

Beverly Hills, California

January 7, 1953

To the Stockholders and Artists
of World Artists, Inc.

Ladies and Gentlemen:

Many of you have been misinformed by gossip as to my reasons and motives in suing World Artists, Inc. and Rudolph Polk for \$10,000. Because I do not like to gossip, I have refrained from talking about the matter. In this letter I shall tell you why I took the action I did.

As a result of meetings and discussions, on May 15, 1952, World Artists wrote me a letter asking me to reduce my percentages on past pictures and on the two remaining pictures to be made in 1952.

On May 21, 1952, my counsel, William Berger, replied that I would "consent to the proposed reduction on both the old and the future pictures", if World Artists purchased 25% of the preferred stock.

On July 29, 1952, World Artists wrote me a letter accepting the proposal "in your letter to us of May 21, 1952" on condition that the time for the purchase of the preferred stock be extended to September 21, 1952.

I agreed to the extension in writing, and the purchase of the stock was made. Both parties had advice of counsel. The agreements were in writing. They referred to future as well as past pictures.

On September 26, 1952, my counsel, Laurence W. Beilenson, wrote a letter asking payment by World Artists of the \$10,000 due me by contract as an advance on the two pictures to be made in 1952.

In response to this letter Mr. Saul Rittenberg of Loeb and Loeb, representing World Artists, called on Mr. Beilenson. Mr. Beilenson subsequently reported to me that Mr. Rittenberg had said that the Board of Directors of World Artists had discussed my counsel's letter, and as a result of such discussion, World Artists took the following positions: (a) World Artists did not owe me the money, because I had waived my rights to have the 1952 pictures made by the foregoing transaction in regard to purchase of the preferred stock, and because Mr. Berger had failed to object when a financial statement was presented at the stockholders' meeting of July 18, 1952, which statement did not show the \$10,000 as a liability. (b) If I tried to collect the money, World Artists would attack the 25% purchase of stock as illegal. (c) If necessary to prevent the payment of the money, World Artists would go into bankruptcy.

These statements evinced to me a state of mind on the part of World Artists that seemed to me unfair. I was not approached on the basis that World Artists owed me the money, but perhaps I ought not to insist on payment. I was threatened. The threat which seemed most clearly unfair to me was the threat to attack the 25% purchase as illegal. Here was an action passed by the Board of Directors (of which I was not a member), approved by the stockholders, from which they all benefited. Besides, it was approved for World Artists by Loeb and Loeb, the same firm which was now representing World Artists in making the claim of illegality.

Mr. Beilenson and I discussed the matter, and we decided to bring suit and attach in order to bring about discussions with World Artists looking to the whole future conduct of the enterprise, with which I had long been dissatisfied. It was with this thought in mind and with this motive that I brought the action. World Artists is defending on the ground that I waived my rights to the making of the pictures in 1952.

I have been asked a number of questions by friends.

1. Why did I sue Rudy Folk? I made clear to Mr. Beilenson that even if I had a judgment against Rudy Folk I would not collect it. However, we felt it was necessary to sue him to prevent the carrying out of the threat that World Artists would go into bankruptcy. The suit against him will be dismissed at any time we are assured on this score.

2. Why did I not approach the Board before filing suit? The answer is that Mr. Beilenson had been told by Mr. Rittenberg that the Board had thoroughly considered the matter, and had taken a position from which it would not retreat. Incidentally, before I ever went to Mr. Beilenson, I talked to Mr. Folk, who promised to take the matter up with the Board, but I heard no more.

3. Is my primary concern the \$10,000? No. I feel that the rights of artists have not been protected well enough by World Artists. My past record in AGMA on behalf of artists should speak for itself.

I do not yield to threats. I was outraged by the threats made. I have, and Mr. Beilenson has, complete confidence in the outcome of the suit.

I am now going away on tour, and I am leaving in Mr. Beilenson's hands complete authority to make any disposition he sees fit of the suit. It is not my purpose to hurt any of my friends or colleagues. Mr. Beilenson's door is open to any discussion desired. I think in the interest of us all, a re-examination of the position of World Artists is desirable. Discussions to this effect I had hoped would be brought about by my suit. This avenue is still open. If, on the other hand, it is the wish of World Artists to go on with the defense of the action, I shall go forward, confident of the result.

Sincerely,


JASCHA HELPERT