How Harvey Weinstein Embroiled an AIDS Foundation in Conflict

A $600,000 “shady deal” at an amfAR fundraiser leads to investigations and resignations.

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It turns out that another Harvey Weinstein scandal has been unfolding recently, one involving a May 2015 fundraising transaction with amfAR, The Foundation for AIDS Research.

The other scandal around the movie mogul—allegations of sexual harassment and payments to keep them quiet—came to light in a blockbuster New York Times report October 3. Just a week earlier, The Times also covered the amfAR conflict, in an article titled “Tumult After AIDS Fund-Raiser Supports Harvey Weinstein Production.” Understandably, the details of that $600,000 transaction quickly got lost as a slew of women came forward with accusations of sexual misconduct and even rape.

This week, Huffington Post takes a deep dive into the amfAR dealings in an article titled “How Harvey Weinstein and Kenneth Cole Covered Up a Shady Deal,” by Yashar Ali, who also manages to connect the two scandals in more than one way. As Ali writes: “amfAR and its donors are another victim of Weinstein’s bullying, except in this case it’s not directly about allegations of sexual assault or harassment, it’s about alleged financial impropriety.”

So what shady deal are they talking about? In May 2015, amfAR, which focuses on HIV cure research, held a fundraiser in Cannes, France. Weinstein donated items to be auctioned off—including, according to Huffington Post, photo shoots with Mario Testino and tickets to an Oscar party—with the condition that $600,000 of the money raised at the event would go to the American Repertory Theater, which is affiliated with Harvard University and is where the Weinstein-produced Broadway musical Finding Neverland staged a trial run.

Kenneth Cole, amfAR chariman Jaguar PS/Shutterstock.com

Unknown to the people at amfAR, Weinstein owed a payment of $600,000 to the theater by June 1, 2015, that involved previous investments and repayments. So Weinstein asked amfAR chairman Kenneth Cole, the fashion designer, for amfAR to split the proceeds of the auction with the theater. Although such a deal went against amfAR's general policy, Cole and Weinstein reached a verbal agreement to the split.

The situation alarmed amfAR executives and board members, especially as it became more complicated. Why? For starters, people donating to the auction didn't know their proceeds were being split. Then there was the possibility that the money going to the theater was helping Weinstein's for-profit play. If that were the case, it would go against IRS rules regarding charities.

Eventually, Huffington Post reports, amfAR board members called for an investigation into the transaction, hiring Thomas Ajamie to help. In his report of the situation, the Texas lawyer concluded that the $600,000 transaction was "highly questionable" and that it "exposed amfAR to material risks to its financial integrity and reputation."

This didn't sit well with Cole, who wanted to hire another law firm to look into not just the allegations but also Ajamie. (In his various investigations, Ajamie had apparently come across the sexual accusations against Weinstein and has asked questions about them, a detail Weinstein was aware of and not happy about.)

In the end, Huffington Post reports, the firm Gibson, Dunn & Crutcher was hired for the case. They found that the transaction was legal and legitimate.

However, many amfAR executives and board members weren't convinced, pointing out that the firm is a favorite of Weinstein's and as such could have been looking out not for amfAR but for Weinstein and Cole.

This likelihood became more apparent earlier this year, when board treasurer John Simons (who had previously promised to investigate the amfAR-Weinstein transaction but decided it wasn't appropriate to look into it) asked fellow board members to sign a nondisclosure agreement that would bar them from talking about Weinstein and the amfAR agreement. It would also release Weinstein from obligations to amfAR.

When some board members refused to sign, according to Huffington Post, a letter from Weinstein's lawyer tried to sweeten the deal by promising that Weinstein would give $1 million to amfAR over five years if all members signed the nondisclosure agreement—and if Cole remained as non–executive chairman.

Now that the allegations of sexual misconduct have become public, Weinstein's request for confidentiality may seem even more suspect. And it raises further doubts on the law firm's findings. But even before the sexual harassment cases made headlines, several amfAR board members resigned this year.

And the saga is not over yet. Last month, New York Attorney General Eric Schneiderman announced that his team was looking into the amfAR $600,000 transaction and amfAR's corporate governance procedures.

There's much, much more from Yashar Ali at Huffington Post.

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