

# PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

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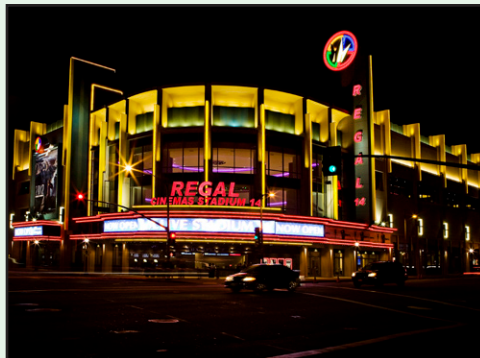
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## Venues Set for 2011 Summer/Fall Film Product Seminar

NATO of California/Nevada managers will be treated to a new venue in Southern California while Northern California attendees will re-visit a popular venue for the 2011 Summer/Fall Film Product Seminar. The Regal Entertainment Group will host the seminar at their new LA Live Stadium 14 Theatre in the heart of downtown Los Angeles on April 27<sup>th</sup> while Cinemark will once again welcome Association managers on May 4<sup>th</sup> at their Century San Francisco Centre 9 Theatre. Both locations are easily accessible via public transportation.

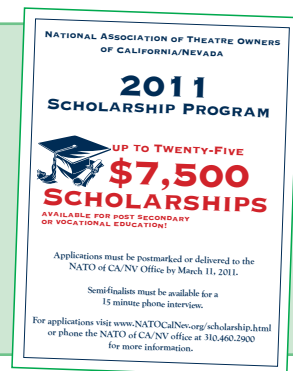


*Regal's LA Live Stadium 14 Theatre*



*Cinemark's Century San Francisco Centre 9 Theatre*

Online registration is available to members in the Seminars and Meetings section of the NATO of CA/NV web site at [www.NATOCalNev.org](http://www.NATOCalNev.org). Once there just click on the link to the registration form. Should you have any questions regarding the registration process contact the NATO of CA/NV office and ask to speak with Charlene Sievers. Attendance is limited to employees of member companies, with a limit of two guests per theatre location. There is no charge, but reservations are a must, no walk-ins will be admitted, and no-shows will incur a \$25.00 charge. Mark your calendars now and be sure to register by 10:00am PST on Monday, April 11, 2011.



**DON'T MISS THE DEADLINE!**

**2011 Scholarship Applications Are Due on March 11<sup>th</sup>**

All applications must either be postmarked by Friday, March 11<sup>th</sup>, or hand delivered to the NATO of CA/NV office by 4:00PM on Friday, the 11<sup>th</sup>.

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## New Federal Accessibility Standards Are Coming

The federal government updated the ADAAG in September 2010. These new rules will go into effect on March 15, 2011 and beginning on that date designers will have the option of using the old ADAAG or the new Accessibility Standards. The critical date is March 15, 2012 at which time any project where the last application for a building permit or permit extension is submitted will require compliance with the new standards.

A summary of the new rules, which have an affect on the motion picture exhibition industry which include ticketing, service animals, wheelchairs and other power-driven mobility devices, assembly seating and recreational spaces has been prepared and can be found by clicking on the article title in the Previews Reading Room or by clicking [here](#).

The Department of Justice is also considering new rules regarding the requirement for captioning with movies. National NATO has been closely following this developing issue and contributing input to the decision makers in Washington D.C.



## Academy Award® Contest Winner Announced

NATO of California/Nevada is happy to announce that a record number of entries were received for the 2011 Academy Award® Contest. And this is the first year that we had to select a winner using our tie-breaker. Two ballots were received with 14 correct selections out of a possible sixteen. The Association is happy to present a \$25.00 gift certificate for Trader Joe's to Jack Kleinman who is retiring from his position as General Manager of the Regal Santa Cruz Cinema 9 Theatre. He earned the award by submitting his ballot 16 hours ahead of the runner-up.

Congratulations Mr. Kleinman and best wishes for a long and happy retirement.

