

TELEPHONIC WITNESS STATEMENT

DATE: [Not Provided]

TIME: [Not Provided]

INTERVIEW OF: Representative John Loughlin

INTERVIEW BY: Detective Corporal Kenneth Buonaiuto
Rhode Island State Police Financial Crimes Unit

LOCATION: Rhode Island State Police Headquarters
311 Danielson Pike
North Scituate, Rhode Island 02857

SUBJECT: 38 Studios Investigation

1. **Q.** Hello, Mr. Loughlin?

A. Yes.

2. **Q.** How are you? This is Corporal Ken Buonaiuto calling from the Rhode Island State Police.

A. How are you?

3. **Q.** Good. Do you have a moment?

A. For you, always.

4. **Q.** Ha ha ha. Well first of all, I thank you for taking my call. You're – I'm assuming – I called your house; I'm assuming it was your daughter, extremely polite, and she – she offered me your cell phone number, so that's why I ...

A. Thank you very much. Maybe I'll – maybe I'll feed her again tonight.

5. **Q.** Heh heh heh heh, well – Well sometimes people don't like having their cell phones given out, but uh, either way.

A. That's fine. That's fine.

6. Q. I – Good, I appreciate it. As you're well aware, you're probably expecting a call from us through the media outlets yesterday, as you know, we are just conducting a, a very thorough investigation and doing our due diligence and making sure that we reach out to anybody that may have some information that may be of interest to us and at the very least, open up the lines of communication in case somebody has something they want to offer us. So I'm contacting you because I understand that you were part of the House of Representatives in 2010, is that correct?

A. Hello? Hello? I lost the connection.

[DIALING / PHONE RINGING]

A. I think the call dropped.

8. Q. Yeah, I – I lost you there. I'm not s- I'm not sure how far I got, but I think – I think you were probably ...

A. You were saying that you were just kind of opening up the lines of communication and talking to some...

9. Q. Right.

A. -- folks that were there and, and maybe had some information. You know, I – I can tell you that on that particular night I was not in the building.

10. Q. Yeah, I see that. Right. Okay.

A. I was running for congress and I was out probably shaking hands somewhere in the first congressional district in my congressional campaign also known as the SS Titanic.

11. Q. Heh.

A. Having said that, there are a couple of things you – you really need to look at and...

12. Q. Okay.

A. -- you know, it – it depends. And I'm not sure that even it's it's a crime necessarily to deceive a legislative body for the purpose of passing legislation that's intended for one thing instead of another.

13. Q. Mm hmm.

A. But having said that, that's clearly what happened. And it's pretty easy I think to figure out who knew what when. If you look at the date May 25th, that's the key date.

14. Q. Yup.

A. Standing in the House Gallery that night was a guy named Keith Stokes. And Keith Stokes was the – the head of Economic Development for Governor Carcieri. And he was there essentially to watch the bill pass and see the loan guaranty begin to happen. There was a representative, I'm sure – If you haven't talked to him, you – you got to talk to Representative Larry Ehrhardt.

15. Q. Okay.

A. Larry had what was called a floor amendment drawn up that basically would limit any of those loans, either 5 million or 10 million, and I can't remember which it is. Now when you have a floor amendment drawn up, right, it's supposed to be in confidence. It's supposed to be between you, the minority attorney and the guy named Dick Fleury [phonetic] and alleged council. Now the system is porous. All of the – the quote / unquote "House ... floor members" get reported up to the Speaker's office.

16. Q. Mm hmm.

A. So somebody in the Speaker's office knew enough as they were ... because there's a – usually a raft or amendment to come up for a legislative calendar, and so a staff member has to go through them. So the staff member was knowledgeable enough about the

38 Studios spiel and the true purpose of that bill to be able to flag that amendment.

17. Q. All right.

A. Somebody in the course of that debate called Keith Stokes and said, hey, you got a republican who's off the reservation down here, you better come down and fix it. Now I – if it were me, and I had the power to do it, I'd be looking at Keith Stokes cell phone numbers, his – his records. I'd want to know who in the Speaker's office called him and told him to go downstairs. Because he shows up at the rost [phonetic] room a little bit later with a guy named Mike Cronin, who was the legislative director, they called Representative Ehrhardt off the floor and convinced him to not put in that floor amendment. And for reasons that – that Larry is not totally clear on at the time, he – but he decides to be a team player and says, you know what, I'm not going to put the floor amendment in. And that's one of the things that allowed that to pass. So...

