnerships, forays into book publishing, multimedia educational products and even television shows for adults. Cinar was, and still is, a highly regarded brand name with an international reputation.

Weinberg once wrote in *Time* magazine that as parent's of young boys, he and Charest felt that providing an alternative to all the violent television programming aimed at children was the right thing to do.

Business-wise, Cinar tapped into a sizeable niche market of parents who would rather feed their kids to an ogre than let them watch low-rent trash like *Pokémon*. Cinar shows like *Winzie's House*, *Cailou*, *Zoboofoo* and, of course, *Arthur*, satisfy parents ravenous hunger for what Weinberg called "pro-social values"; and the company does it with a skilled entertainer's flair.

For instance, *Arthur*, a co-production with the Boston PBS channel WGBH, handles kiddie problems ranging from social-class tensions to hair lice. But the series rarely comes across as boringly didactic with its imaginative animation, huggable characters and humour. For instance, in the hair bug episode, a wittily cartooned louse seeks revenge because he lost one of his five legs to a comb. At one point, an army general exults, "I love the smell of gel in the morning!" a line aimed at cross-generational appeal. Although

Cinar programs can be blandly cute (or tiresomely formulaic, as *The Montreal Mirror* put it), adults can watch them without becoming comatose.

Once the Cinar scandals erupted, and it began to look like the corporation was run by people who needed to learn a few pro-social values themselves, the industry recoiled in horror. After all, Charest and Weinberg weren't fly-by-night schlockmeisters with a reputation for creative bookkeeping. This was morally responsible Cinar, provider of shows that teach kids to be wary of selfishness and greed.

Eventually, everybody – from indie documentary filmmakers to movie-of-the-week producers – became a little testy when they realized that funding agencies and other money sources were toughening the rules because of the Cinar revelations. Alluding to the nasty business that has haunted the industry for almost two years, one filmmaker jokingly asked to be quoted anonymously because "I don't want a bullet with my name on it."

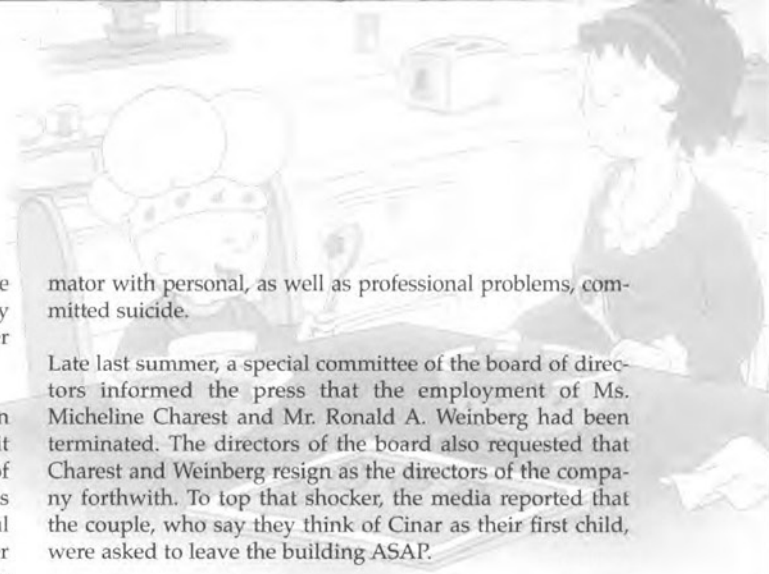
On the other hand, a respected producer I spoke to is forgiving of the couple: "Were there excesses? Yes. Was there some wrongdoing? Not more so than in any other line of work, frankly. Yes, they did things wrong. Does it totally nullify everything that they did? No. Should they be effaced, erased and vilified? No. It's a shame. They built a tremendous company."

A Bloc Québécois MP named Stéphane Bergeron fired the first volley over Cinar's deck. In October 1999, he rose in Parliament to claim that the company was illicitly picking up Canadian-content tax credits for shows that had been written by Americans. The revelation, embarrassing to a Liberal government known to have friendly relations with Charest and Weinberg, was triggered by the allegations of an individual on the warpath against their company.

Claude Robinson, a graphic designer and writer with a penchant for wilderness adventures in remote locations, had come up with the idea of an animation series based on his vision of himself as a modern Robinson Crusoe. Robinson claims that he attracted Cinar's interest, and then after years of heavy pitching, development hell and an apparent dead end, the company surreptitiously turned his *Robinson Curiosité* into their own *Robinson Sucroe*, a co-production with European partners who had originally liked his idea.

Robinson went ballistic. And when Cinar stonewalled, refusing to even discuss the matter with him, he went nuclear, complaining to the RCMP, launching a \$2.5-million lawsuit and throwing himself into a private investigation of the sunny children's entertainers who had become his sinister nemesis. Robinson's obsessive inquiries led to a mysterious figure named "Erika Alexandre," a writer with numerous credits on Cinar shows, including *Robinson Sucroe*.

Robinson discovered that Erika Alexandre didn't exist. She was really Hélène Charest, Micheline's sister using a pseudonym derived from the names of Charest/Weinberg's sons, Eric and Alex. Moreover, although Cinar scriptwriters



frequently signed away their royalty rights, Erika Alexandre had racked in close to a million in royalty cheques. Pretty good for a Quebec City-based Merrill Lynch stockbroker with zero screenwriting experience.

