

# PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

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## NATO of CA/NV Annual Membership Meeting Set for June 22nd

Mark your calendars for the June 22, 2011 NATO of California/Nevada Annual Membership Meeting. The meeting will be held at The Landmark Theatre in West Los Angeles. The 10:00am business meeting will feature speakers and presentations addressing the particular interests of our industry including box office statistics, financial and political issues that are currently confronting California, Nevada and the national scene. Registration and a continental breakfast will be available beginning at 9:00am.

Registration is now open through June 15<sup>th</sup>. Just click [HERE](#) to get to the registration page. Once your registration is processed an email will be sent to the address provided within two hours, if you do not get a confirmation you must contact the NATO of CA/NV office at 310/460-2900 or [office@NATOCalNev.org](mailto:office@NATOCalNev.org).

Watch for the June issue of PREVIEWS containing details about the featured speakers and presentations.



*Westside Pavilion, home of The Landmark Theatre, where annual membership meeting will be held.*

Previews  
is published by the  
National Association of  
Theatre Owners of  
California/Nevada

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## National Association of Theatre Owners of CA/NV Scholarship Program

Applications for the 25 available awards in the NATO of California/Nevada 2011 Scholarship Program are now in the hands of the first panel of judges. The announcement of winners will be made at our Annual Membership Meeting set for June 22nd at The Landmark Theatre in West Los Angeles. Look for more meeting details in next month's issue of PREVIEWS.

The Association often receives, and always appreciates, communiqués from current and past scholarship winners. Quite often even the highest ranked students find the transition from high school to college to be a larger challenge than expected. Below are two notes from 2010 winner Ashley Patterson of Krikorian Premiere Theatres, who faced, and overcame, that challenge.

1/7/11

Dear NATO of CA/NV,

*Thank you for the amazing opportunity to be one of your scholarship winners for the 2010-2011 school year. Without the support from your organization, I would not have been able to attend UCLA to better my education. This fall quarter has been a great experience filled with knowledge and fascinating opportunities that have added to my development as a person. As a recipient of your scholarship, I will continue to meet your expectations as I continue my career here at UCLA. Once again, thank you for this opportunity.*

3/31/11

To NATO of California/Nevada Scholarship Committee

*As a scholarship winner for the 2010-2011 academic year, I would just like to thank you for your great contribution to my education. I had a hard time adjusting to the demands of the college courses here at UCLA, but I have found my way back to my old ways of getting good grades. Thank you for this opportunity and for the faith you had in me that I would succeed. I am greatly honored to have been a recipient of this award and I wish nothing but the best for this scholarship program and its recipients. Once again, thank you for choosing me as one of your scholarship winners.*

(Editors note: The Association wishes Ms. Patterson continued success.)

# Film Product Seminar Previews Promise a Great Summer!

The collection of trailers and scenes from 72 movies that were introduced by eleven studios at the 2011 Summer/Fall Film Product Seminars in Los Angeles and San Francisco gave all present great hope for another record-breaking summer. The Association extends its appreciation to host companies Regal Entertainment Group in Los Angeles and Cinemark in San Francisco for providing the state-of-the-art theatres for the seminar. Thanks go to Regal LA Live GM Mark Behrang, Promotions Manager Sam Sitar and District Manager Shaun Mullen; and to Cinemark's Century San Francisco Centre 9 GM Kelly Taylor, Nick Anderson, Elizabeth Kennedy and Regional Leader Hal Sawyer for the welcome extended by both staffs to all in attendance.

## Northern California



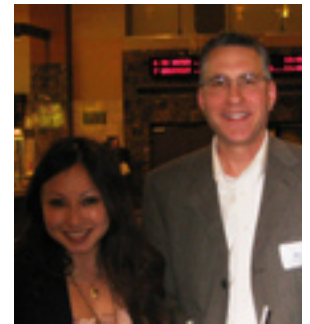
Sincere thanks go to Century S.F. Centre 9 Managers Elizabeth Kennedy, Nick Anderson and Kelly Taylor as well as staff members Britany Simmons, Daniel Carnaje, and the rest of the staff. These are just five members of the team who pitched in to guarantee a great day for their guests.



NATO of CA/NV President Milt Moritz thanks Cinemark's Century San Francisco Centre 9 Theatre General Manager Kelly Taylor and Regional Leader Hal Sawyer for their hospitality and continued support.