18. Q. Okay.

A. -- that tells me that somebody in the Speaker's office on the staff was knowledgeable about the true purpose of that bill. Somebody flagged it through someone in leadership and that's when the phone call was made to Keith Stokes. So if you look at – at his pho- his cell phone records, you'll find somebody from the Speaker's office made that call. That will tell you one of the people who knew the true purpose of that bill.

19. Q. All right. And now just educate me a little bit. If Rep. Ehrhardt's bill had gone forward, how – would that have definitely have stopped the uh ...?

A. Yes. Because what it was, it would have amended the bill on the floor to say that no individual company could get more than it was either 5 million or 10 million. In either case, well short of the 75 million they needed for Curt Shilling.

20. Q. Well would that have had to have been – Well, it would have been amended into that legislate [phonetic] automatically?

A. It would have been amended into the legislation. It's reasonable to expect that the amendment would have passed. I think a lot of people on the floor would have been sympathetic to that.

21. Q. Oh.

A. And especially given the way that the bill was sold to the legislators on the floor as to benefit many companies. What legislator is going to object to that?

22. Q. Right. Right. Understood. Okay. Okay, that – that – that's a uh, you know, a, a direction that we – we haven't ...

A. Well again, I'm not sure if it's even against the law.

23. Q. Right.

A. I mean ...

24. Q. Right.

A. -- you know, ...

25. Q. Yeah.

A. -- you had ...

26. Q. Right.

A. -- the Finance chair stand there and was directly asked by Joe Trillo during the course of the debate. Joe Trillo said *hey, is this for one company or is this for a bunch of little companies?* And the, the Finance chair at the time, Representative Steve Costantino came back and said, *no, no, no, no, no, this is for a bunch of little companies, this isn't for one company.* Now either he didn't know, and and was duped, which I sincerely doubt you're

going to dupe the chairman of the Finance Committee, the true purpose of that bill, or b, he was in on it and purposely misled Rep. Trillo in that Q & A. And that – Trillo's even got that on tape ...

27. Q. Right.

A. -- because he was smart enough to grab the DVD [Indiscernible]. And again, and the sad thing is, I'm – I'm not sure it's illegal.

28. Q. Right.

A. There's no law that says you can't, you know, you can't lie to your – your membership.

29. Q. Right. Exactly. Exactly. And – and, and lobbying is – is – is part of the game down there, so I mean I would

A. Well it's not even really lobbying, I mean, it – you know, at that point told him that ... Cronin was the legislative director, so his job was to directly interface with the legislators on behalf of the Governor.

30. Q. Mm hmm.

A. And, and, you know, it's reasonable to expect that the EDC director could call a rep off the floor if he had some new information. So again, no crime's committed, but really stinky rotten government.

31. Q. Right. Right. Understood. Understood. So you -you weren't there – So this – this is what you're hearing from Rep. Ehrhardt and from Trillo is – because you ...

A. Trillo, Ehrhardt, Watson, pretty much the entire republican caucus.

32. Q. Okay. Because you weren't there, so you didn't actually see this yourself, but you --

A. No.

33. Q. -- just know this. Okay. All right. And ...

A. No.

34. Q. -- and you -- and you were not there because you really didn't want to have anything to do with this, you were not -- not there because of ...

A. No, I -- I mean I'd have to go back and -- and pull my congressional campaign calendar, but I can assure I had some house party or some sort of a meeting to go to. Because, you know, keep in mind, May, you know, we're starting to roll into the last bits of fundraising before we roll into the summer when everybody stops paying attention, so...

35. Q. Right.

A. -- you know, those final days were pretty important. And, and I would typically, you know, in the months of May and, and June, I would typically check in and if I'm present, I'd look over the calendar and see if there was anything that really required my attention. If there was, I'd stick around and vote for it. If not, then I would take off. And this seemed pretty innocuous, I know at the time.

