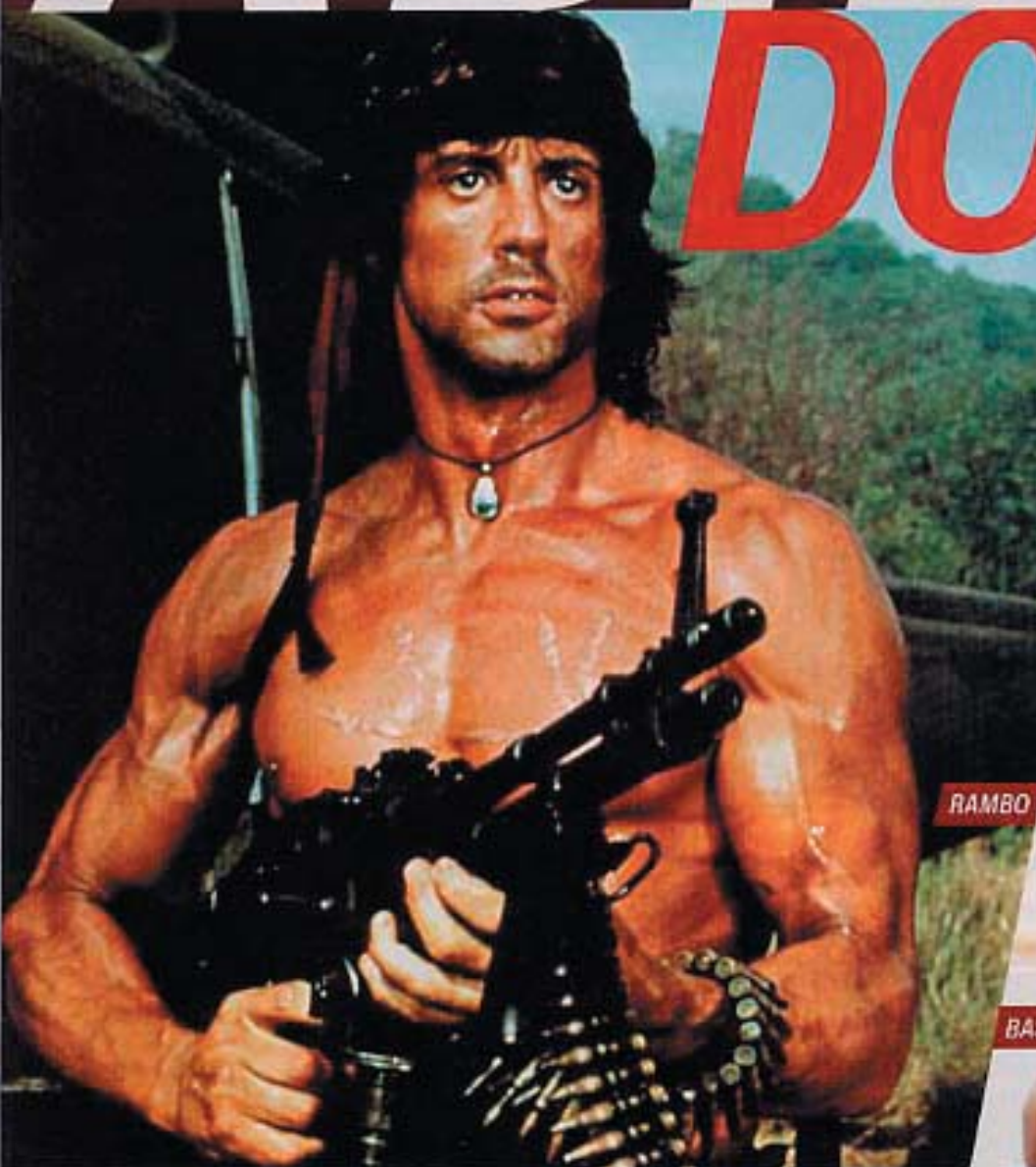


THE BOYS WHO BURNED A BILLION DOLLARS





UNIVERSAL SOLDIER

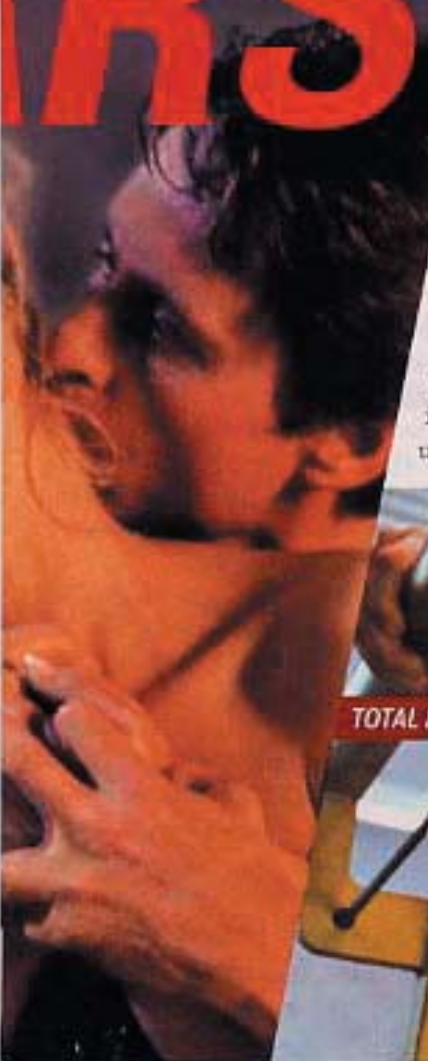


SHOWGIRLS

OWNERS

HOW TWO WILD AND CRAZY GUYS SEDUCED STARS FOR THEIR FLEDGLING STUDIO, SPENT OODLES OF CASH, AND BLEW UP A LOT OF STUFF. INCLUDING THEIR OWN WHITE-HOT CAREERS. BY DANIEL FIERMAN

WHEN *TERMINATOR 3* OPENED LAST SUMMER, JAWS DROPPED ALL OVER HOLLYWOOD. NOT because the future governor of California was in it. Or because the franchise still proved so lucrative. No, people in the industry were flabbergasted for just one reason: Mario Kassar and Andy Vajna had produced it. • A dozen years ago, Kassar and Vajna were names that could open doors. But by 2003, half the town thought they were dead, and the other half figured they were probably in self-imposed exile. That's the kind of reputation you get when you find yourself at the center of one of the great flameouts in Hollywood history. • Back in the day, Kassar and Vajna ran a company called Caroleo, and produced just about every big, dumb, loud, profitable action movie in town. They were the money, if not the minds, behind *Terminator* and *Rambo*, *Basic Instinct* and *Total Recall*. They spent wildly on unworkable projects and unmentionable extravagances. They jacked up star salaries in a way that



TOTAL RECALL





MARIO KASSAR ANDY VAJNA

At a dismal First Blood test screening in Las Vegas, a voice rose up from the audience screaming "Where is the director of this film? He should be strung up!"