The Association wishes to express its appreciation to ACS Enterprises, Inc. represented by Patrick Artiaga for their continuous sponsorship of Film Product Seminar breakfasts since the Fall 2007 seminar.



Chi Nguyen and Steve Elkins represented our Northern California lunch sponsor MOC Insurance Services. We thank them and MOC President Van Maroevich for their support.

## Southern California



LA Live managers Mark Behrang and Ashley Birkett proudly surround, Hector Zavala, Robert Nasic and Jaime Vite-Griffin. These staff members represent all who worked tirelessly at the Seminar. The Association extends their appreciation to the entire team for an exceptional job.



The management team of the Regal LA Live Theatre accepted an appreciation plaque from NATO of CA/NV. Pictured are Regal District Manager Shaun Mullen, NATO of CA/NV President Milt Moritz and Charlene Sievers, Promotions Coordinator Sam Sitar, Manager Ashley Birkett (holding plaque), GM Mark Behrang, and manager Scott Matsumoto.



Eleven studios were represented at both the Northern and Southern California seminars. Shown here are some of the Southern California presenters. (Front) Akira Egawa, 20<sup>th</sup> Century Fox/Fox Searchlight; Amanda Rufener, Lionsgate; Julie Kominski, Walt Disney Motion Pictures; Francis Orante, Warner Bros. and Kathleen Hatcher, Relativity Media. (back row) Nickie Sandoval, Universal; Crystal Kusiak, Focus Features and Christian Arenas, Summit Entertainment. Contact information for Exhibitor Relations representatives for the major studios can be found in the Industry Contacts section of our web site at [www.natocalnev.org](http://www.natocalnev.org).

Please visit the Meetings and Seminars section at [www.natocalnev.org](http://www.natocalnev.org) for more seminar photos.

## June is Ratings Awareness Month

June was selected as Ratings Awareness Month because that's when school children begin their summer vacations. It's the perfect time to remind employees and parents about the movie rating system.

National NATO has supplied a website checklist to ensure that your company's online presence reinforces your support of the rating system and a checklist of recommended steps that should be followed throughout the year, but especially in June, in conjunction with Ratings Awareness Month. Ratings posters, placards, and brochures are available free of charge from NATO. They also have an educational ratings system DVD for your employees—also free of charge—that was produced as part of the NATO training series some time ago. Go to the NATO web site at [www.natoonline.org](http://www.natoonline.org) to order Ratings materials

### NATO Member Checklist

- ❑ **Employee Notification Regarding Ratings Awareness Month** – Member company executives should notify ALL employees that June 2011 is Ratings Awareness Month, and should describe the company's activities planned for the month. Theater personnel responsible for press inquiries should be made fully aware of all activities undertaken by the company.
- ❑ **ID-Check Policy Reminder** – Member company executives should remind all company employees of your ID-Check policy for “R” and “NC-17” rated films, via company-wide memo, staff meetings, and other appropriate communication channels.
- ❑ **Personnel Policy Review** – Ratings compliance officers should review their personnel policies to ensure proper emphasis on ratings education and enforcement. Any updates or enhancements in those policies should be promptly communicated to all employees.
- ❑ **Display Ratings Posters** – Ratings compliance officers should take steps to ensure that posters explaining the ratings system are displayed in every theater complex. Contact NATO if you need additional posters.
- ❑ **Include Ratings Information on Web Site** – Ratings compliance officers should work with their company information technology providers to ensure that ratings information is included on your company's web site.
- ❑ **Include Ratings Information and Protocols on Online Ticketing Systems and Kiosks** – Ratings compliance officers should review the online ticketing system and ticketing kiosks utilized by your company to make sure that ratings information is included in the system. You should also review the prompts utilized when tickets for “R” and “NC-17” rated movies are ordered to ensure proper age requirement notification.
- ❑ **Monitor One-Sheets to Ensure Ratings Information is Included Once the Movie is Rated** – Studio marketing departments should distribute movie posters with ratings information once a movie is rated. Theater personnel must ensure that unrated posters are replaced with rated posters once they become available. If rated posters are not made available after a movie is rated, theater personnel should inform NATO.
- ❑ **Ensure the Compatibility of Trailers** – Ratings compliance officers and theater marketing personnel should always take steps to ensure that trailers are compatible with the feature film that follows. All trailers should be viewed prior to exhibition, with feature film audience compatibility in mind. Trailers for “R” rated movies should never be shown before films rated “G” or “PG”, and should be viewed and assessed before being shown in conjunction with a “PG-13” feature. To help NATO members appropriately target trailers, NATO staff compiles and maintains a chart of trailers that the MPAA has “approved for appropriate

