

RHODE ISLAND STATE POLICE  
 DETECTIVE BUREAU  
 311 DANIELSON PIKE  
 NORTH SCITUATE, RI 02857

CASE # : 12-3-IV  
 LEAD #:

CONTACT REPORT

Case Identification (Name/Offense):	Michael Corso/38 Studios		
Person Interviewed:	Steven Feinberg		
Address:	One Capital Hill, Providence		
Place Interviewed:	RIAG Office		
Was Person Previously Interviewed?	N	Formal Statement to be Taken?	Y
Juvenile or Adult?		Parent or Guardian Present if Juvenile?	
Place of Employment:	Rhode Island Film & TV Office		

Assignment:

Detective:	Corporal Buonaiuto	Supervisor:	
Date:	6/10/14	Time:	1:00pm

Report:

Narrative - On Tuesday, June 10, 2014, Detective Corporal Buonaiuto, along with RIAAG Patrick Youngs, interviewed Steven Feinberg. Feinberg provided the following information.

Feinberg has been employed by the Rhode Island Film & TV Office for the past 10 years. For the last eight of those years he has held the position of Director.

Feinberg was born in Rhode Island and grew up in Cranston.

Prior to his employment with the Film & TV Office, Feinberg lived in California and was involved in the production of movies.

When he moved back to Rhode Island he met with then Providence Mayor, David Cicilline about a government job that would focus on promoting the production of film and TV in the Providence.

Feinberg stated that his contact with Cicilline resulted in him being hired by the state as the Deputy Director of the Film & TV Office. Two years later he was promoted to Director.

Feinberg explained that Rhode Island was one of the first states to offer film credits. He described film credits as having a positive domino effect on the state economy. Film productions that come to Rhode Island have a positive impact on; personal income tax, sales tax revenue, and a continuous public relations stimulus to the State that extends into the future even after the production has ended. Feinberg gave an example of how the production of the show "Providence" promoted the City and State in such a positive light that many people from around the country visited the State, who otherwise would not have.

Feinberg explained that a film produced in RI can qualify for tax credits if they meet certain criteria. This includes the following; production company must be a Rhode Island corporation, payroll that is being considered within the production costs much be for employees that have "boots on the ground" in Rhode

Island, and production costs must be verified by CPA Auditor and RI Taxation Auditor.

Feinberg explained that 38 Studios never registered as a Rhode Island Corporation, therefore they would have never qualified for the tax credits. 38 Studios was registered with the RI Secretary of State's Office as a Delaware corporation, which Feinberg stated was not sufficient to qualify for tax credits. He also stated that 38 Studios was advised by his office that they needed to be a Rhode Island corporation.

The Division of Taxation issues the actual Tax Credit Certificate, not the Film & TV Office.

Feinberg explained that upon receiving an application for film tax credits from a production company, the Film & TV Office sends a letter to the production company indicating "Initial Certification" based on the information the production company provided on the application. The "Initial Certification" letter lists requirements that the production company must meet or fulfill before any further action is taken by the Film & TV Office. Feinberg stated that he sent this "Initial Certification" letter to 38 Studios, which included the requirement that they be a registered RI Corporation, but they never moved forward to meet that requirement, so his office never moved forward with further review of their tax credit application.

Feinberg stated that the "Initial Certification" letter has absolutely no value or guarantees at all. In his opinion, BankRI should have never relied on the initial certification letter as valued collateral for the loan they gave Michael Corso and Curt Schilling. Feinberg stated that only the actual Tax Credit Certificate issued directly from the Division of Taxation has any value.

Feinberg knew who Michael Corso was prior to 38 Studios applying for tax credits. He was not friends with him, but knew him to be an attorney that worked in the field of film and historic tax credits.

According to Feinberg, Corso and Anthony Gudas, who worked closely with Corso, had the market on historic tax credits before film tax credits came around.

[REDACTED]

Feinberg first heard about 38 Studios coming to RI at a social event. He was surprised to learn this at a social event because he thought that as the Film & TV Office Director, someone would have approached him early in the conversation about assisting 38 Studios financially and ask his opinion.

Feinberg stated that after hearing about 38 Studios potential move to RI, he went to the EDC to talk with EDC Director Keith Stokes because he thought he could be helpful, but instead he was "rebuffed". Feinberg stated that he was very insulted by the treatment he was getting from EDC.

Feinberg stated that when 38 Studios first applied for film tax credits he reached out to Keith Stokes to be sure the tax credits did not violate stipulations within the \$75 million loan agreement. Feinberg remembered hearing Keith Stokes tell Buddy Cianci on the Cianci show that 38 Studios had no interest in tax credits. Feinberg also stated that there are rules to the tax credit certification process that require money being spent on the production that are being considered for tax credits cannot be money received from the state (loan). Feinberg stated he had to verify with the EDC that this was new money being spent, not loan money, he sent an email directly to Keith Stokes to clarify his concerns. Feinberg stated that he did not receive a reply from EDC (Stokes) in a timely manner, so he sent a second e-mail to Stokes several days later. Shortly thereafter he received a phone call from Tom Zaccagnino who yelled at him and asked "how dear you contact EDC to confirm 38 Studios was able to apply for tax credits". Feinberg stated that he and his office never deviate from the policies in procedures when reviewing and confirming tax credit qualifications and he wasn't going to change his office's process for 38 Studios.

Feinberg stated that he met with Governor Chaffee's Director of Communications, Christine Hunsinger, David Sullivan of Taxation and Keith Stokes at the State House after 38 Studios defaulted on their first loan payment. Feinberg does not remember the topic of the conversation, but he remembers feeling like an outsider and feeling very uncomfortable.

Feinberg stated the he remembers Legal Counsel to Governor Chaffee, Claire Richards, telling him that she was being pressured by Corso and Zaccagnino.

Feinberg stated that he was never told by Keith Stokes, or EDC personnel that 38 Studios had defaulted on their loan payment. Feinberg stated that personnel in his office learned of it indirectly several days after Keith Stoked had sent a default notification letter to 38 Studios. Feinberg subsequently sent a letter to 38 Studios advising them that their "Initial Certification" had been revoked.

Feinberg was shown the "Personal Guarantee" loan agreement between Michael Corso and Row 1 Production. Feinberg read the section of the agreement that stated, "Assignment of Tax Credit Rights Agreement dated as of the Effective Date, pursuant to which the Guaranteed Party advanced certain funds in connection with certain 2011 tax credits, or tax credit certificates granted to the Company by the Rhode Island Economic Development Corporation and the Rhode Island Film & television Office". Feinberg's initial reaction after reading this agreement was surprise. He commented that 38 Studios was never granted tax credit certificates so he could not understand how they could guarantee a loan with tax credit certificates. He also noted that the effective date of the Guarantee is May 18, 2012, eight days after he sent a Revocation of Initial Certification letter to 38 Studios.

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Detective's  
Signature

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Supervisor's Signature