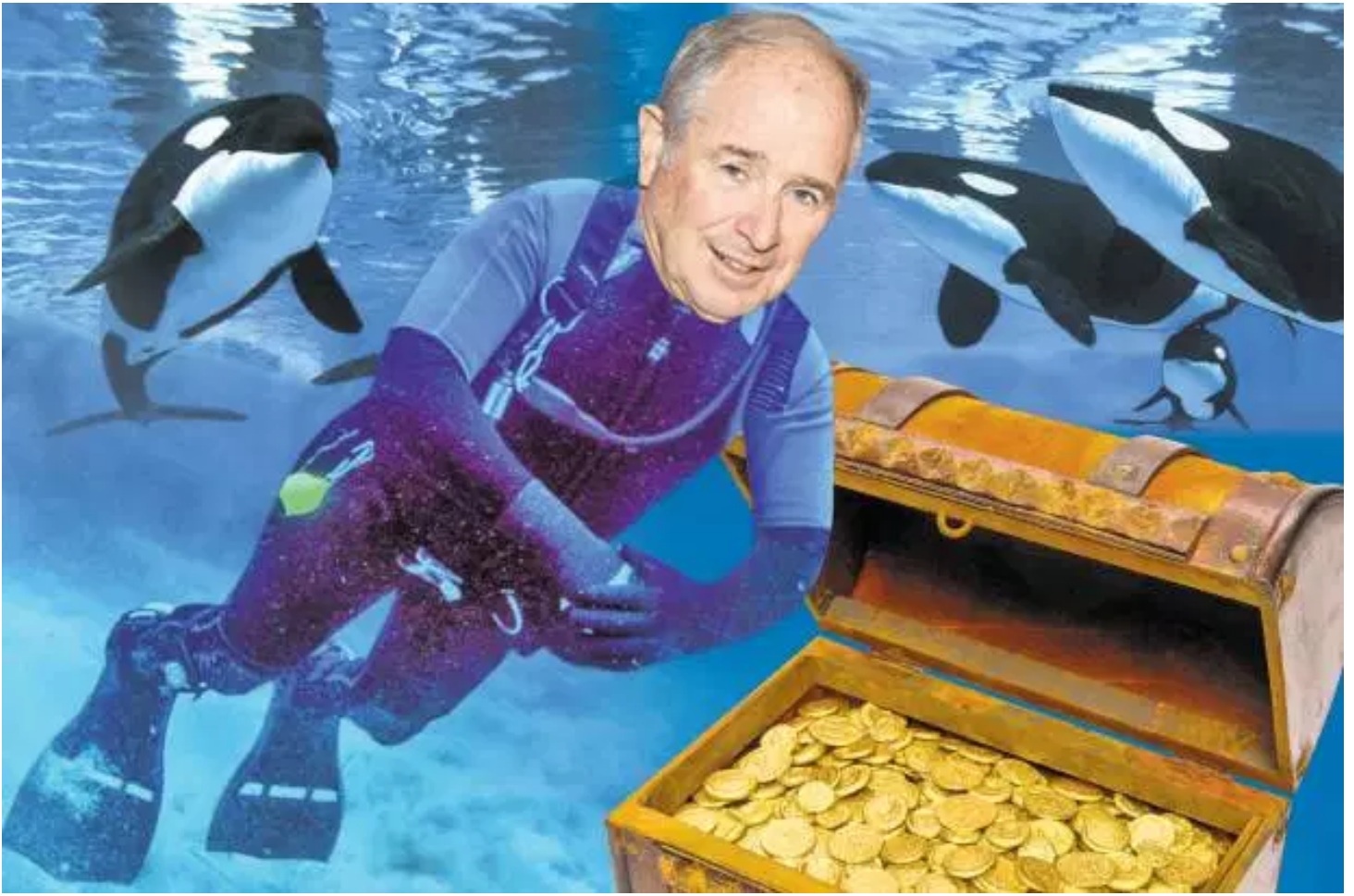


Blackstone gets off free in SeaWorld's 'Blackfish' settlement

By Josh Kosman and Carleton English

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Steve Schwarzman's deep dive into Sea World paid off for the Blackstone honcho -- with a hefty share sale ahead of bad news tied to the critical "Blackfish" documentary.

NY Post photo composite

They didn't lay a finger on Stephen Schwarzman's Blackstone Group.'

SeaWorld Entertainment and two former executives paid more than \$5 million to settle charges they misled investors about the effect of the biting 2013 "Blackfish" documentary on the company's bottom line, regulators said Tuesday.

The company knew in late 2013 and early 2014 that the film sparked a decline in ticket sales and profits, according to the Securities and Exchange Commission — but denied those facts.

But Blackstone, which owned a 40 percent-plus stake in SeaWorld during 2013-14 — and profited handsomely from its investment — was not named in the SEC action.

In the aftermath of the “Blackfish” film, SeaWorld made “untrue and misleading statements” over a nine-month period ended in August 2014, the SEC said in its 18-page complaint.

SeaWorld, in internal e-mails, acknowledged the “painful” effect the documentary was having on its bottom line and reputation, the SEC alleged.

Of the people who saw “Blackfish,” 32 percent had a less favorable opinion of SeaWorld, the SEC claimed, citing company polls.

Musical acts were cancelling performances at SeaWorld facilities in the post-“Blackfish” months — and one company executive called the company’s crumbling rep “positively radioactive,” the SEC said in its complaint.

But despite this mounting evidence, SeaWorld put a happy spin on its financials — denying the film was having a negative effect, the SEC said.

During that span, Blackstone had three managing directors on the SeaWorld board.

Blackstone on April 9, 2014 — with the company, according to the SEC, well aware of the effect of “Blackfish” on its financials but before it acknowledging it — sold some of its shares in a secondary offering, grossing \$498 million.

Four months later, on Aug. 13, SeaWorld admitted the “Blackfish” issue. Its shares plummeted 33 percent.

Blackstone, by selling its shares before SeaWorld linked the film and its falling revenue and traffic, sidestepped roughly \$191 million in lower stock value.

“Certainly it is fair to say the timing raises a question of what Blackstone knew and when they knew it,” former SEC Enforcement Division lawyer David Chase told The Post.

“Blackstone acted properly in all respects and there is no suggestion in the SEC settlement to the contrary,” a Blackstone spokesman said.

SeaWorld will pay \$4 million of the penalty; former CEO Jim Atchison will pay about \$1 million. A second exec will pay about \$100,000, the SEC said.

Neither SeaWorld nor Atchison admitted or denied wrongdoing.

“Blackfish” focused on SeaWorld’s treatment of its captive killer whales. It was released in theaters in July 2013.

SeaWorld’s shares closed Tuesday at 31.19, up 1 cent.

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