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MPAA CHARGES THAT ONLINE MOVIE-FUTURES WAGERING WILL HURT FILM INDUSTRY

Washington, DC – MPAA President and Interim CEO Bob Pisano, in testimony today before the General Farm Commodities and Risk Management Subcommittee of the House Agriculture Committee, spoke about the broad opposition from the entertainment community to a plan by two financial concerns to establish marketplaces for wagering on motion picture box-office numbers.

Pisano said the proposed contracts, which are sponsored by Media Derivatives, Inc. and the Cantor Futures Exchange L.P., “serve no public interest and, to the contrary, can significantly harm the motion picture industry and impose new, substantial costs that do not exist today.”

“These are proposals that ought to be under the jurisdiction of the federal gambling and gaming laws, not the federal commodity trading laws,” Pisano added.

Both firms have applications pending before the Commodity Futures Trading Commission, where they are seeking permission to sell contracts based on box-office futures. An entertainment industry coalition including creators, independent producers and distributors, major motion picture studios and theater owners has opposed both proposals. The coalition includes the Directors Guild of America (DGA), the Independent Film & Television Alliance (IFTA), the International Alliance of Theatrical and Stage Employees (IATSE), and the National Association of Theatre Owners (NATO), in addition to the MPAA.

On Wednesday, the Senate Agriculture Committee approved a bill by its chairman, Senator Blanche Lincoln (D-Ark), which contains a provision banning futures wagering on motion picture box-office numbers. That bill is now pending before the full Senate.

In his prepared testimony, Pisano noted: “A Cantor affiliate currently operates a website known as The Hollywood Exchange that lets users of the site engage in make-believe, non-monetary bets on the success of particular motion pictures. The request for CFTC approval of the proposed futures contracts is a transparent device to convert such make-believe, online betting into a for-profit wagering service, thereby circumventing the criminal proscriptions of the federal Wire Act.

“The CEA, however, does not authorize the CFTC to license gambling contracts that fail to serve the public interests required for every lawful futures contract. And, in light of the existing significant strains on the CFTC’s scarce resources in regulating legitimate futures and derivatives markets, those resources should not be diverted now to policing gambling on motion picture box office numbers.”

Pisano continued: “In the movie business, we have a line "brought to you by," "produced by." If I were to credit these proposals, I would suggest "brought to you by the producers of the derivatives debacle that plunged the world economy into the worst crisis since the Depression." They are purported remedies in search of a problem that doesn't exist.”

To read Pisano’s testimony submitted to the subcommittee, click [here](#).

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About the MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C. Its members include: The Walt Disney Studios; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLLP; and Warner Bros. Entertainment Inc.

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