still causes studio executives to curse bitterly. And their company imploded in a debacle of petty jealousy and bitter competition, not to mention federal investigations and bankruptcy proceedings. One lost everything, and the other waltzed off a rich man.

Here's how it all went right. And then wrong.

IT'S PRETTY MUCH LOST TO HISTORY NOW, BUT THERE WAS a time when John Rambo was considered a serious literary figure. You can look it up. *The New York Times* hailed David Morrell's 1972 novel *First Blood* as a wildly entertaining, and almost important, Vietnam-era novel.

Warner Bros. had tried to make *First Blood* with Clint Eastwood, with Steve McQueen, with Al Pacino, even with Dustin Hoffman. By the time a couple of producers offered to buy Warner's rights for \$383,000 in 1980, *First Blood* had more than 30 different screenplays and a toxic reputation. So the studio sold it, taking every cent that Mario Kassar and Andy Vajna had.

Kassar and Vajna had met four years earlier at the Cannes film festival. The two Europeans—Vajna was a Hungarian refugee, Kassar is Lebanese-Italian—hit it off immediately. "I had been designing wigs in Hong Kong," remembers Vajna, now 59. "Then I got into movie theaters. Mario joined me here, and we started." They struck a deal for an awful Roger Moore movie called *The Sicilian Cross*, buying the film for \$130,000. Kassar flew to Asia and sold it for \$220,000. And with 45 grand in profits apiece, they baptized their new foreign-sales venture. "Caroleo was a [defunct] Panamanian company," explains Kassar, 52. "We just bought the name. It means nothing."

