

**Tom Pollock, Montecito Picture Company**  
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**MIP: We would like to start by having you describe your career. In a nutshell can you describe its trajectory? What are the highlights?**

**Tom Pollock:** I've had three different careers, none of which were really planned, they all just sort of happened. There wasn't any grand scheme when I was in college. Back then I really didn't know what it was I wanted to do. I went to law school in large part because of the draft and the Vietnam War. I didn't want to go to war, and if you were in school you were deferred. That included graduate school. I didn't have any great desire to be a lawyer but it seemed like a better alternative than getting a Ph.D.

It was in law school that I got really fascinated with the movies. I went to law school in New York at Columbia and then I came out to Los Angeles and got a job at a large firm that did entertainment work. I thought I would use my legal skills to get into the entertainment business. "Use what you got," I figured, and what I had was a law degree.

I worked for a firm called Mitchell Silberberg & Knupp, though I quit after six months because it wasn't a terribly rewarding experience. I thought that was just my experience, but what I didn't know then was that law firm partners are notorious for treating their associates with disdain. After that, I didn't do anything much for a while. I worked in politics in the 1968 presidential election, first for Eugene McCarthy, then Robert Kennedy, and eventually Hubert Humphrey. After Humphrey lost to Richard Nixon, I ended up working for the American Film Institute in late '68.

I worked at the AFI for a couple of years and realized I could start a law firm with two friends of mine and get film students as clients. This was before film school was a way into the film business. So I started a law firm called Pollock, Rigrod and Bloom, with my friend Andy Rigrod, from firm Mitchel, Silverberg, and his roommate from law school, Jake Bloom. As the business manager for AFI, I was working with all of these film students, and I brought the students and all their filmmaking friends in as clients. People didn't have lawyers in those days unless they were extremely rich because lawyers were paid by the hour. If you were a filmmaker just starting out, you got an agent if you were lucky, and the agent did the legal work. This was during the time that the business was starting to get complicated so the timing was right.

I was just having this conversation with Malcolm Gladwell, America's greatest pop-philosopher, about the issue of timing. The timing was simply right. We started charging our clients a percentage of their income, something lawyers didn't do at the time. We weren't doing it because we thought we could make a lot of money; we only did it that way because we had students who couldn't afford to pay us. One of

my first clients was George Lucas. He was just doing *THX-1138* but then he did *American Graffiti*, and then *Star Wars*, and 5 percent of all that became a lot. More importantly, it made our firm successful.

Using that money, Jake Bloom and I built the firm up (then Pollock, Bloom, and Dekom) into certainly, I think, the best entertainment law firm of its time. Other firms followed our techniques and began signing younger talent, signing them early, getting involved in their lives and careers. Since I knew I wanted to get into show business, I told my clients things like, "I won't do your contracts unless you let me read your scripts too" and "You have to hear my comments even though you don't have to follow them." Even then, that was what I wanted to do.

This was between 1970 and 1986. That is sixteen years of a career right at the time when lots of wealth was suddenly being created in the industry. Producers began splitting up movies and selling them in individual pieces in order to get secure financing. That was new. Until then, the studios financed the movies, they did well or poorly, and that was it. Around this time as well, producers started pre-selling the rights to their films: the German rights, the French rights, the network television rights. The first film to be pre-sold to cable was *Meatballs*, Ivan Reitman's first film. Reitman was an early client of mine. HBO bought the pay-television rights and with that contract we were able to finance the movie. Later, when we sold the movie to Paramount, they didn't get the television rights because those had already been sold to HBO. Splitting rights is a common practice now.

**MIP: At what point in the production process does the pre-sale begin?**

**TP:** It starts when you begin looking for financing. There are only three ways to get money: One is from people who normally invest, like the studios. The second is from rich uncles and other relatives who might give you money. The final way is from banks, but they want collateral even though you haven't made the movie yet. So as collateral you put up a piece of paper that says some reputable German company agrees to pay you a million dollars when you deliver the movie. Then you get a discounted million dollars from the bank. Of course the bank will wonder how you are going to deliver. The producer then pays a completion bond guarantor to guarantee delivery.

That is the way buildings are financed; it is basically the model for the construction industry. Somebody builds a shopping center based on a contract from Macy's or Neiman Marcus saying they will agree to a twenty-five-year lease and pay so much rent. You take that to the bank and the bank gives you the money to build the shopping center. Movie pre-sales operate on the same principal.

