



GRIFFING
GROUP

6821 North Avenue
Oak Park, Illinois 60302

708.383.9050
www.TheGriffingGroup.com

Case Name: [In Re Helios and Matheson Analytics, Inc. Securities Litigation](#)
Case Conclusion: December 2020
Caption: U.S. District Court for the Southern District of New York,
Case No. 1:8-cv-06965-JGK
Keywords: Securities Class Action, Bankruptcy Court, Bankruptcy Trustee
Industry: Cinemas
Professionals: [William Jeffers, CFA](#)

In August 2017, Helios and Matheson Analytics, Inc. (“H&M”) acquired a majority position in MoviePass Inc., a subscription service for moviegoers that permitted users to see one movie every day for a fixed monthly subscription fee. MoviePass was small, with only about 200,000 subscribers. After H&M’s acquisition, MoviePass CEO Mitchell Lowe temporarily dropped the subscription fee from as much as \$50 per month to \$9.95 per month to boost membership.

The strategy and the attendant publicity drove the price of H&M’s stock from \$3 per share to more than \$38 per share by October 2017. However, the company’s significant losses and changing strategy led sceptics to question the viability of its business model. By October 2018, H&M’s stock price had dropped to a fraction of a penny, and the New York Attorney General launched an investigation, alleging that the company deceived shareholders about the financial prospects of MoviePass’ unsustainable business model.

The Griffing Group was retained by plaintiffs’ counsel, Levi & Korsinsky. William Jeffers, CFA, submitted an expert declaration documenting his analysis and conclusion that the shareholders’ losses were caused by false statements made by MoviePass management. The Bankruptcy Trustee, on the other hand, contended that H&M’s management were to blame for their decision to invest in MoviePass, a venture capital company that failed.

Mr. Jeffers argued that H&M was not entitled to the paper losses created by the very actions that created the value in the first place. Prior to the acquisition of MoviePass, both H&M and MoviePass were close to insolvency. The damages in this case were incurred by the investors who believed in the potential of management’s failed strategy and purchased stock.

Following two years of highly-contested litigation and a petition for Chapter 7 liquidation filed by H&M, the parties agreed to resolve all claims in this securities class action.

Counsel for lead plaintiff were Shannon Hopkins, Gregory Potrepka and Andrew Rocco of Levi & Korsinsky, LLP and Lawrence Eigel of Bragar Eigel & Squire, P.C.