Kassar and Vajna showed an uncanny understanding of foreign markets at a time when most of Hollywood viewed the rest of the world as an uncharted sea of red ink. "They knew the international distribution business so well," remembers Alan Parker, who directed *Angel Heart* for Caroleo. "They figured out that 60 percent of the revenue of a film comes from outside the U.S. market. Andy and Mario personally knew all the worldwide local independent distributors." Working out of a small office on Melrose Avenue with their desks facing each other and Vajna's wife and Kassar's girlfriend as

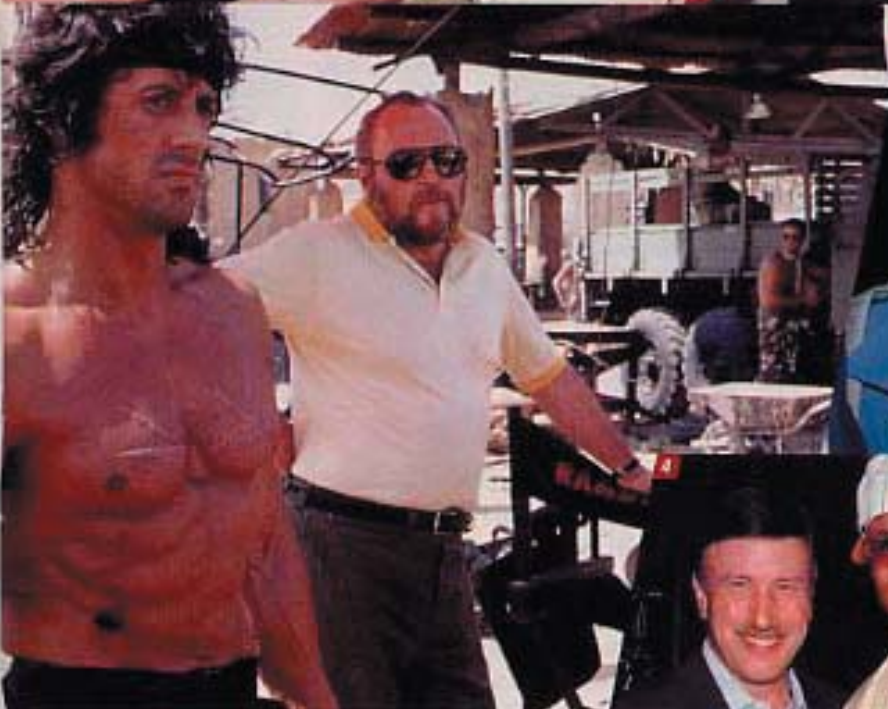


secretaries, they quickly developed a reputation as experts in the field—and they made money. But they wanted to be more than just movie resellers.

Vajna was the one who saw something in the *First Blood* script, and they both agreed Sylvester Stallone, an actor fresh off *Nighthawks*, should star. "Stallone wanted three and a half million. Back then that was a crazy amount of money," says Kassar. "We said we'll give you two, and [the extra] one and a half you can take from television sales. His people agreed, but we still had to romance Stallone. We used to go to the marina where he had a boat. And this guy, he [had] guns everywhere, and one day for fun I ask him if I can shoot the gun, and I blew the s--- out of Andy's ear. I just missed him. He couldn't hear for about two weeks. But we got Stallone to sign."

"We didn't have money to make the movie. We had none, actually. So we went to Paris, to my godfather [a banker named Josef El Khoury], and looked at him with a very straight face and said, 'We would like some money from you to make this movie.' And he said, 'Okay, how much?' And we said, '\$11 million.' And he said, 'You're sure you can sell it?' And we said, 'No problem!'"

First Blood was a disaster from the start. Kirk Douglas, who had signed as Rambo's nemesis and was then a bigger international star than Stallone, squabbled with the star and director Ted Kotcheff over the ending and ultimately quit (Richard Crenna replaced him). For his part, Kotcheff was overpowered by Stallone



While Vajna worked behind the scenes, Kassar was clearly the public face of Caroleo. Kassar with (1) Schwarzenegger on the *T3* set, (2) Cameron and Maria Shriver, and (3) Linda Hamilton; (4) Peter Hoffman and L.L. Cool J.; (5) Vajna at work with Stallone during *Rambo III*; (6) Kassar jawing with Mick Jagger

and burned reels of film while the budget rocketed toward \$17 million. As the production ran months late, Stallone grew furious.