### Web Site/Kiosk Movie Ratings Checklist

All movie theater company web sites, all movie ticketing web sites, all ticketing kiosks and all other sites displaying information about movies to which theater company sites are linked should include the following:

- ❑ (1) Ratings should be prominently displayed in conjunction with all movies referenced on the site;
- ❑ (2) Ratings reasons should be prominently displayed in conjunction with the rating for all movies referenced on the site;
- ❑ (3) The site should provide detailed general descriptive information about the MPAA/NATO movie ratings system;
- ❑ (4) The site should link to rating information available on other sites, such as [parentalguide.org](http://parentalguide.org), [filmratings.com](http://filmratings.com), or [MPAA.org](http://MPAA.org); and
- ❑ (5) The site should include additional warnings related to the admittance of people under age 17 to “R”-rated movies, or people under the age 18 to “NC-17”-rated movies.

See *Checklist*, continued on next page

*Checklist, continued from previous page*

audiences” and the specific motion pictures for which the trailers have been approved. This information is provided to NATO on a confidential basis from the MPAA and should be used only to ensure that trailers are appropriate and compatible with the feature film. NATO members can use their existing online username and password to access the current Trailer Placement Advisories chart. We encourage exhibitors to always play the trailer tag with each trailer. Exhibitors receiving patron complaints regarding trailer compatibility should inform NATO.

- ❑ **Reach out to Local Newspapers** – Ratings compliance officers and company marketing executives should contact newspapers with whom you do business to encourage them to include reasons for the ratings in their movie reviews.
- ❑ **Reach out to Community, Parent and Religious Organizations** – Company executives and ratings compliance officers should consider using the NATO ratings power point to provide tutorials to local groups on the rating system. Electronic copies of the tutorial can be obtained by going to [www.natoonline.org](http://www.natoonline.org) and clicking on the Ratings Links.
- ❑ **General Patron Education** – Company executives and ratings compliance officers should investigate additional ways to use this month to educate patrons about the ratings system. Post your company’s ratings policy where all patrons can see. Encourage box office attendants to mention the ratings in their conversations with patrons. Conduct theater open houses and disseminate ratings information. Reach out to local schools. Create employee contests with ratings themes. Be creative and have fun!

## Small Theater Operators Weigh Digital Conversion

**Film prints may become unavailable in 2013 and financing for digital projection technology is winding down, but installation costs are still prohibitive for many of the smallest movie houses.**

*Reprint from Los Angeles Times By Richard Verrier*

For more than three decades, the Kim family has operated a popular 800-seat neighborhood theater on Crenshaw Boulevard in Gardena

The single-screen movie house — a rarity anywhere — has weathered multiple storms. It thrived in the 1970s and early 1980s by specializing in Spanish-language movies, until its Mexican film distributor went out of business. The Kims switched to screening conventional Hollywood movies, but soon confronted growing competition from new multiplexes. They adapted by selling lower-priced tickets, catering to budget-conscious families looking for an affordable night out.

Now they face what could be their biggest hurdle: how to foot the bill for a new digital projection system.

“We’ve been investigating converting to digital, but it’s cost prohibitive for us,” said Judy Kim, an attorney who manages Gardena Cinema for her parents, who are in their 70s. “You’re talking about tens of thousands of dollars for a machine, and you’re not sure it’s worth putting in that kind of money or whether you’re going to get a return on your investment.”

After years of delays, the century-old movie exhibition business is finally embracing digital technology. Equipment suppliers can barely keep up with the demand. About 800 to 900 digital screens are being added each month to theaters large and small nationwide, allowing them to screen 3-D movies, beam live sporting and music events and deliver sharper, scratch free images to audiences.

But hundreds of small theater operators such as the Kims have yet to get with the digital program — and may be left out if they don’t act soon.

“The pressure is on,” said Greg Laemmle, president of Laemmle Theatres, the L.A.-based art house movie chain that is weighing how many digital projectors to install at its eight locations. “We’re going to have to jump.”