**MIP: You just described that time as a somewhat innovative period.**

**TP:** In financing.

**MIP: What were some of the high points? Which deals of yours have had the greatest legacy?**

**TP:** The *Star Wars* series, the *Superman* series, and the *Indiana Jones* series. The ones that are successful are always the ones that are the most innovative. Some deals were innovative but when the movie fails, not only do we want to forget about it, but also the deal is no longer interesting. I do think it is interesting that the second job I had, as chairman of Universal, and the job I have now—producing films through Montecito Pictures—are the same job. They are both about how you put a movie together, which is about knowing what is important. There are differences because companies have different needs, but the process is the same.

This goes to the broader question, which is to say that I think I have been doing the same thing, more or less, for forty years, but I have been doing it on behalf of different people. That is the big difference between being a lawyer and being an executive. As a lawyer your job is not on the line. If I wrote a good contract but the movie didn't work, I still had a good job. But when you are out there doing it for yourself and getting judged and it doesn't work...

I knew about ten years into running the law firm that I didn't want to be a lawyer for the rest of my life. I started to prepare myself for being asked to run one of the major studios, which was what I thought I wanted to do. I never wanted to be a producer *per se*, but each year I would take on a new project that would teach me some different facet of the business. One year I set up a merchandising and licensing company because I saw how much money Lucasfilm had made in merchandising; I thought that was interesting and that I should learn how that worked. Another year I had clients who wanted to go public with a company we had formed called Imagine Entertainment. Ron Howard and Brian Grazer were clients of ours and we formed the company and took it public. I had never done that before but I thought I should do it and then let everyone know I had done it because that would make me seem more "Wall Street" and less like a hippie lawyer. Hippie lawyers don't get asked to run companies.

I got a few job offers but they were either to do business affairs at a large studio, which I didn't want to do, or to run a small studio, which I didn't want to leave my law practice for. Then the opportunity came up at Universal—then called MCA—through Lew Wasserman and Sid Sheinberg, who ran it at the time. They asked me to come over, and while I told them I would think about it, I really just went home and discussed it with my wife, and told my partner I was going to do it.

**MIP: Would you be willing to talk about the deals that were most innovative and successful? What made them so successful? How were they structured?**

**TP:** *Star Wars* was a unique deal in a unique situation. One of the first deals I ever did with Lucas was a two-picture deal at United Artists. It was to write and direct a movie called *American Graffiti* and to write a twelve-page treatment for a series of

nine science fiction movies. This was in 1971. United Artists didn't make either of them; they let *American Graffiti* go, it was made by Universal, and the twelve-page treatment is what eventually became *Star Wars*.

I don't want to turn this into a discussion about George Lucas, but George was a person with a deep and abiding distrust of Hollywood and everything it stands for. Part of that distrust came from his upbringing in the small town of Modesto, CA. Part of it has to do with seeing his friend and mentor Francis Coppola get chewed up by Warner Bros. He didn't want that to happen to him, so he was very concerned.

He wanted to make nine *Star Wars* films. He remembers six, but I remember nine. He was worried that if he made the first he wouldn't have the rights to make the next one, and that if it didn't do well, a studio would just bury it. What was really important to him was not how much money he made on *Star Wars*, but that he had control over the sequel rights, and the ability to make it. From the ownership of the sequel, *The Empire Strikes Back*, he obtained merchandising rights, which created the *Star Wars* empire. That didn't come from him realizing the films would make a lot of money and deciding he could make a whole lot more if he owned the whole thing. Rather, the desire to own the sequel rights came from a place of fear and distrust of what a studio was going to do to him if he was not in control of his own destiny. It was a fairly simple deal, really. It just kept the ownership of all those ancillary rights in George's name and Fox would get first crack at each sequel. I have never been able to get that for anybody again.

**MIP: What specifically was his fear? Was it that they would take control of the series itself?**

**TP:** He was afraid that if he made a film and it didn't do well that it would get buried. And then the studio wouldn't allow him to make another one, there or elsewhere. Lucas wanted to be able to take the sequel somewhere else if the first studio didn't want to make it. That is what led to him to agree to Fox getting first-look privileges: If they didn't want it, he could take it some place else. With that comes the leverage and the threat.