"They promised him the film would shoot for three months, and it ended up [delaying] *Rocky 3*. He was *really* pissed off. One day, right in the middle of this small town in Canada, Sylvester started ranting and raving and swearing a blue streak," says Koteheff. "Andy and Mario had never had to deal with a big star like this. [Stallone's then manager] Herb Nanas was beside me watching, and he said to me, *sotto voce*, 'In the big leagues, the fastball comes in at 90 miles per hour.' I think that was their first experience of big-league pitching."

The first test screening of the film, at a suburban Las Vegas theater, was predictably dismal. The movie rolled, and when the lights came up, there was dead silence. Then a voice rose from the audience screaming "Where is the director of this film? He should be strung up!" Koteheff quietly slinked out the back door.

"All of us went into serious depression. We thought, maybe we can buy the negative back and burn it. It was terrible," says Stallone. "We just decided to edit it down. [In the middle of that,] Mario

and Andy said, 'Okay, we've invited buyers to see the film, but all we have is 40 minutes. And we want you to go up there

and say this is the best thing you've ever been associated with, that the action is paramount in excellence.' And I said, 'The last time I saw it people were holding their stomachs!' And Mario said, 'Trust us.' And I said, 'Trust us!' But I got up and started talking about the Second Coming. I said Andy and Mario are the best producers in the world, I've probably peaked, I'll never do better. And my nose is growing by leaps and bounds. And they rolled...and it was excellent. I went 'Damn, it worked!'"

The world rights sold out in five minutes.

AFTER *FIRST BLOOD*, KASSAR AND VAJNA SAW THEIR opening. The sequel got greenlit with a script from a young writer-director who ran with the Caroleo crowd and grooved on their maverick sensibility. His name was James Cameron. "We met sort of casually," remembers Vajna. "He was an art director with Roger Corman and had directed a movie called *Piranha 2*. [It was] the worst piece of s---!"



Among Carolco's stars: (1) *Angel Heart*'s Mickey Rourke; (2) *Rod Heat*'s Schwarzenegger; (3) Tim Robbins in *Jacob's Ladder*; (4) *Air America*'s Mel Gibson and Robert Downey Jr.



Everyone agreed that Cameron's *Rambo* screenplay, on the other hand, was good—but Stallone had other ideas. Working with director George Cosmatos, Stallone retooled the script and headed to Mexico for a storm-ridden shoot. The final product, a \$34 million right-wing fantasy that imagined Rambo as a hero refighting the Vietnam War, betrayed whatever subtlety flickered within the first film. Critics trashed it. The left reviled it. But *Rambo* found an admirer in Ronald Reagan—who on the eve of the release of American hostages in Lebanon announced, "I saw *Rambo* last night, and next time I'll know what to do."

In 1985, the *First Blood* sequel turned into a money-spouting geyser: *Rambo* grossed \$150 million—and yielded Rambo bed-sheets, Rambo action figures, even, frighteningly, a Rambo Saturday-morning cartoon. Vajna and Kassar added a slew of executives to handle the merchandise and develop new projects. Within three years, Carolco's staff went from 6 employees to more than 100. "Suddenly you'd go in an elevator and you'd see three people that you'd never seen before," says Kassar. "It was totally out of control." So in 1986, they hired a lawyer named Peter Hoffman to oversee it all.

A quick-minded Yale Law graduate, Hoffman was a brilliant man of bottomless Hollywood ambition. Introduced to Vajna and Kassar by Tom Pollock (who would later run Universal Pictures), he was a master of complicated tax shelter deals. "We were very impressed by Peter," says Vajna. "He was very talented and very bright. He was going to show us how to build an empire."

Hoffman's first success: an IPO that flooded the company with cash. Step two: a buying spree. "I was brought in to build the company," says Hoffman. "So, naturally, I started looking for major acquisitions." First came IVE Entertainment, a video outfit that until then had produced features by day and porn by night. That merged with Lieberman Enterprises to form LIVE—a company Carolco spun off and handed to Jose Menendez. (Yes, that Jose Menendez.) Under Hoffman's supervision, Carolco eventually bought a TV divi-



As industry outsiders, how did Kassar and Vajna lure big-name talent? By overpaying.

sion, a film distribution company, and multiple video libraries.

Meanwhile, Vajna and Kassar had been doing some buying of their own. In 1986, they purchased a Sunset Boulevard building that they refashioned into a monument to slate, steel, and luxury. ("It was not like the palaces of Saddam Hussein," remembers Paul Verhoeven, who directed two features for Carolco. "But it was nice.") Then they went after talent. In a binge that is still the stuff of Hollywood legend, Kassar and Vajna targeted a group of writers, directors, and stars and offered them lucrative deals. Attracted by incredible amounts of money and a pair of independent executives who would greenlight a movie at the drop of a hat, most eagerly joined up.

"On one floor you had Roland Emmerich, Renny Harlin, Oliver Stone, James Cameron, Adrian Lyne, Paul Verhoeven, all sharing offices. It was incredible!" says Dean Devlin, who cowrote *Universal Soldier* and *Stargate* for Carolco. "And you got paid much more than you got paid anywhere else."

Indeed, Kassar and Vajna were industry outsiders, so they dramatically overpaid to get big-name talent—starting with the reported \$16 million they handed to Stallone for *Rambo III*. "We found a hole in the studios' philosophy," says Vajna. "If you're paying Sly \$3 million against 10 percent of the gross, and then the picture grosses \$100 million, you've paid him \$10 million. But if we can get him for [a flat] five, that's much cheaper."

Gleefully stoked by agents, an era of scorched-earth bidding wars for talent broke out, culminating in one of the most famous episodes in Carolco history: when Kassar gave Arnold Schwarzenegger a

slightly used Gulfstream III (worth about \$14 million) to star in *Terminator 2*. It wasn't long before the company bought itself a jet, the partners moved into mansions in Bel Air and Beverly Hills, and Kassar was being squired around town in stretch limousines with CAROLCO plates.

"It was wild. One day, Rocco Viglietta, who's now deceased and was probably one of the best foreign-sales guys in history, came in and said, 'Is anybody expecting a big check?'" says former VP of production Robert Misiorowski. "I said no. And Andy said, 'Look, how big is the check?' And Rocco said, 'Five million dollars.' He had just received a check by registered delivery for \$5 million, and nobody had any clue what it was for."

IN 1988, CAROLCO LOOKED INVINCIBLE. A third *Rambo* film was on the way. The company was in business with Michael Douglas and Arnold Schwarzenegger. The offices were flush with talent, booze, cash, and women. But in the executive offices, things were ugly.


"After *Rambo*, we were trying to become a major studio. I felt that was the wrong direction," says Vajna. "My feelings were very negative and it caused a lot of friction between Mario, myself, and Peter, who was by then Mario's right hand. I disagreed with where they wanted to go, and Peter played our egos against each other. He wanted to be a partner." Says Kassar: "It was divide and conquer."

But Kassar and Vajna fought bitterly in 1989, as Vajna grew worried about increasing overhead, debt load, company losses, and Hoffman's aggressive buying strategy. He wanted out. And on Dec. 26, 1989, Kassar bought Vajna's 32 percent of Carolco for about \$100 million.

"It was the day after Christmas and the company was still closed. But everybody was there for the transaction," remembers Michelle Reihl, Kassar's then assistant. "The movie *Casualties of War* [had] come out, and somebody had replaced the faces [on the poster] with Mario and Andy. That was the feeling. It was a divorce."

While Vajna cashed his considerable check and went off to found the moderately successful Cinergi Pictures—where he would eventually produce *Die Hard With a Vengeance*, *Evita*, and *Nixon*—Kassar spiraled downward. Profoundly affected by the August 1989 murder of his neighbor and LIVE CEO Jose Menendez by his sons, the executive became increasingly paranoid, charging Carolco for full-time armed guards at his mansion after receiving death threats. He also turned on Hoffman after a stock transaction the lawyer had arranged for him was frozen by an L.A. judge who publicly censured Kassar in response to a shareholder's suit. (The suit was later settled.) And he became obsessed with besting his former partner, famously outbidding Vajna for Joe Eszterhas' *Basic Instinct* script by raising the price from \$300,000 to \$3 million in a single day.

"Andy sensed the company was falling apart," says one long-time Carolco associate. "He was smart enough to cash out—he saw the handwriting on the wall. And Mario drank the Kool-Aid."



Rambo is a Republican

After *Rambo*, the Carolco fan club got a new president

"I saw Rambo last night," said President Reagan, "and next time I'll know what to do."

By the time the 1990 Cannes film festival rolled around, Kassar was determined to prove he was the alpha dog. He put screenwriter Steven de Souza on the company plane to pitch a script to Sylvester Stallone: "They [chartered] a 737, and basically every person in Hollywood that you've ever heard of was on this plane," recalls the writer. "Schwarzenegger, Douglas,

Cameron. If this plane had gone down, Toronto would now be the movie capital of the world.

"Sly was at the pool [of the Hotel du Cap] with all these topless sunbathers surrounding him, and I pitch him the story and he says, 'I love it! I'm on board!' And Mario said, 'Good! Because I already ordered the fireworks with the name of this movie on it.'" Later that evening, the title of de Souza's film, *Isobar*, lit up the night sky. "The payoff?" says the writer, with a laugh. "The movie never got made."

"It was very testosterone-charged," says Kearie Peak, a former assistant. "There was always a party. Roland would have parties. Renny had a party every other weekend out in Malibu, and everybody from Carolco would show up. It was a party atmosphere. That's what I remember—that and getting whatever you wanted. I would say things like 'You know, I need a new computer.' And they'd say, 'Okay, what do you want?' And I was like, 'I want a full-screen monitor and this and that and it's \$5,000.' And they'd say, 'Okay!' And I was like, *Are you crazy? I'm an assistant!*

"I knew even at that time that this could not last. This party could not go on."

It was a wild time—and somewhat out of control. One high-ranking ex-Carolco executive estimates that the company had almost 100 movies in development and was releasing roughly four a year. And, increasingly, the movies that *did* get made cratered. Films like *Air America* and *Narrow Margin* had a serious effect on the company's bottom line.

The rest of the business was also in trouble. Hoffman's efforts to turn Carolco into a mini-studio proved disastrous. LIVE and the TV arm were both losing money. Portions of the video library had to be sold to meet debts. The banking woes of 1991 meant the flow of credit slowed to nothing. "Hoffman put these complex structures on everything. If I wanted to buy your car he'd turn it into a complicated deal," says Lynwood Spinks, Carolco's former head of business affairs. "So when the --- began to hit the fan Mario said, 'Peter, I relied on you!' Whether that was fair or not." Even now Kassar

BOX OFFICE HIT LIST

From 1982 to 1995 Carolco released 29 movies, which grossed a total of \$1.1 billion domestically. Some did staggeringly well. Some did staggeringly not so well. Herewith the grosses that tell the story of the rise and fall of Carolco Pictures.

Terminator 2: Judgment Day

		DOMESTIC GROSS			DOMESTIC GROSS			DOMESTIC GROSS
1	FIRST BLOOD (1982)	\$47.2	11	TOTAL RECALL (1990)*	\$19.4	21	UNIVERSAL SOLDIER (1992)*	\$30.3
2	RAMBO: FIRST BLOOD PART 2 (1985)	\$50.4	12	AIR AMERICA (1990)*	\$31	22	LIGHT SLEEPER (1982)*	\$1
3	ANGEL HEART (1987)	\$17.2	13	NARROW MARGIN (1990)*	\$10.9	23	CHAPLIN (1992)*	\$9.5
4	EXTREME PREJUDICE (1987)	\$11.3	14	JACOB'S LADDER (1990)*	\$25.1	24	CLIFFHANGER (1993)*	\$64.0
5	RAMBO 3 (1988)	\$33.7	15	HAMLET (1990)*	\$20.7	25	HEAVEN AND EARTH (1993)*	\$5.9
6	RED HEAT (1988)	\$35.0	16	L.A. STORY (1991)*	\$28.9	26	STARGATE (1994)*	\$71.6
7	DEEPSTAR SIX (1989)	\$8.1	17	THE DOORS (1991)*	\$34.4	27	LAST OF THE DOGMEN (1995)*	\$7.0
8	JOHNNY HANDSOME (1989)	\$7.2	18	TERMINATOR 2: JUDGMENT DAY (1991)*	\$204.6	28	SHOWGIRLS (1995)*	\$20.4
9	MUSIC BOX (1989)	\$6.3	19	RAMBLING ROSE (1991)*	\$6.3	29	CUTTHROAT ISLAND (1995)*	\$10.0
10	MOUNTAINS OF THE MOON (1990)*	\$4.0	20	BASIC INSTINCT (1992)*	\$177			

*MARIO KASSAR CO. FILMS RELEASED AFTER NAME LEFT CAROLCO

claims that he could "barely understand 90 percent of any transactions that Hoffman was explaining to me." (Ironically, Hoffman's acquisitions turned out to be valuable—for other studios—in the long term. The LIVE video library, for example, is now owned by Lions Gate and earns around \$40 million a year.)

Carolco lost \$265 million in 1991. When Vajna was at Carolco, he could always be relied on to counter his partner's reckless spending—but acting as ballast was a role for which Hoffman was ill suited. An aloof man, he had little skill with talent and, with his acquisitions hemorrhaging money, little credibility within the company.

Never was this more apparent than when Kassir decided to make Oliver Stone's *The Doors*, a movie Hoffman felt was grossly over-budgeted at \$34 million. When Stone asked for \$8 million more to finish the film, Hoffman refused. Stone went around Hoffman to get the cash but was furious at the executive for impeding him. Soon after, the director went to a pet store, bought a muzzle, and sent it to Kassir, with instructions to slap it on his attack dog, Peter Hoffman.

"Mario approved some things that I think he shouldn't have to get the movie completed, and we ended up losing money," recalls Hoffman. The movie grossed just \$34 million, and Hoffman resigned his position as president in March of 1992. Kassir kept the muzzle on his desk until the day he left the company.

THE FINANCIAL WEB THAT SUPPORTED CAROLCO'S PRINCIPALS was dizzyingly intricate. It worked to avoid taxes. It worked to ensure the futures of the company's founders. It also worked to attract the attention of the government.

The early 1990s was a bad time to be a tax lawyer in Hollywood. The IRS had taken an interest in the movie industry's propensity for creative accounting, and Kassir and Vajna were big targets. It was only a matter of time before the Feds came calling. It certainly didn't help that a grinning Kassir appeared on the cover of the *Los Angeles Times' Calendar Magazine* under the header "Hollywood's Billion-Dollar Man" just weeks after the IRS set up its Hollywood task force. By 1996, the government had launched a

years-long audit of Kassir's and Vajna's personal finances, seeking back taxes and penalties amounting to \$109.7 million. But first the government went after Hoffman—alleging that he had funneled almost a million dollars to himself through the company without paying a cent in taxes.

"It's pretty clear that they wanted me to roll over on Andy and Mario," says Hoffman. "But they also wanted to prevent people in the future from doing what we did with offshore tax shelters. Which, by the way, were totally legitimate."

Hoffman remained defiant. The day of his trial, he announced that he had voluntarily paid his back taxes. Then his lawyers mounted a vigorous (and expensive) defense—one that was partly financed by Vajna, who had loaned him \$400,000. Soon Vajna himself made an appearance, testifying that the money in question was actually a no-interest loan. The U.S. attorney's office had been deftly outmaneuvered—the jury dismissed two of the counts and deadlocked on two others. In 1997, Hoffman paid a \$5,000 fine and pleaded guilty to a misdemeanor. Vajna was never charged, but paid back taxes of \$6.5 million in 2001. And Kassir? He wasn't charged either, but with limited income and mounting legal fees, he was already ruined.

"The IRS thing was the worst time I've had in my life," says Kassir. "But I must say, Peter didn't bend over. He didn't sell us out. He was pretty honorable."

But it didn't matter. With almost no credit, Carolco was in trouble. Star fees, budgets, and marketing costs were all exploding, forcing the company to sell off the foreign rights to its films for bargain-basement prices just to get the movies made. "All those things combined meant that even though we made a lot of money on movies like *T2* or *Basic Instinct*," says Lynwood Spinks, "it wasn't as much as it would have been before. And we were always borrowing [from the banks] on a single-film basis, so we needed a hit every year to stay afloat."

Somehow, Carolco did it. From '90 to '94, Kassir pulled off Hail Mary successes that stayed off bankruptcy, making one film a year that grossed more than \$70 million. "I've seen Mario put his last \$500

on one spin of the roulette wheel—22 Black, 37-1 odds—and nail it,” says Stallone. “That’s the way he is.”

But that gambling took its toll. Kassir was virtually broke—he still insists he’s “not a rich man”—and his mood grew ever darker. “This incredibly powerful, brilliant man was watching his world crumble and he was lashing out,” remembers Dean Devlin. “He didn’t mean it to come out at you, but it did. It was rough. I think he got to feeling that people were against him.”