36. Q. Right.

A. So it wasn't anything that required my immediate attention. Now having said that, this exact same issue did come up in March. Because the original proposal to increase the loan guaranty program appeared as part of the supplemental budget.

37. Q. All right.

A. And um, and as it turns out, I voted against that supplemental budget for entirely different reasons. But that same line of question and answer went -- went through, and when the senate didn't approve the supplemental, they decided to -- to go ahead and break it out as a separate bill.

38. Q. Okay. When it was in that – when it was in the budget, was it 125 million at that point or was it still 50 and it was boosted up afterwards?

A. It was – it was 50 and then in the proposal in both the supplemental and in the loan legislation it was boosted up to 125, so they could accommodate Curt Shilling.

39. Q. Okay. All right.

A. What that tells me is that – that the plot was already well in motion in March.

40. Q. Right. Right. Okay. And so you're – you're not aware of any criminal statutes or any sort of rules and regulations regarding the House or the Senate where you can't be lied to, right?

A. No, it's – it's just stinky government, it really is. And, you know, and the thing that - that really is sad is that a lot of reps in that building, some – many of whom are still there, know they were lied to and – and still – and decided to put that same leadership team in...

41. Q. Mm.

A. -- when Gordon Fox decided he wanted to be the Speaker. And they knew then they had been lied to, ...

42. Q. All right.

A. -- and they still voted him in. So it's just – it's just stinky government, I'm sorry to say that, but. And there's – there's not much you can do to fix that. I mean, I wish there were a law against it, but there isn't.

43. Q. Right.

A. If there were a law against it, a lot of people would be in jail right now.

44. Q. Now, you – did you know that 38 Studios was interested in coming to Rhode Island prior to the bill being passed?

A. No idea.

45. Q. No idea. Okay.

A. **Nope. And again, I was, you know, pretty focused on running for congress, so ...**

46. Q. Right.

A. **-- not -- not something that was on my radar.**

47. Q. Yeah, I know -- I know there was a lot of talk on talk radio and whatnot, and I -- I'm not really s- I, I -- I tried -- Before I called you I tried to recollect myself, do I remember hearing you on the radio, you know, for or against it, because there was a lot of talk. But most of that talk was after the bill was passed...

A. **Yeah.**

48. Q. -- and the loan was -- was approved. So.

A. **And, and the sad thing, had Curt Shilling actually been successful, Murphy and Fox would be heros right now. So they -- they'd be the guys who, you know, went over everybody's head to bring this company in and, and now created all these wonderful jobs and -- and everything was great.**

49. Q. Right. Yeah. Well,

A. **This kind -- this kind of shows you how [Indiscernible] can kind of twist things around a little bit.**

50. Q. Right. Right. Okay. Well one last question. Do you know ...

A. **Sure.**

51. Q. -- Do you know Mike Corso?

A. **I do know Mike Corso. I met Mike Corso on a couple of occasions. I actually did business with Mike Corso in, I want to say it was 2007. I did a commercial project for a company called Party City, and they qualified for a Rhode Island Film and Television tax credit**

of – of \$60,000.

52. Q. Okay.

A. And – and then they sold it through Mike Corso, because Party City didn't have any Rhode Island tax liability, so ...

53. Q. Right.

A. -- they sold the tax credit through Corso.

54. Q. Okay. So – so you were – what, you -you were part of – were you a producer for this Party City?

A. Yeah, my company, Meteorite, produces TV commercials and does media consulting and – and they were one of my clients. And they did a, I think it was a \$310,000 job, and I want to say it was in like 2007 or 2008, and there- thereby qualified. But that time, the threshold was 300,000, so they qualified for a tax credit, and they ended up with a \$50,000 tax credit that they basically had to sell ...

55. Q. Right.

A. -- and um, I think it was Steve Feinburg [phonetic] said you got to call this guy Mike Corso, he handles moving all these tax credits. So we did and he sold the tax credit, my client got a check and everybody was happy.