At that time *Star Wars* was the biggest movie ever made. Maybe it still is in constant dollars. It is certainly up there with *Gone with the Wind*. The deal we did came out of a place of fear, however, as opposed to a place of greed, even though people tend to suspect the latter. Lucas didn't know the films were going to be so successful, and that there were going to be little Darth Vader toys on every kid's desk.

**MIP: When you were negotiating the deal with the studio, did they think it was a remarkable request?**

**TP:** No, they had never done a deal like it before. And they have never done one since.

### **MIP: How did they respond?**

TP: The deal took a long time to sort out. Basically, it came down to George's willingness to write and direct *Star Wars* for \$100,000. After *American Graffiti*, a film that cost \$700,000 and made \$80 million, he was, for lack of a better term, a 'million dollar director'. Fox wanted to pay him a million dollars. Instead he asked for \$100,000 and the right to own the sequels. Much to his agent's chagrin, who would have liked him to take the million dollars, but he was already going to make several million dollars on *American Graffiti* just with his net points.

But for him it wasn't about the money: He gave up the money for control. Fox was happy, feeling they had saved \$900,000. To this day there is still a lot of finger-pointing at Fox over who authorized this deal. I can't say it was my idea; it really says more about George than it does about me. Deals are about what the client wants. I wasn't prescient about how well it would do.

*Superman* was a project where not only was the movie sold in pieces to twenty different people, but it was sold, resold, borrowed on, and borrowed on again by a producer, my client, a somewhat dodgy fellow named Alexander Salkind. Instead of one contract, that movie had a hundred contracts. Instead of one sale, there were fifty. I came in fairly late after he had made the original deal, which was similar to the one in *The Producers*. *The Producers* is basically about a guy who is not expecting to make any money on a play so he sells 250 percent of it only to be shocked when it is a hit and he has to pay out 250 percent. Alex Salkind was in a similar position. He had promised everybody a lot—Marlon Brando, Dick Donner, Mario Puzo, Gene Hackman, Warner Bros., who was the principle distributor but not the only one, Credit Lyonnais Bank, DC Comics, and so many different entities.

There were so many participants, who, all told, had been promised over 100 percent of the profits. Lo and behold it was successful, so everybody immediately filed lawsuits. I have never worked on anything so complicated in my entire life. Litigation took forever, all the money was attached, and everything just piled up in court and stayed there until we were able to work it out. The only way we were able to work it out was by making *Superman II*, *Superman III*, and *Supergirl*, the proceeds of which went to pay off all the people who were owed money on *Superman I*. There are those who think that Alex somehow spirited away about 30 or 40 million dollars during the making of *Superman I* and never had to pay that back. About that, I don't know.

### **MIP: How in the world is it possible to promise over 100 percent of the profits on a movie?**

TP: How did Max Bialystock do it in *The Producers*? He conned the little old ladies. It is all contractual: Mario Puzo, who wrote a script, got a contract that promised him 7.5 percent of the gross. Marlon Brando had a contract that promised 11 percent of the gross. Dick Donner had one that said he would get 10 percent of the

gross. Warner Bros. had a distribution fee of 30 percent of the gross. The banks were promised a whole lot of money on delivery without knowing 70 percent of the gross would be given out before that money ever came back.

The main bank, Slavenburg's went under, actually. After not getting a return on their investment in *Superman*, they were taken over by a French bank. Eventually Salkind was able to pay everyone back, and thanks to all the interest and other charges we had to pay, the banks probably made more on the movie than everybody else, except Warner Bros.

**MIP: Is there no way people can check? No public registry that shows when you promise contractual rights?**

**TP:** No.

**MIP: And this is still the case?**

**TP:** Yes.

**MIP: Isn't that how the Israeli guys got into all that trouble?**

**TP:** You are talking about Cannon Films. I represented them too, but I had to resign that account.

**MIP: They were very creative.**

**TP:** Yes, they were, but they were also a little crazy. That was back in the day of Drexel Burnham Lambert. I remember going to borrow \$250 million for Cannon from Drexel. It was a 5 a.m. meeting with Mike Milken that took fifteen minutes. We asked for the money, he gave it to us, and we walked out. Nobody ever asked how are we were going to pay it back. It just wasn't the issue at the time. That was right before the last financial crisis, when junk bonds were the problem, as opposed to the COO problems we have now.

**MIP: They were pre-selling the heck out of everything.**

**TP:** Yes, because by then pre-selling had become standard practice. I can't say that out firm invented it, because the studios were doing it back in the '20s, and especially Europeans who never had a large enough domestic market to support their films. They were always pre-selling rights in order to get movies made. But it wasn't as widely done in this country.