NATO of California/Nevada will be sponsoring other contests. Read PREVIEWS monthly for your chance to win.

## CinemaCon 2011 – Coming to Caesar's Palace March 28th – 31st

There were no updates posted for CinemaCon since the schedule was published on Page 9 of the February issue of PREVIEWS that can be found in the Previews Reading Room at [www.NATOCalNev.org](http://www.NATOCalNev.org).

Visit [CinemaCon.com](http://CinemaCon.com) for the most current schedule.





# OPTICAL DELUSION

## 3D offsets decline in U.S. tix sales

By ANDREW STEWART

The continued rise of 3D and booming international markets offset a decline in North American movie attendance in 2010, resulting in another global box office record high at \$31.8 billion, according to the Motion Picture Assn. of America's annual report, released Wednesday.

Despite a 5% drop in tickets sold in the U.S. and Canada, the final worldwide tally was 8% better than last year's global high mark. That's in part because 3D doubled last year's domestic share with \$2.2 billion, contributing 21% of overall North American totals.

In the end, the domestic box office repeated last year's record perf of \$10.6 billion. It's the second time in four years that domestic totals held steady; both 2007 and 2008 clocked in at \$9.6 billion.

Org's official rundown is in line with 2010 year-end projections made earlier this year. MPAA prexy and interim CEO Bob Pisano and John Fithian, prexy-CEO of the National Assn. of Theater Owners, made the joint announcement via conference call.

One of the more compelling stats in the report's centers on demographic breakdowns of frequent moviegoers: That group contributed more than half of 2010 ticket sales while making up just 11% of the population.

Latin America was up 25% in terms of box office contributions while Asia Pacific grew by 21%, the biggest changes vs. 2009 overseas. Brazilian B.O. rose 30%, lifting the totals in Latin America, while the Asia Pacific category was boosted by phenomenal growth in China, which increased 64% last year.

International 2010 totals ended up above \$20 billion for the first time ever, outstripping 2009's benchmark by 13%.

North American admissions per capita — the number of tickets sold per person — were at their lowest since 1993, with an average 4.1 ducats sold. Pisano attributed the decline in part to the U.S. "boomer bulge" as auds over 50 are less likely to visit the multiplexes more than once a month.



"Toy Story 3," "Alice in Wonderland" and "Avatar" were 2010's top 3D titles.

### 3D thickens tickets

3D helped 2010's domestic B.O. stay even with 2009, even though ticket sales slumped.

Box office	Admissions
<b>\$10.6 bil</b>	<b>1.34 bil</b>
0% vs. '09	-5% vs. '09

Note: MPA

"There's an obvious trend (that) when audiences get older, they go to the movies less," Pisano said.

Fithian said one of the biggest factors in turning the attendance tide over the coming years will be 3D. Nearly one-quarter of the world's current total screen count is digital, with 60% of those 3D-

equipped. Global digital rollout is expected to be finished by 2013, according to Fithian, which would double the current digital count.

And while studios are releasing fewer films overall — "The economic situation has affected production," Pisano said — there has been a hike in studio 3D releases, with 25 in 2010 vs. 20 the previous year. Last year's top three domestic grossers ("Avatar," "Toy Story 3" and "Alice in Wonderland") were in 3D. Currently, 33 titles are slated to unspool in 3D this year.

Another result of 3D's heightened contribution is rising average ticket prices, which NATO pegged at \$7.89 per ducat in 2010, up from \$7.50 in 2009. Though adjusted for inflation, "theater owners continue to offer their patrons the lowest-priced form of home entertainment, with the average movie ticket, including premium-priced tickets, costing less than it did in 1970," Fithian said.

### Ethnic food for thought

Hispanic movie visits grew domestically in 2010, while Caucasian and African American movie attendance dipped slightly.