The trail veered in a new direction when Montreal Urban Community police detectives uncovered the tax credit shenanigans that would soon be exposed in the House of Commons. Like other Canadian animation writers, Cinar's writers were given a clear message they should be grateful they had work and do whatever the boss asked. Head writer Thomas LaPierre (son of retiring Telefilm Canada chairman and senate appointee, Laurier LaPierre) divulged that he was required to "subcontract" Americans who worked on scripts he received credit for. Writing episodes of *Paddington Bear* doesn't call for the talents of a storytelling genius, but either Canadians lack a key gene, or American co-producers trust only their own.

Cinar was reeling, but it could still undo the damage by setting things straight with the Canadian and Quebec governments and making sure Erika Alexandre returned her undeserved royalties to the Société des auteurs et compositeurs dramatiques (SACD), the agency that safeguards Quebec authors rights. The subsequent appointment of a respected children's television executive as head of the corporation's entertainment division was a sign Cinar was about to get righteous again.

On March 6, 2000, Peter Moss, the new boss at Cinar, started work at the place he calls one of the world's best producers of children's programming, bar none. Little did he know his first day on the job was doomed to be Black Monday, the nightmarish day when internal auditors trying to clean up the company's financial mess announced that \$122 million (US) had allegedly been sunk into private investments without the knowledge or approval of the board of directors. Before you could say *Zoboomafo*, chief financial officer Hasanain Panju was on the street looking for a new job, and the founding couple took an "administrative leave."

Industry-wise guys speculated that Weinberg and Charest's leave would probably take them to some breezy, palm-lined island in the sun for an indefinite visit. It was a close guess: a big chunk of the missing fortune was located in the Bahamas. Globe-X Management and Globe-X Canadiana, Nassau-based subsidiaries of Norshield International Ltd., (companies with labyrinthine connections to Cinar), held the cash in fixed investments. Since that revelation, Cinar's management, now led by CEO Barrie Usher, has been fighting to get the money back into its coffers. In an April letter to shareholders, Usher wrote that the cash was flowing in slowly, but there was still a balance owing of \$45.2 million (US).

Since early 2000, Cinar Corp. has endured a mind-boggling array of embarrassments, humiliations and downright catastrophes. It lost access to the Canadian Television Fund, saw its stocks plummet in value and then get shut out of the market completely. The company has been living with RCMP probes and lawsuits from investors and business partners. Rumours abound. Many employees got seriously depressed by the decline of their nest-egg shares in the firm, and an ani-

mator with personal, as well as professional problems, committed suicide.

Late last summer, a special committee of the board of directors informed the press that the employment of Ms. Micheline Charest and Mr. Ronald A. Weinberg had been terminated. The directors of the board also requested that Charest and Weinberg resign as the directors of the company forthwith. To top that shocker, the media reported that the couple, who say they think of Cinar as their first child, were asked to leave the building ASAP.

In January of this year, Charest and Weinberg's baby threw a \$28-million lawsuit at them. Cinar accused its creators of using the business as their personal bank account. Charest and Weinberg, according to the accusations, had no trouble finding ways to spend company dollars. They sent one of their sons to a private school, did much-needed home renovations, bought into high-risk/high-stake investments, paid a nanny and so on.

A few weeks after the lawsuit was filed, the couple summoned a few reporters to a Montreal hotel room and defended their honour. Claiming they're taking the rap for the sins of others, Charest and Weinberg said that all that money they spent was legitimately theirs, owed to them by Cinar. In fact, the company should turn over a further \$8.4 million immediately. Not only did they have nothing to feel guilty about, they were thinking about a countersuit. Meanwhile, back at the corporation, executives are pleased they settled the tax-credit issue with the governments of Canada and Quebec, although the loss of \$17.8 million was a heavy blow to company assets. In a further agreement, Telefilm was repaid \$2.6 million for the Cinar productions it had certified for financing but were subsequently decertified.

Cinar is bleeding, but not defeated. Top brass say that despite what they've been through, the product maintains its quality. Indeed, Cinar shows (*Arthur*, *Zoboomafo*) recently won several prestigious awards, including two Daytime Emmys. Cinar's positive spin on the affair is that while productions continue apace, Merrill Lynch is busy headhunting for a suitable buyer. Many observers believe this will turn out to be Corus Entertainment, owner of the rival Nelvana Studios and YTV.

Despite *Take One's* numerous requests to set up an interview with Moss, the company shuffled its feet. A spokesperson told me it would be unfair to talk about new projects when Cinar's future is up in the air. As for the founding couple, they're reportedly living in a swanky loft-style apartment once occupied by another high roller whose dice tumbled out of his hands, Behavior Communications wannabe mogul, Richard Szalwinski.

An affront to Canada's squeaky clean image of itself, Cinar's story is this country's showbiz tragi-comic *Citizen Kane* or *Sweet Smell of Success*. If the allegations of financial skulduggery prove to be true, the tale's protagonists would have to be clueless or, as one observer put it, believe they are masters of the universe.

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