56. Q. Okay. So Mike Corso was only involved in that at the point of – of sale, not – not a ... assisting you get the tax credits?

A. No, not at all.

57. Q. Okay. All right. Any other interaction or conversations or, you know, whether it be social or professional with him?

A. I've seen him from time to time. I worked for Mike Corrente on a uh movie down in

Exeter la- I think the summer of 2012 called Bag Man.

58. Q. Mm hmm.

A. And I – And Corso would show up on the set from time to time and he was one of the financiers, so, he – we would see him from time to time down there.

59. Q. Okay. And you're – So you were also a producer of that?

A. No, I wish. I was doing location services.

60. Q. Okay.

A. Which – which is plywood and port-a-johns. It's a real glamour of the business.

61. Q. [Laughs] Hey, somebody's got to do it, right?

A. Exactly.

62. Q. Okay. What – what's your take on him, I mean, if you had to characterize him or, you know, give your opinion of him?

A. I – I mean from – from my business dealing with him I found him to be, you know, forthright, honest. I – I didn't have any issues with – with the work he did. Obviously, you know, during the – the production of Bag Man, it was kind of above my pay grade, the financial aspect of it going on. But he seemed to be – you know, he seemed to be respectful of everybody on location and – and was pleasant enough. And, and like most guys in the – in that business was attached to his cell phone most of the time.

63. Q. Mm hmm. Did you deal with him directly when he sold the tax credit ...

A. Excuse me?

64. Q. You so- You dealt with him directly when you sold the tax credit to him?

A. Yes. Yup.

65. Q. And, and how did he – And if you had a gauge from one to ten when it comes to

knowledge of tax credits, what – what are we talking ...

A. Oh, he's a ten. I mean, he – he knows – he knows not only Rhode Island tax credits, but, you know, he knows all of the other states as well.

66. Q. And ... how do you know that he knows this, and what information do you have or wh...?

A. Well from – from – First of all, from being in the business, and secondly, if you notice this movie that was just at Caan, I'm trying to remember it was the – the story of Princess Grace of Monaco.

67. Q. Yup.

A. Mike Corso is listed as an executive producer. And I asked Corrente, I said how come Mike Corso is an executive producer of this, you know, this movie, I didn't realize he did that? And he said, well that's because when he brokers tax credits, he gets an executive producer credit.

68. Q. Oh ...

A. So, and he – apparently he does them all over the – all over the county.

69. Q. Okay. Gotcha. All right. Okay. Anything I'm missing that maybe I didn't ask you that you think you need to ...

A. You know...

70. Q. -- share or?

A. If, if anything comes up I'll be sure – This is a good number, this 444 number?

71. Q. Yeah, but not the – not the one I'm calling from, 444-1205 would be my direct office...

A. Okay. All right let me right that down. Yeah, I mean, I – you go to – and I hate ... but if you go to my Facebook post,...

72. Q. Yup.

A. -- I, I kind of lay out the events of May 25th in – in pretty excruciating detail.

73. Q. Okay.

A. And, and there's a couple of suggestions there, and they're basically suggestions for Mike Chippendale and Karen MacBeth to follow up on.

74. Q. Okay.

A. But basically, you know, these are the things I would be looking at. I'd want to know who made the phone call to Keith Stokes that night in the gallery to alert him to head downstairs.

75. Q. All right.

A. And then I would start backtracking it from there.

76. Q. Okay. Okay. Anything else you can think of at all that ...?

A. That – that's about it.

77. Q. Yeah. Okay. Well I – I do very much appreciate your time. And again, if there is anything else that comes to mind, it may not even be related at all to this 38 Studios, but something that you feel, you know, might be of interest to us, please don't hesitate to call me.

A. Absolutely. And, and, you know, same thing, if you think of something else that, you know, that hey, gee I wish I had asked John about this, ...

78. Q. Yup.

A. -- you know, don't hesitate to reach out.

79. Q. Thank you very much. I appreciate it.

A. All right.

80. Q. Okay.

A. Thank you.

81. Q. Have a good evening.

A. You too. Bye bye.

STATEMENT TAKEN BY:

WITNESSED BY:
