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## Film-industry startup hopes to raise \$175M in 'coin' offering

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An Atlanta film industry startup that hopes to become the first studio of its kind on the East Coast is looking to raise \$175 million to fund its projects.

Gramarye Media, which came out of Georgia Tech's Flashpoint accelerator, on April 23 plans to launch an "initial coin offering," or ICO, a relatively new financing technique that is similar to an initial public stock offering but uses cryptocurrency tokens instead of shares.

Markets for these "coins" are less regulated than more-traditional capital markets.

Gramarye has developed a process that it says allows it to discover potential blockbuster manuscripts and other projects before they hit the market, find the ones with audience potential and turn them into Hollywood hits. Since the company launched in 2017, it has been in an incubation period, but its founders say its forthcoming funding round will help it become a bonafide studio with its own distribution engine.

If all of Gramarye's coins sell, \$80 million of the proceeds will be used to purchase a distribution engine that will allow the company to get its movies on screens



BYRON E. SMALL

Gramarye Media's Don Dudenhoeffer, from left, John Adcox and Arthur Stepanyan.

everywhere without negotiating through a third party. Gramarye CEO John Adcox said the only U.S. film studios that currently have the ability to do this are based in California.

“We would be able to take that first cut these other studios have to give to distributors and invest it back into Georgia productions,” Adcox said.

The company could also use funds from the ICO to open a production facility in the near future, possibly in partnership with an existing local sound stage complex such as Blackhall Studios. Gramarye is currently located in the M. Rich Building near Georgia State University, but soon it is expanding into a 5,600-square-foot space in downtown Atlanta’s Hurt Building.

Most of the \$175 million in coins will be available only to accredited investors, and Adcox said several investment groups have shown interest in purchasing large amounts at one time. But \$5 million of the tokens, which will be sold for \$1 each, will only be available to unaccredited investors who live in Georgia.

“It’s a great opportunity for people who live in Georgia to invest in a \$9.5 billion industry that is blooming in their own backyard,” said Don Dudenhoeffer, chief creative officer at Gramarye.

Gramarye also plans to use part of the proceeds from the ICO to help other Georgia entertainment entities like television production company Picture It Productions and independent film fund RoadShow Equity Partners, though there is no formal partnership yet in place and the coins are being issued and promoted solely by Gramarye.

“Their approach appears to be novel and potentially disruptive to the industry,” said Picture It co-founder Peter Stathopoulos in an email.

Arthur Stepanyan, executive director of Gramarye’s blockchain and cryptocurrency, said there will be about 2,500 ICOs across the United States in 2018, but according to the company’s research, this will be the largest to date in Georgia. Next year Gramarye aims to release \$150 million to \$175 million more tokens.

“This will turn us from a content incubator into a studio, the first major one on the East Coast,” Adcox said. “It could put Atlanta on the entertainment industry map.”

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