<b>6.8</b>	<b>3.5</b>	<b>3.7</b>
Hispanic	Caucasian	African American

Note: MPA

Both Pisano and Fithian avoided the topic of potentially shortened theatrical windows caused by early VOD bows, but did highlight the importance of consumer choice in the marketplace, notably with 2D and 3D formats. "That kind of flexibility in offerings is important in driving attendance," Fithian said.

Pisano also noted increased moviegoing among Hispanic auds. In 2010, 43 million Hispanic filmgoers bought 351 million ducats, up from 37 million buying 300 million tickets in 2009.

By comparison, Caucasians, which rep 66% of the North American population, made up 56% of ticket sales, while Hispanics made up 26% with only 16% of the population.

With a few shining beacons on the horizon for this year's B.O., including growing audience sectors and 3D leverage, both org toppers remained optimistic about this year's box office, which is off to a sluggish start, running 25% behind last year's tally at this time.

To keep 2011 from seeing the first decline in domestic B.O. since 2005, those 33 titles slated for 3D release will have to deliver in a year packed with franchise sequels and tentpoles.

"I think the most historic thing of 2010, which predicts what will be the headlines in the coming years, is the growth of digital cinema and 3D," Fithian said.

### Int'l increase

Box office for all films released outside the U.S. and Canada has jumped significantly since 2006.

Region	% chg. vs. '06
Europe, Middle East and Africa	<b>↑21</b>
Asia Pacific	<b>↑35</b>
Latin America	<b>↑66</b>
Total	<b>↑30</b>

Note: MPA

Reprinted from



## California Retailers Can't Ask Patrons for ZIP Codes, Court Rules

*A state consumer privacy law is cited by justices in barring merchants from collecting data from credit card customers, except in limited cases.*

*Reprint from Los Angeles Times By Maura Dolan*

Reporting from San Francisco —In a case watched closely by merchants, the state Supreme Court ruled unanimously that California retailers may no longer collect ZIP Codes from credit card customers, except in limited cases.

The high court determined that ZIP Codes were “personal identification information” that merchants can’t demand from customers under a state consumer privacy law. Merchants typically use ZIP Codes to determine where their customers live and for other marketing purposes.

The ruling will affect more than a dozen lawsuits against major retailers that seek and store consumer ZIP Codes, said Gene J. Stonebarger, an attorney for a woman whose lawsuit triggered the ruling. Stonebarger said the decision would help protect consumers from credit card fraud and identity theft.

Eli Portnoy, a retail and marketing expert, said businesses will just be more creative in how they gather information on consumers in the future. He noted that there has been “a gathering storm, a backlash,” from consumers tired of having to reveal personal information.

“But companies will still find ways,” he said. “The goal in any business is to know your customers as well as you can.”

Jeremy Zawodny, 36, a software engineer from Groveland, Calif., said it “always creeped me out” to be asked for his ZIP Code every time he bought something at the grocery store.

“It’s like, you don’t need to know that information just because I’m giving you money for a product,” he said. “You’d think more people would want to know what their information is being used for if they’re giving it out.”

Once, at an Office Max store, he said, the checkout cashier asked for his ZIP Code and Zawodny responded: “No, but can I have your home address?”

The ruling still allows ZIP Codes to be collected under certain circumstances, such as at gas station pumps where the information is requested for security reasons and in transactions that involve shipping. The law also allows ZIP Codes to be requested when a



credit card is used as a deposit or for a cash advance, the court said.

Merchant requests for ZIP Codes have been “widespread” because it is extremely valuable information for retailers, Stonebarger said.

The Folsom, Calif., lawyer filed the lawsuit on behalf of Jessica Pineda of Menlo Park, Calif., and sought class-action status. Pineda contended that home-goods chain Williams-Sonoma Inc. asked her for her ZIP Code when she purchased an item with her credit card.

She said the store used her name and ZIP Code to identify her address and then stored the information in a database for later marketing. She also contended that the store had the ability to sell her information to other businesses.

The retailer argued that ZIP Codes did not provide personal information because they pertained to a group, not an individual. It also said that an adverse ruling should be applied only to future cases because the penalties could be ruinous and the law was vague.