In 1994, Kassir needed another miracle. With Carolco close to insolvency, he had to choose between two projects—one of which would have to make enough money in 1995 to keep the company afloat. The first was a highly commercial action

script called *Crossroads*, which had Paul Verhoeven attached to direct and Schwarzenegger set to star. Carolco had been developing the project for years and had already invested between \$10 and \$15 million in the script and in sets. “It was ready to go,” remembers Kassir. “There was only one thing. The budget. I asked Verhoeven, ‘We were supposed to make this movie at \$100 million. Now I’m hearing 125. What is the budget of this movie?’ And the answer was ‘Well, I don’t know if it’s 125, 135, or 175.’ I said, ‘Well then I can tell you one thing, it’s not going.’ So I stopped it.”

Verhoeven went off to do *Shogun*, and Kassir greenlit the other project. It was a pirate movie called *Cutthroat Island*.

THE CAROLCO BANKRUPTCY WASN’T UGLY. JUST EMBARRASSING. After the disaster that was *Cutthroat Island*—which cost more than \$100 million and grossed only \$10 million—all kinds of unpleasant details came out. Like how Kassir paid himself \$2.25 million and a hefty percentage of the box office in 1994. How Carolco was paying for his gardener. How he ended up paying Michael Douglas \$15 million *not* to star in the movie that sank the company. “A lot of times people would say to me, ‘What happened?’” says Huffman. “It was simple. We were spending more than we were taking in.” And that’s how a company that, brought in more than a billion dollars at the box office fizzles out.

The 1995 Chapter 11 proceedings generated 360,000 pages in court filings. Vajna watched regretfully from afar, fretting about his former friend and furious that it had all gone wrong. “Carolco should today be much bigger than New Line,” insists Vajna. “Look at the assets: *Spider-Man*, *X-Men*, *Terminator*, *Total Recall*, *Rambo*, and *StarGate*. You name it.” Says Devlin: “Think about it. Had they been able to keep Carolco going a little bit longer, the next two movies would have been *Independence Day* and *Titanic*. [Nearly] 3 billion dollars in worldwide box office.”

Schwarzenegger saved Kassir and Vajna with T4

If Carolco had survived, it could have made Independence Day and Titanic.

Kassir took a deal at Paramount, where he wasn’t able to mount a single picture. Most of the sequel and character rights to Carolco’s films went for \$58 million to Canal+ (who then sold key portions to Fox, Sony, Miramax, and MGM). And the name of Kassir and Vajna’s company became synonymous with hubris and excess. Finally, in 1997, one of the last remaining Carolco assets came up for auction: 50 percent of *Terminator 3*. Everyone considered Fox the favorite—the company had a relationship with James Cameron, and he was talking about writing and directing the sequel. But two surprise bidders derailed them with a bid of \$8 million: Mario Kassir and Andy Vajna.

“We were in Cannes on separate vacations,” says Kassir. “And we decided to have dinner. We were eating a pizza next to the old harbor. And me and Andy were walking and our friends, my wife, and other people were behind us. And I looked at him and said, ‘Andy, you know what? Why don’t we try it again? I’ve got nothing to lose. You’ve got nothing to lose.’ And Andy was like, ‘Why not? We did it before.’ And that’s how it happened.”

A few months later, Kassir moved into Vajna’s Cinerigi offices and C2 Pictures was born. They called the old gang to let them know they were back and pulled together money for their *Terminator* bid. (The lion’s share came from Vajna, but Kassir kicked in what he could by mortgaging a piece of beach property.) Then they made their move—and those jaws in Hollywood dropped.

As it turned out, they hadn’t changed a bit. After blindsiding Fox and their old friend Cameron—and nearly destroying their relationship with him in the process—they bought the second half of the rights. Then they found a new director in Jonathan Mostow. Cast Arnold. Blew a lot of stuff up. And made \$150 million domestically.

Now T4 is in active development with Mostow and without Schwarzenegger. They’re enmeshed in a breach-of-contract lawsuit with Sharon Stone over her deal for *Basic Instinct 2*. And Kassir adds that “multiple, equally major projects” are on the fast track. He flashes a gleaming grin when he says this. But would you expect anything different?

“We have more fun together,” says Kassir, from the C2 offices, where their desks are once again facing each other. “I mean, we argue, we don’t agree on a lot of things. But it’s like a marriage, we know how to handle each other. It’s been almost 30 years between us.”

They both pause to think about this.

“Anyway,” says Vajna, breaking the silence, “let’s hope this all works out for the best.” ■