To assist theaters in making the leap, studios are helping to pay for the equipment through so-called virtual print fees. In lieu of making and delivering 35-millimeter film prints — which cost about \$1,000 each versus \$100 to \$200 for a digital print — studios are putting aside the money they save to help theaters buy the equipment they need to convert to digital projection systems.

But that financing is winding down. Under agreements with studios, exhibitors can qualify for the funding only if they install their digital equipment by the end of next year. Film prints — the reels that are threaded through projectors — could become unavailable as early as 2013, according to the National Assn. of Theatre Owners.

*See **Digital Conversion**, continued on next page*

*Digital Conversion, continued from previous page*

With digital distribution, a hard-drive copy of a movie is shipped to the theater, where it is inserted into a server that operates the projection system. In some cases, movies are also transmitted digitally via satellite.

John Fithian, the theater owner group's president, recently issued a dire warning at the industry's annual convention in Las Vegas.

"Simply put, if you don't make the decision to get on the digital train soon, you will be making the decision to get out of the business," Fithian told attendees. "That would be tragic because digital cinema and 3-D have so much to offer."

Overseas, theater operators also are rapidly converting to digital, although studios are expected to continue shipping film prints to some smaller countries for the foreseeable future.

Nearly half of all 39,000 screens in the U.S. are digital, up from just a few thousand in 2007. By year's end, about 23,000 digital screens will have been installed, mostly from expansion by the three largest theater chains: AMC Entertainment Inc., Regal Entertainment Group and Cinemark Holdings Inc. A consortium representing the circuits raised nearly \$900 million to finance the rollout.

Despite the rapid expansion, Fithian is nonetheless concerned that several hundred smaller exhibitors — those with 10 or fewer screens — have held off installing digital equipment.

"We've been telling exhibitors for four years that this is com-

ing," Fithian said in an interview. "We don't want people to be left behind."

There are 650 theater companies in the U.S. and Canada with fewer than 100 screens, including 270 with just one screen. Some of these smaller operators believe film won't disappear any time soon. Others can't afford the investment. Digital projectors and accompanying computer hardware and software cost about \$65,000 per screen. That doesn't include an additional \$4,000 to \$8,000 for a special silver screen, which is required on some systems, and approximately \$10,000 to \$20,000 more for 3-D equipment.

Making such a hefty investment is intimidating to small operators, especially at a time when business has fallen off sharply. Box-office revenue and admissions have dropped more than 20% this year from 2010. Adding to the anxiety are fears that studios will further induce moviegoers to stay away from theaters by offering movies in the home just 60 days after their box-office debuts.

"It's disconcerting that they are really pushing us to spend a lot of money on digital at a time when they are tinkering with the traditional business model, which could jeopardize our business," said David Corwin, president of Metropolitan Theatres Corp., which is investing \$5 million to finish converting its 101 screens in the Western U.S. and British Columbia to digital.

Small exhibitors can obtain loans to buy equipment through their local banks, the Small Business Administration, equipment vendors or so-called third party integrators such as Cinedigm Digital Cinema Corp., a New Jersey-based company that buys and installs digital equipment in theaters and collects virtual print fees from distributors to help exhibitors pay back the loans to buy equipment.

"The bottom line is that financing is available to everyone in one way or the other," said Chuck Goldwater, president of Cinedigm's media services group. "What we tell exhibitors is that the clock is ticking."

Some theater owners, however, said they can't shoulder more debt.

Jeff Mexico, who owns a drive-in theater and two cinemas in Salem, Oregon, said he was paying down a \$200,000 loan he took out to refurbish one of his theaters in 2006 and can't afford to borrow more money.

"I'm just at a point where I can't take on any more debt," he said.

Yet Mexico said he knows he may not have a choice because film may not be around much longer. A stark reminder of that came recently when a distributor told him he couldn't book "Source Code," the action thriller starring Jake Gyllenhaal.

"They said, 'We don't have enough film prints.'"



## 2 Major Circuits to Install Devices for the Deaf

### Cinemark Theaters To Install Devices For The Deaf

*Reprint from San Francisco Chronicle  
by Bob Egelko, Chronicle Staff Writer*

Cinemark, the nation's third-largest movie chain, said late last month it will install closed-captioning equipment for the deaf and hard of hearing in all its theaters in California by mid-2012, settling a disability-rights lawsuit in Alameda County. The settlement "makes first-run movies available to millions of patrons," said Kevin Kniestrick, a lawyer with Disability Rights Advocates in Berkeley, which filed the suit in December.

Cinemark said it has already equipped about half its 64 California theaters with closed captioning. The company said it is using a wireless captioning device that fits into a seat cup holder, with a visor that shields the caption from other patrons.

Advocates said Cinemark had been alone among the three largest theater chains in refusing to use closed-captioning equipment. Kniestrick said the other two leading chains, Regal and AMC, provided limited captioning - often at off-peak hours and in only one theater per multiplex - and have been sued in other states.

Cinemark has almost 300 theaters nationwide, including four in Alameda County - in San Leandro, Hayward, Newark and Union City. The settlement applies only to California, but advocates are meeting with Cinemark and other chains to try to get closed captioning installed in other states, said plaintiffs' lawyer Sid Wolinsky.

The suit accused Cinemark of violating the Americans With Disabilities Act and California's disability law by failing to provide accommodations that would offer equal access to hearing-impaired customers.

A federal appeals court in San Francisco ruled in an Arizona case last year that closed captioning can be required at movie theaters under the disability law. The ruling said owners could avoid such an order by showing that it would cause financial hardship.

### Regal Entertainment Group Announces New Forms of Digital Cinema Access

*Solutions for the Deaf, Hard of Hearing and Blind Moviegoers*

*Reprint from BUSINESS WIRE*

Regal Entertainment Group (NYSE: RGC), a leading motion picture exhibitor owning and operating the largest theatre circuit in the United States, today announced plans to equip all digital cinema locations with personal captioning and descriptive video technologies.

For years Regal has actively worked with various technology companies and film distributors to create opportunities to increase theatre access for deaf, hard of hearing and blind moviegoers. The advent of digital cinema technology offers new opportunities to increase access at all digitally equipped theatres and Regal expects to have practically all of its theatres converted to digital cinema by the end of 2012. In conjunction with its digital cinema rollout, Regal has developed a strategy to also rollout these adaptive technologies for widespread consumer use over the next 12 to 18 months. In addition, Regal has partnered with Captionfish which is the internet's leading captioned movies search engine that finds open captioned, Rear Window® captioned, foreign/subtitled and descriptively-narrated movies showing at theatres across the United States.

"Regal once again has bolstered their commitment to providing movies that are accessible to people with hearing and vision loss. Regal was the first to provide a comprehensive website, advertised show times, theatre manager training program and free screenings to deaf and hard of hearing children. Regal has always been a strong advocate for the deaf and hard of hearing and remains the most committed exhibitor in the U.S. to support captioned programming and providing the deaf and hard of hearing community access to feature films. This announcement demonstrates their continuing leadership in accessible entertainment," said Nanci Linke Ellis, of Captionfish.com. Partner Brendan Gramer added, "We are thrilled that they have chosen to partner with Captionfish as a resource for disseminating accessible showtimes."

"After years of working to ensure that personal captioning solutions would be available through digital cinema, as well as meet the needs and expectations of the deaf, hard of hearing and blind, we are pleased to begin efforts now to offer this access at theatres converted to the all-digital format," stated Randy Smith, Regal Entertainment Group, Chief Administrative Officer & Counsel. "Regal is now ordering and, depending on product availability, will be installing these new technologies at our fully digitized locations. Our intentions are to offer captioning and descriptive video for every film that comes with such content, at all show times, at every theatre equipped and to be equipped with digital cinema systems over the next 12 to 18 months. By the end of 2012, almost every Regal location nationwide will be fully equipped with digital cinema systems and be further equipped to provide closed captions and descriptive video for our deaf, hard of hearing and blind guests."

Regal Entertainment Group is grateful for the many years of aid, insight and support provided by numerous individuals and advocates within the deaf, hard of hearing and blind communities. While obstacles remain for some large format presentations, 3D films and the limited availability of captioned film product from some studios, Regal is eagerly entering a new era of unparalleled access for the deaf, hard of hearing and blind.

# CALENDAR of EVENTS & HOLIDAYS

**Armed Forces Day**  
May 21

**Memorial Day**  
May 30

**NATO of CA/NV Board  
of Directors Meeting**  
June 21

**NATO of CA/NV Annual  
Membership Meeting**  
June 22

**Announcement of 2011  
Scholarship Award Winners**  
June 22

**Independence Day**  
July 4



**Summer begins**  
June 21

