

MoviePass to be jettisoned by parent company

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This Aug. 23, 2018, file photo shows Movie Pass debit cards and used movie tickets in New York. The parent company of MoviePass says that it plans to spin off the discount movie ticket subscription service into a separate public company. Helios and Matheson Analytics Inc. said Tuesday, Oct. 23, that the new subsidiary will be called MoviePass Entertainment Holdings Inc. and be a film production, marketing and exhibition company. (AP Photo/Richard Drew, File)

MoviePass, the struggling discount movie ticket subscription service, is

being spun off by the company that owns it.

Helios and Matheson Analytics Inc. did not try to obscure the reasons why on Tuesday. MoviePass has become a burden.

MoviePass drew in millions of subscribers, luring them with a \$10 monthly rate. But that proved costly. Because MoviePass typically pays theaters the full cost of tickets—\$15 or more in big cities—a single movie can put the [service](#) in the red. At one point Helios and Matheson had to take out a \$5 million emergency loan to pay its payment processors after missed payments resulted in service outages.

Then, last week, the [company](#) acknowledged that it is being investigated by the New York Attorney General on allegations that it misled investors.

Helios and Matheson, based in New York, says it does not believe it has misled anyone, and has filed all public disclosures in a timely and truthful manner.

"Since we acquired control of MoviePass in December 2017, HMNY largely has become synonymous with MoviePass in the public's eye, leading us to believe that our shareholders and the market perception of HMNY might benefit from separating our movie-related assets from the rest of our company," said Chairman and CEO Ted Farnsworth in a prepared statement.

Shares of Helios and Matheson, which is a data company, have been punished all year long.

MoviePass Entertainment is expected to list on the Nasdaq or an alternate trading market.

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