Two lower courts rejected the suit, but the Supreme Court said a ZIP Code was part of a person’s address and therefore covered by the state’s 1971 Credit Card Act.

The high court rejected the retailer’s assertions.

“The Legislature intended to provide robust consumer protections by prohibiting retailers from soliciting and recording information about the cardholder that is unnecessary to the credit card transaction,” Justice Carlos R. Moreno wrote for the court.

The court said retailers may still ask consumers to produce a driver’s license for identification purposes but may not record the personal information on it.

The case was sent back to the lower court for further proceedings. State law sets a maximum \$250 for the first violation and \$1,000 for each further violation. The amount of penalties awarded is determined by a judge.

*Times staff writer Tiffany Hsu contributed to this report*



## Government Fines Theatre Circuits for Violation of Child Labor Laws

Three theater chains have paid more than \$277,000 in federal fines over allegations that they violated child-labor laws by letting teenagers work too many hours and use dangerous machinery such as trash compactors, the Labor Department announced.

The government said the alleged violations of U.S. child-labor laws were uncovered as part of a “strategic” crackdown on what the department called the industry’s high rate of noncompliance.

Investigators found the supposed offenses in 27 theaters in California, Illinois, Indiana, Minnesota, Missouri, Nebraska, Ohio, South Carolina and Wisconsin.

Some 160 employees were illegally being required to perform hazardous jobs — everything from operating paper balers and trash compactors to driving motor vehicles, using power-driven mixers and baking — in violation of the Fair Labor Standards Act’s youth-employment provisions, the Labor Department said.

That law identifies 17 hazardous jobs barred for workers younger than 18, including operating and unloading scrap paper balers and paper box compactors unless certain specific conditions are met. The law also restricts the times and hours of employees younger than 16 — something the Labor Department said theatres did not honor.

“The penalties imposed as a result of these violations should serve as a wake-up call to movie theatre owners and other employers,” Labor Secretary Hilda Solis said in a statement. “Businesses that employ minors are legally and ethically obligated to abide by

child labor standards and ensure youth are protected on the job.”

The companies were alleged to have allowed young workers to load and operate trash compactors — a federal violation, also let teenage workers drive motor vehicles and run a dough mixer. Employees younger than 16 were asked to do baking and allowed to work longer hours than legally permitted.

Each of the theatre companies stated that they remain dedicated to providing a safe work place, fully cooperated with the Labor Department and “proactively took actions to address the various situations before any violations were assessed.”

The Labor Department said the companies have agreed to put in place compliance and training programs. According to federal law, workers 14 or 15 may do certain occupations outside school hours, but not before 7 a.m. or later than 7 p.m., or past 9 p.m. from June 1 until Labor Day. Such workers also may not work more than three hours on a school day, 18 hours in a school week, or eight hours on a non-school day and 40 hours in a week when school isn’t in session.

For more information regarding the respective Child Labor Laws go to:

California Division of Labor Standards Enforcement:

<http://www.dir.ca.gov/dlse/dlse-cl.htm>

Nevada Labor Commissioner:

<http://www.leg.state.nv.us/NRS/NRS-609.html>

U.S. Department of Labor:

<http://www.dol.gov/dol/topic/youthlabor/>

*Source: The Associated Press*

## Q+A: How do I-9 audits find illegal workers in U.S.?

(Reuters) - The U.S. government strategy to clamp down on illegal immigrant workers has been focused for the last two years on so-called “I-9 audits” that target employers rather than large-scale raids that net lots of employees.

Upscale burrito chain Chipotle Mexican Grill Inc told Reuters on Friday that a U.S. Immigration and Customs Enforcement (ICE) probe into its hiring practices is widening. These I-9 audits, experts say, are a wake-up call to the fast food and restaurant industry that relies heavily on immigrant labor

Following are some questions and answers about I-9s and the auditing process.

**WHAT IS A FORM I-9?**

- An I-9 is an employment eligibility verification form. All U.S. employers must complete and retain an I-9 for each individual they hire in the United States, citizens and noncitizens alike. On the form, the employer must examine the employment eligibility and identity documents an employee presents to determine if the person can work legally in the country.

**WHAT DO EMPLOYERS DO WITH THE FORM?**

- The forms are not filed to the government. The form I-9 must be kept by the employer either for three years after the date of hire or for one year after employment is terminated, whichever is later. The form must be available for inspection or auditing by authorized U.S. government officials.

**HOW DOES THE GOVERNMENT GO ABOUT SUCH AUDITS?**

- A company will receive a “notice of inspection” from ICE and then its I-9s will be subject to audit and review. ICE says such inspections are not done at random and are based on leads and intelligence gathering.

**HOW LONG DOES THIS TAKE AND WHAT ARE THE PENALTIES?**

- The whole process can take months or even years from the notice of inspection to the closing of the case, which may or may not result in a fine.

The amount of such fines has dramatically increased according to data provided by ICE. Fines totaled just over \$1 million in fiscal year 2009 and rose to nearly \$7 million in 2010.

*Sources: U.S. Citizenship and Immigration Services, U.S. Immigration and Customs Enforcement, Reuters*

## DirecTV poised to launch premium video-on-demand

*Reprint from Los Angeles Times by Ben Fritz and Richard Verrier*

DirecTV is in advanced talks to be Hollywood's first partner for early video-on-demand, a plan that is putting it in the cross hairs of the nation's top theater chains.

People familiar with the matter said the satellite TV company would likely be the first distributor to launch so-called premium VOD, through which consumers would pay about \$30 to rent a movie via the Internet or cable 60 days after it opened in theaters and at least a month before it would become available on DVD.

The plan represents a significant step in Hollywood's strategy to make movies available in the home earlier and in new ways to generate fresh revenue as DVD sales continue to fall and domestic box office has been stagnant. It has previously taken a minimum of three months for films to shift from theaters into the living room.

DirecTV is looking to introduce its product by the end of June with movies from 20th Century Fox, Sony Pictures and Warner Bros. Walt Disney Pictures is also in talks to join the initiative, the people said, while Paramount Pictures and Universal Pictures are not expected to participate initially.

In a conference call with Wall Street analysts Feb. 23, DirecTV Chief Executive Michael White said his company was talking to studios about launching a "trial" by the middle of the year in which "perhaps we'll try something that's four to six weeks from theatrical release."

A spokesman for DirecTV, the nation's second-largest pay television provider with 19.2 million subscribers, declined to discuss the VOD plans. White's statement set off alarm bells in the exhibition community, however, where top executive believe such a shortening of the wait to see a movie at home would discourage consumers from going to theaters.

"If a film has a four-to-six week window to a home, we're not going to give it screen time," said Amy Miles, chief executive of the nation's largest theater chain, Regal Entertainment. "That's outside the realm of any conversation we have had with the studios."

Gerry Lopez, chief executive of second-largest theater chain, AMC Theatres, was equally adamant. "We do not intend to screen movies released under such circumstances," he said. "We understand the problem that studios are facing when DVD sales are nosediving, but we don't see premium VOD as any kind of solution."

People close to the six biggest Hollywood studios have said they aren't considering VOD earlier than eight weeks. But while theater owners aren't threatening to boycott releases under such a scenario, they have said that even that amount of time would be destructive to the box office business.

The issue has strained the symbiotic relationship between studios and theater owners, who complain that they have not been included in the plans. In response, theater owners have become

more vocal about preserving the traditional 90-day wait before movies are released into the home market.

"What I'm concerned about is that we could end up hurting the business and trading a quarter for a dime," said Ellis Jacob, chief executive of Cineplex Entertainment, the largest theater chain in Canada.

However, some in Hollywood including Time Warner Inc. Chief Executive Jeff Bewkes and Walt Disney Co. CEO Bob Iger have argued that there is untapped revenue to be found with premium VOD, contending that it would provide an alternative to piracy and have little or no effect on ticket sales.

Still, studio executives are wrestling over just how much to accelerate home-viewing releases without threatening the still-vital movie theater business, which generated \$9.6 billion in the U.S. and Canada last year. The worst scenario for theater operators would be if the studios decided to release a movie directly into the home on the same day it opened in theaters, though there appear to be no plans to do that at this time.

Movies that will be part of DirecTV's premium VOD launch have yet to be identified, in part because key details still need to be resolved. One is whether to bundle a DVD with the premium VOD. Under that scenario, consumers would pay \$30 to watch the movie at home and then receive a copy of the DVD when it came out, possibly for an additional fee.

Cable providers including Comcast are also talking to studios about offering premium VOD rentals, but DirecTV is furthest along in negotiations.

DirecTV and other providers want to launch premium VOD with as many studios on board as possible. Negotiations are tricky, however, as movie companies are not allowed to discuss their plans with one another due to antitrust restrictions.

It remains to be seen, however, how many consumers will be willing to pay \$30 — about the cost of four average-priced movie tickets — to see a film at home when it will be available to buy or rent on DVD in as little as a month.

At an investors conference on Feb. 17, Disney president of distribution Bob Chapek said that premium VOD could be particularly appealing for "families with very young kids, who can't make it to the theaters."

A studio trade organization, the Digital Entertainment Group, is working with its members to put together a brand name and industrywide marketing campaign to promote the general concept of premium VOD, a person familiar with the situation said. The studios have previously worked together in a similar manner to advertise other home entertainment offerings such as high definition Blu-ray discs.



## 3-D Features for 2011 2nd and 3rd Quarter

There are an estimated 5,600 screens equipped for 3-D in North America. The charts below show the release schedules for the 2nd and 3rd quarters of 2011 that will fill the screens and theatre seats.



### 2nd Quarter 2011

4/15/11	RIO (animated)	FOX
4/29/11	HOODWINKED TOO: HOOD VS. EVIL (animated)	WEINSTEIN
5/6/11	THOR	PARAMOUNT
5/13/11	PRIEST	SONY
5/20/11	PIRATES OF THE CARRIBEAN: ON STRANGER TIDES - IMAX	WALT DISNEY
5/26/11	KUNG FU PANDA: THE KABOOM OF DOOM (animated)	PARAMOUNT
6/17/11	GREEN LANTERN	WARNER BROS.
6/24/11	CARS 2 - IMAX (animated)	WALT DISNEY

### 3rd Quarter 2011

7/1/11	TRANSFORMERS: DARK OF THE MOON - IMAX	PARAMOUNT
7/15/11	HARRY POTTER & THE DEATHLY HALLOWS, Part 2 - IMAX	WARNER BROS.
7/22/11	THE FIRST AVENGER: CAPTAIN AMERICA	PARAMOUNT
8/3/11	THE SMURFS (animated)	SONY
8/5/11	THE DARKEST HOUR	SUMMIT
8/19/11	CONAN THE BARBARIAN	LIONSGATE
8/19/11	FRIGHT NIGHT	WALTDISNEY
8/19/11	SPY KIDS 4: ALL THE TIME IN THE WORLD	WEINSTEIN CO.
8/26/11	FINAL DESTINATION 5	WARNER BROS
9/2/11	UNTITLED 3D SHARK THRILLER	RELATIVITY
9/16/11	PIRANHA 3DD	WEINSTEIN CO



# CALENDAR of EVENTS & HOLIDAYS

**Scholarship Applications Due**  
March 11

**Daylight Savings Time Begins**  
March 13

**St. Patrick's Day**  
March 17

**First day of Spring**  
March 21



**CinemaCon at Caesars Palace**  
March 28-31

**Passover**  
April 19



**Easter Sunday**  
April 24



**Southern California Film Product Seminar**  
April 27

**Northern California Film Product Seminar**  
May 4