At Universal—or as it was called then, MCA—there were five divisions: a picture company, which I ran, television, theme parks, music, and “other,” which included Putnam Books, Spencer Gifts, and the like. I was running the picture company, which was basically responsible for the global marketing and distribution of twenty

movies a year. We upped it to twenty-five by forming a specialty company; when we couldn't buy Miramax. We built a specialty company called Gramercy, now called Focus. Don't ask me how or why, that is a long story.

We were also able to get back into the theater business because we weren't bound by the 1948 Consent Decree. So we bought half of Cineplex Odeon and I was on their board for many years. We also started a company abroad called Cinema International Corporation and we owned about 600 theaters in the UK, Italy, and elsewhere.

Running a company means spending an awful lot of time in meetings discussing people's contracts, debating who reports to whom, and deciding whose ego needs massaging. The fun part is figuring out which movies you are going to make, but in reality the job is a lot like administrating any large company.

**MIP: Your time at Universal has been described as talent-driven. You have been quoted in *Variety* as saying, "There are two approaches to running a studio, you can generate ideas or you can build relationships." You tend to rely somewhat more on relationships. Can you discuss how that philosophy functioned when you were running Universal?**

**TP:** What I tried to do there was to gather the five or six most talented filmmakers in specific areas and get them working on projects we thought we could sell. Then I wanted to let them go make the movies. In other words, we did not want to get involved in every detail of the film so long as we felt it could be commercial. We had Steven Spielberg, who was clearly one of our best directors, but he was not productive for the studio at that time. He was also being courted by Warner Bros. and Steve Ross, so he ended up working more there. We had to work hard to bring him back. Once we did, he made his next six films for us, including *Jurassic Park* and *Schindler's List*.

In order to get Marty Scorsese, I had to make *The Last Temptation of Christ*, which was a wonderful experience. It was also a very traumatic, since we were picketed very heavily by the right-wing Christian community who felt they could make a lot of money Jew-bashing, even though the movie was made by Marty, as devoted a lapsed Catholic as there is, and Paul Schrader, who wrote it and is as devoted a lapsed Dutch Reformed Calvinist as there is.

**MIP: How did you get Spielberg back from Warner Bros.?**

**TP:** I used Sidney Sheinberg. Sheinberg and Lew Wasserman were my bosses, and Sheinberg had brought Steven in originally. I told Sheinberg he had to guilt Spielberg back, and I would work on convincing Kathy Kennedy and Frank Marshall, who were running his company at the time and just happened to have been clients of mine. Steven was not a client of mine because although Steven and George were friends, they were very competitive and couldn't have the same lawyer.

I worked with Kathy and Frank to get the projects into development that I knew Steven wanted to do. I had Sid guilt Steven into working with us by reminding him he had this huge complex on the Universal lot. Universal had built it for him after *E.T.*, he deserved it, but he hadn't made any movies for Universal since *E.T.* Here it was six years later and it was time.

With Marty it was about making *Last Temptation*. In return I got *Cape Fear*, *Casino*, and other more commercially successful movies, even though Marty is not a commercial filmmaker at heart.

We created little functioning units. I brought over Imagine, the company I had formed to do certain kinds of movies. They are still there. I brought over Ivan Reitman, who was a client, to do a certain kind of comedy. He made *Twins* and *Kindergarten Cop* and both were successful movies. We brought in Larry Gordon to produce action movies for us when Steven wasn't doing action movies. We built everyone nice offices and let them make their movies, though we would still approve everything. We filled in the blanks in the schedule with other movies we developed, ones driven by our own internal ideas.

I call it the "United Artists model" because that was how they ran United Artists in the '50s and '60s. Everybody had said what a great place that was to work. Before I came to Universal it had a reputation of being an octopus because it had so dominated television. It was still basically a big talent agency that had taken over a big studio.

I told Wasserman and Sheinberg I would let them know everything I was making but they had to let me make what I wanted. I signed up for three years with the proviso that if I didn't do a good job they could let me go, but if I did do a good job they had to really reward me because I took a large pay cut to go and run the studio. But it was the job I wanted to do.

I told them they had to give me fair accounting, because accounting practices inside the studio were very complex. For instance, the labor negotiations Lew Wasserman performed gave Universal Pictures a 20 percent royalty on videocassette sales; our record company that distributed those videocassettes to stores kept the other 80 percent. Obviously, that doesn't accurately reflect profitability. It is one thing if that is all you want to pay the guilds, but in order to ascertain whether or not our movies were actually making money, whether or not I was doing a good job, I had to account for 100 percent of the royalties. Those were the type of internal battles to be fought.

We were last place in 1986 when I came over. It takes at least a year to get stuff up and rolling, so 1987 was a nothing year. By 1988 we were number three and in 1989 we were number one, so I was given a new contract. The next year Lew sold the



whole company to the Japanese, Matsushita Electrical Industries, and I had my contract bought out.

**MIP: When you were running Universal, you tried to balance large-budget productions with smaller-budget ones. How successful was that strategy?**

**TP:** It was extremely successful from 1986-1989, and we stayed relatively successful for the next five or six years. Then in 1995, when Edgar, Bronfman and Seagrams took over from the Japanese, I moved up a slot, and a year later I left the company, after the Japanese sold us to the Canadians [Seagram]—the liquor people. Wasserman had gone through three heads of the picture company in the two years prior to my arrival, five in the five years before I came on board. He was like a baseball manager: You delivered or you were out. There wasn't any holding on just because you were a nice guy. I was able to stay because the results were good.

The business was different then, primarily because failures could be tolerated relatively easily. In fact, it was even quite common to make some movies for the sake of art. I would do one for commerce and one for art, what I called the "Scorsese tradeoff." I did *Last Temptation* but Scorsese had to do *Cape Fear*. It cost maybe \$10 million to market a movie in 1986; by the time I left in 1996, marketing a movie cost up to 30 or 40 million dollars. Now it is at \$60 million. You can't afford to fail on a movie at all.

That has ended the hands-off approach. Now all the studios are extremely hands-on, in every detail, because they simply can't afford the failures. That has also led to almost every movie being aimed at either six- to nine-year-olds or thirteen- to seventeen-year-olds. If it is aimed at adults, it has to cost nothing. In fact, the studios managed to lose so much money producing for adults that by and large they have shut down their specialty divisions. Universal still has Focus but they release three movies a year. Paramount and Disney have gotten rid of theirs. They don't even want to be in that business today.

**MIP: During the time you were at Universal, your biggest competitors were probably Warner Bros. and Disney, wouldn't you say?**

**TP:** I would say that is right.

**MIP: Did you think about other studios and their slates when you put yours together, or did you strictly think about your own approach and what you were doing and how you wanted to do it?**

**TP:** Ninety percent of the time you focus on your own business. You only want to look at your competitors' business to make sure you aren't making the same movie they are. You don't want your movie coming out six months after they make the same movie. That happened the year after I left. Universal made a film called *Dante's Peak* without knowing Fox was making a movie called *Volcano*. Fox's took place in

the big city and *Dante's Peak* took place in Idaho. It was basically the same movie with the same set of special effects. Neither of the movies was great, but Universal spent an extra \$20 million to be able to release *Dante's Peak* three months ahead of *Volcano* and it was worth it for them. They managed to get out ahead of Fox.

We would also occasionally make a vanity movie, a directors' pet project that no one expected to make a lot of money. This is hardly done today. You can be surprised, though. When Steven Spielberg came in pitching *Schindler's List*, none of us—Steven included—thought it would make any money. He had just shot *Jurassic Park*, though; *Jurassic Park* hadn't come out yet but we knew it was going to be a hit, so he was entitled to make *Schindler's List*. We were all shocked and delighted when it did \$100 million and won the Academy Award. We thought it had a good chance of winning an Academy Award but the \$100 million was a real surprise.

Well, it actually did \$99.6 million. If you go down the list of box office receipts, you won't find any movies that did \$99 million other than *Schindler's List* because studios will push any movie that does \$99 million to get to \$100 million. \$100 million is a magic number. We had simply run out of places to show *Schindler's List* and were at 99.6. I asked Steven to let me hold it in theaters for another couple of months so we could get to 100. I told him we would run it on the bottom half of double features to get that extra \$400,000 but he said no.

**MIP: Let's talk about Matsushita. I have just finished writing a book about this period of corporate takeovers and this is one of the things that I have in there [showing a *Variety* headline written in Japanese]. I don't speak or read Japanese so I don't know what it means.**

**TP:** Peter Bart said it means "Watch out." Matsushita isn't based in Tokyo, which is fun. They are based in Osaka, which is basically the Pittsburgh of Japan.

**MIP: Osaka has become a very fun city.**

**TP:** Maybe now but it wasn't then. Tokyo was the trendy city, full of ultra-hip people. Osaka was literally smokestacks. In Tokyo they used to make fun of the people from Osaka the way we would make fun of rubes from the south. They would say they have no manners, no social skills.

**MIP: Michael Ovitz's role brokering that deal has been discussed widely in the press. I'm wondering if you could talk about your experience going through that sale, what the owners were like, and if maybe you could reveal a little bit more than what's in the trade accounts? I have read a lot saying the new owners stayed out of the business, but there were also a lot of complaints that they were meddling and ended up pushing lots of people around.**

**TP:** It's more complicated than all of that. It is true that Ovitz brokered the deal. They bought us and had no reason to buy us but they were a company whose

tradition dictated the purchase. Mr. Matsushita, the founder of the company, was an engineer. He started the business making rice cookers. They made the cheapest rice cookers in all of Japan. They did everything cheaper. Sony was the company that invented things, the Apple of their day. They invented the sexy new products, the Walkman, etc., and then Matsushita, or Panasonic as it's known here, would go out and make the same things cheaper. They would always undercut Sony's price while being just as good. That was their corporate philosophy.

Sony bought Columbia primarily because they had a music venture that was highly profitable for them. They had a plan for a 3D television set that might come to fruition, if there are ever enough 3D movies to drive people to buy 3D television sets. But I don't know if their hardware-software merger idea will ever happen.

The people at Matsushita bought MCA even though they didn't know what to do in the film business. They were worried that Sony did. They thought, "Well, it's only six or nine billion dollars," depending on whether you count the debt, which wasn't much money because at the time Japan was in the midst of the biggest boom you had ever seen. It crashed two years later and they still haven't gotten out of it. That is the biggest worry about what is going to happen with our economy, that we are going to go the way of Japan. We will be stuck with real estate that is worth 30 percent of what people paid for it. People are going to get locked in and stuck. That could happen. I certainly hope not.

In any event, they left us alone. They promised to do that in the contract and not get involved and they didn't. We went over there four times a year and we did a presentation, which was always a matter of form over substance. Everything that needed to be said had already been transmitted through the financial people. We went over to pay respect and they would all nod their heads and then we would come back and do whatever we wanted.

The relationship broke not over their meddling but over the fact that they refused to put any more money into the business. It was very clear to us, as it was certainly clear to other studios, that once the Fin-Syn rules were gone we would be allowed to buy a network. Everybody knew that if you owned a network, you got to put your own shows on the network or demand half the earnings of somebody else's show. You could leverage that ownership. We had the opportunity to buy CBS for nothing.

**MIP: When?**

**TP:** In 1995, that is exactly what happened. From 1994 to 1995 CBS was owned by Tisch, who was ready to sell. Lew made a deal with the head of ITT, which was a large conglomerate, whereby we would buy 25 percent of the ownership, which was all we could have since we were a Japanese-owned company and the government rules didn't allow a non-American company to own more than that.

**MIP: Unless you were Rupert Murdoch.**

**TP:** Rupert Murdoch changed his nationality to get around that. He is an American citizen now. Matsushita was not prepared to be an American company. We had a 100 percent of the power in this deal. ITT and an investment banking house were going to own 75 percent but Matsushita wouldn't put up the 25 percent. The price was \$2.2 billion and it eventually sold to Viacom for double that just a couple of years later.

MCA's merger with Matsushita broke over the fact that although they didn't interfere with us, we weren't allowed to grow. Broadly speaking, the history of media over the last thirty years is: "Bigger is better." More channels of distribution allow you to make more money when you have profitable things to put through it. If you don't, you will get eaten up. The big always devour the little. That is why it was a mistake for Wasserman to sell in the first place, which he acknowledged years after. I'm sorry he did because it eventually led to the demise of MCA.

**MIP: That is certainly a lot more nuanced and informative than what you find in trade stories. Matsushita why were they reluctant? They didn't want to go deeper into media?**

**TP:** They were literally in a panic. They weren't selling any refrigerators. They weren't selling any rice cookers. They weren't selling any television sets. We, however, were doing just fine. We were actually making plenty of money. They simply weren't going to spend billions of dollars more. Sony had run into trouble in that particular moment. This was at the time when Peter Guber and John Peters had very publicly lost a shitload of money for them. We never did that. We were only a moneymaker.

**MIP: The contrast is striking. Sony holds on and Matsushita doesn't.**

**TP:** Yes.

**MIP: Matsushita gets out. Sony holds on because they still believe that it makes strategic sense even though they had been taken to the cleaners?**

**TP:** They had a record company that was, in fact, growing enormously. While they were hurt by the market crash and the economic crash in Japan, they weren't hurt as badly as Panasonic was. They were still coming up with the products. They really were the Apple of their day. They had the best-designed products. They were forward-thinking. Morita was as much of a genius as Steve Jobs is.

**MIP: They had the Walkman and they had the music part too.**

**TP:** Yes. In fact that was Edgar Bronfman's main strategy when he bought MCA from the Japanese in 1995: to build up the music company. Among the many things he did, he built the largest music company in the business by buying Polygram for

\$11.2 billion. That is more than the entire record business is worth today. The four music companies that are left are Universal, EMI, Warner Music and Sony. All four of those companies combined are not worth what Universal paid for Polygram in 1997. That is because the record business has been destroyed. Music hasn't been destroyed, but the Internet has destroyed the record business.

**MIP: Let's talk about Montecito Pictures.**

**TP:** When Edgar bought MCA they got rid of Sheinberg and Wasserman became Chairman Emeritus. Basically, they got rid of him too. They asked me to stay as a Vice Chairman of the parent company MCA, which Edgar then renamed Universal Studios. I agreed but it turned out to be not much of a job because I reported to Edgar who was chairman and nobody reported to me so there really wasn't anything to do. I stayed for a year and then I quit. I was very nice about it.

During my last year there I did make the Dreamworks deal with Universal and Paul Allen. I quit after that. They offered me a wonderful five-year producer deal but I didn't want to produce movies. In fact, what I thought I wanted to do was teach. So I taught here at UCSB.

I first had gotten into it because Chuck Wolf and my dad [Joe Pollock] had been talking about a theater here on campus. My dad introduced me to Chuck Wolf and Ed Branigan and Paul Lazarus, and I was invited to be a guest speaker in FMS 54. The following year I actually taught FMS 54. Then for two years after that I taught Film 111, which I loved. I had a really good time doing it. It was called "What Were They Thinking?" It was a seminar for seniors and I picked sixteen out of the two hundred applicants. It was called "What Were They Thinking?" because everybody who has gone to a movie theater has at one time or another walked out and said, "What were they thinking when they made that movie?" There are actually rules about why movies get made and the course tried to explain what those rules were inside the studio system.

Those rules still hold true. They have changed because the economics have changed, but they are basically the same. They have to do with quality, cost, the market and marketability, and all of that kind of thing.

**MIP: How many rules are there?**

**TP:** Three.

**MIP: What are they?**

**TP:** It has to be good. It has to be marketable. It has to be made at the right price. It is really simple, actually. We spent the rest of the semester talking about what those terms mean. "Good" is a very relative term.

**MIP: And what's marketable?**

**TP:** Exactly. The more marketable it is the more you can afford to spend on it. That is why you see movies today that are so easily marketable because they are all brand name movies and they have huge openings. The rules are the same; they just change as the economics change.

Anyway, I taught. I enjoyed it but there wasn't enough in it for me to do full-time. I don't mean monetarily, I just mean that had there been a graduate department here at the time, I could have taught more classes. I didn't want to go down to UCLA or USC or even AFI, of which I was chairman, to teach because I was living here in Santa Barbara and my kids were here and I wanted to do it here.

That's when we started Montecito Picture Company. The people heading Polygram, Michael Kuhn and Alan Levy, had several film divisions, but they wanted a new, separate unit with separate financing. They said they would figure out how to raise the money to set it up [\$600 million], if I could bring in a filmmaker to partner with. Ivan Reitman had been a client of mine when I was a lawyer. I brought him over to Universal when I was running the studio, and he made movies for me. We live next door to each other, and were friends, so I suggested it to Ivan, and we agreed to set the company up. Sixty days after we did, Edgar Bronfman, whom I had worked for only a few years earlier, bought Polygram. He already owned a film company and didn't want another one. He wanted a music company. He shut down the film company.

Ivan and I took our projects and went over to Dreamworks. We made a movie for them called *Road Trip*, a youth comedy that did really well. It cost \$15 million and did \$60 or \$70 million domestically. They liked that so much they gave us the first of three three-year deals. We have been working there ever since. Dreamworks was then taken over by Paramount. Steven Spielberg and Stacey Snider left to form Dreamworks 2.0, as we call it, over at Disney.

We stayed but somewhere in the middle of that I was actually able to raise our own money on Wall Street through hedge funds, back in the days when you could do that sort of thing. We co-financed some of our pictures with, at first Dreamworks, and now Paramount. We have had success doing it. We've made ten or twelve pictures as a company. We did five last year. We did one this year that didn't do all that well but I like it a lot called *Chloe*. Written by a woman that teaches here named Erin Cressida Wilson.

**MIP: I didn't know she wrote that.**

**TP:** She wrote that. All two hundred and twelve drafts of it. We even gave her a co-producer credit because she wrote so many drafts of it. It was an unsuccessful attempt to marry art and commerce. We had a commercial concept but a very artistic director in Atom Egoyan. Sometimes that works and sometimes that doesn't.

I can think of both examples but in this case it did not. It somehow managed not to have a foot in either camp. From a commercial standpoint we did well on it in the sense that it was a movie made outside the studio system that we sold for more than the sum of its parts.

Studio Canal ended up putting up the money and they, too, sold it for more than the sum of its parts and they did fine. I think the various distributors that bought it will probably do just fine. We now have another one in post-production now that will come out late January called *No Strings Attached*. We shot it under the name “Fuck Buddies” but somehow they wouldn’t let us use that title. Then we changed it to “Friends with Benefits,” which is an apt description of the movie, but that titled turned out to be owned by Sony. It ended up being called *No Strings Attached*.

**MIP: You said earlier that you had never wanted to be a producer.**

**TP:** Yeah.

**MIP: What is your role at Montecito Pictures?**

**TP:** I’m a producer, and I enjoy many parts of that job. It was not my aspiration, but I wasn’t quite sure what else to do. I thought teaching would be something that I would really enjoy. You can see I have lots of theories and I like to pass them along. I have opinions about everything. But when I had to organize a syllabus and actually teach a course—well, it was harder than I thought it would be. But it was fun.

You reach a certain age and you are simply too old to do certain things. There is ageism throughout our country but especially in a business that caters to youth. But I knew I still had enough moves to get movies made. A lot of why I am doing it is because I can and I don’t want to retire. I will keep working as long as I am effective at getting movies made.

**MIP: Now that you’re an independent filmmaker, do you approach distribution differently?**

**TP:** Most of the time we are studio-friendly filmmakers; our goal is to co-finance movies with studios and have them distribute our movies worldwide. Studios are best set up to do it and to provide fair accounting. I know that business, so I am a good watchdog and can make sure the process treats us fairly, at least in terms of getting our money back.

Our first goal as producers is not to be independent: It is to be working through the people who control distribution. They actually have output deals with pay television companies like BSkyB and other major television channels around the world. An output deal acts in much the same way as a presale does. You know if you release a film in the United Kingdom you are going to get \$2.5 million, minimum, from television through BSskyB and the BBC because at Universal that is their output

deal. If I went to sell the rights to England or the UK I probably wouldn't get 2.5 so it is a way of laying off risk. You want to work through the studios because they lay off the risk in a better way.

**MIP: Could you provide us more details along these lines?**

**TP:** We have done a few films that we didn't co-finance and we did a few independently, including *Chloe*. The problem with the independent ones is that it is hard to make a splash without big studio marketing muscle behind you. *Up in the Air*, which we did last year, we co-financed. At heart it is an indie movie. It wasn't when we started it, it was a comedy, but the recession happened and suddenly a satire about a guy who fires people for a living wasn't quite as funny as it was when we started developing it. The scenes in it that Jason Reitman shot as semi-documentary footage done with people who were not actors were written after the movie had started shooting. They weren't in the script. They were mostly the result of us saying we can't do this movie unless it reflects the times that we are in; otherwise, it won't resonate. Jason came up with the idea of interspersing the film with those moments.

Most of the others that we make are more traditional, like *Disturbia* or *Hotel for Dogs*. They did fine but they are also what I would call "studio marketing department" types of films. Of the twenty-five projects we currently have in development, twenty-two of them are studio-friendly. We aren't independent and we are desirable. We are good but we also have money. We still have money that we raised through our financing company called Cold Spring Pictures, named after where our offices are located here, near Cold Spring Trail.