

Ref: 12-3-IV

WITNESS STATEMENT

DATE: August 20, 2013

TIME: 2:00 p.m.

INTERVIEW OF: Daniel J. Sullivan, DOB: [REDACTED]
Cell #: [REDACTED]

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

PRESENT: Attorney Michael Horan
Representation for Mr. Sullivan

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

SUBJECT:

1. Q. Mr. Sullivan, can you state your full name and spell your last, please?
A. Daniel Sullivan. S-u-l-l-i-v-a-n.
2. Q. And your date of birth?
A. [REDACTED]
3. Q. And do you have a cell phone number for a contact?
A. Yup, [REDACTED]
4. Q. And you are presently employed?
A. Collette Vacations.
5. Q. Okay. And in what capacity?
A. I'm the CEO.
6. Q. Okay. And you've been doing that for how long?

Ref: 12-3-IV

A. **Hmm, 20 / 25 years.**

7. Q. And Collette Tours in Pawtucket?

A. **Yeah.**

8. Q. Okay. In addition to Collette Tours employment, did you - have you ever had the opportunity to work or be a - a part of the Economic Development Corporation?

A. **I - I was on the Board.**

9. Q. Okay. And when you say a "Board," can you give me a little bit more description what you mean by "the Board?"

A. **The Board of Directors of EDC is just a board of advisors of local, mostly businessmen in Rhode Island, that give advice to the - to the ED- Economic Development committee.**

10. Q. Okay. And - and the Board is, you said, made up of businessmen who are -- or --

A. **Yeah, uh, --**

11. Q. -- [indiscernible].

A. **-- businessmen. There's some -- I'm trying to think of just some of the non-profits on it. But uh, it's mostly - it's chaired by the Governor.**

12. Q. Okay.

A. **So it's chaired by the Governor and uh - and then there's a business community that is appointed by a governor.**

13. Q. Okay. And do you have the timeframe of when you -- Or are you presently on the Board?

A. **I'm not.**

14. Q. Okay. And your timeframe maybe when you stood on the Board?

A. **Hmm.**

15. Q. I don't need a date, but--

Ref: 12-3-IV

A. I want to say, '09 to 2- Or 2010 to 2012, or '09 to '12 maybe.

16. Q. Okay.

A. Two thousand nine.

17. Q. So in 2010, you were appointed by Governor Carcieri?

A. I was.

18. Q. Okay. And then you stepped down in 2012; was Governor Chafee was Governor at the time?

A. I did. I - I stepped down aft- He, he asked some of the present Board members to step down, and I stepped down, yeah.

19. Q. Okay. And do you remember in 2010, was it at the beginning of the year, mid, or towards the end?

A. When did Carcier- When was the election? Because Carcier asked me while he still had a - a year or two left on his term. So that's what I'm saying, maybe it was '09.

20. Q. So if he asked you -- he asked you '09, and maybe you were confirmed and maybe sworn in early 2010, is that -?

A. Yeah, some -- Maybe. That might be right.

21. Q. Okay. Okay. And was it for a - a certain term?

A. Rr--

22. Q. Do you remember?

A. Yes. Although I couldn't tell you what the term was.

23. Q. Okay. So is it safe to say you stepped down earlier than the term limit?

A. I did.

24. Q. Okay.

A. Yeah. I mean, I re- Yeah, I - The Governor had asked me to step down, but actually it

never real- really went through, and you're still on the Board if you -- if they never sent us or replaced you.

25. Q. Okay.

A. So, actually it's - I've still got the emails, but --

26. Q. Yup.

A. -- because the - I don't know if they - if they ever replaced my position, I honest-- You know, I follow it, you know, and --

27. Q. Right.

A. But --

28. Q. And I think you started to answer this question. But the responsibility of the Board of -- the Board --

A. To give advice.

29. Q. -- [indiscernible] --

A. You know, to give advice on any projects they might be going forward with. They will present different issues to the Board, you know; you see energy fund going in, different things like that, and they'll say, you know, here's all the information, and do you recommend it or do you think it's a good idea or a bad idea, or?

30. Q. Okay. So you - you - the Board is giving recommendations to the executives of EDC?

A. Yeah, to the executives and t- The Governor chairs it, but --

31. Q. Right.

A. -- and the EDC reports up to, I think, the Governor. But they give -- We don't make the recommendations. We c- I guess you could, but that's not what happened. They would mostly present projects: Deep Water went, you know, the --

32. Q. Right.

A. -- wind and all those different projects might come to the Board, and you look at what the investment is. Obviously, the Studio 38 deal was, you know, brought to the Board.

33. Q. Mm hmm.

A. And, you know, that's the --

34. Q. So you give your opinion I guess.

A. We give your -- our opinion, yeah.

35. Q. Okay.

A. And then we vote. So, if we vote to move it, you know, it's - it's moved forward. I guess the G- I guess the Governor could override something. He heads the Board, so. I don't know if he's ever has, but, yeah. So we give our opinion, and then we do vote.

36. Q. Okay. All right, and you brought up 38 Studios. So at - at some point in time in 2010, and correct me if I'm wrong, the issue or the - or the plan, or the idea of giving a loan to 38 Studios was presented to the Board, is that correct?

A. It was, yes.

37. Q. Okay. Was that -- is it safe to say it was some time in mid-2010, do you remember if it was some--

A. I don't remember the years at all - the timeframes at all. But I was there when - whenever they brought [indiscernible] ...

38. Q. Okay. It was a short time after you came into your appointment?

A. It - it pro- You know, and so in saying that, if that happened in 2010, I probably joined the Board at least by '09, you know, by --

39. Q. Okay.

A. I had moved on, I -- 'Cause I had been on the Board for over a year then.

40. Q. Okay.

A. Yeah.

41. Q. So prior to Studio -- 38 Studios coming to the Board, were there any similar projects or - or projects that were presented to the Board that were - that had anything to do with issuing of loans or bonds and whatnot that you were - that you had some sort of experience with prior to 38 Studios coming?

A. Well, every - I mean, many of the things that they had - the EDC has different funds that are approved by the Senate, and the -- I'm going to sneeze - but - and are -- So everything is, you know, it - it comes for funding --

42. Q. Okay.

A. -- of some sort. They're not -- Some are bonds; some are - are already in the energy fund, the things that are committed by the s- by the - the legislature, saying, you know, we appropriate this amount of money for energy --

43. Q. Mm hmm.

A. -- an example. So, and then they'd bring different projects out that would approve or sometimes delay and make them go back and do more research, and.

44. Q. Okay. All right. So is there -- in, in the Board listening to these presentations or these potential companies that they - the State is interested in maybe investing some --

A. Yup.

45. Q. -- money into, or loans, is there any sort of a - a process or a procedure that the Board would go through, specifically, that they would have to follow? Or was it just, you know, discussions, you know, and - and maybe [indiscernible / cross talk]?

A. They would send us the proposal, --

46. Q. Mm hmm.

A. -- in advance, and we would discuss it at the Board meeting. So - And was there a procedure that just - ? No, they'd bring - There generally would be a presentation by an EDC Board

member; --

47. Q. Okay.

A. -- maybe also the company, you know, the c- the company that was applying for the loan --

48. Q. Right.

A. -- or - and uh, and the Board would ask them questions, and we'd make a decision whether we thought it was a good or a bad investment.

49. Q. Okay. And would you base that on detailed financial information or would you - or would you base it on information that you received from EDC employees?

A. The only information we would get is what the EDC would present us, or maybe if the company came in, they might --

50. Q. Right.

A. -- you know, and that's why they would be there. Whenever we did it, there was always generally, even if they didn't do a presentation, there'd always be members of whoever was applying for the loan in the background. So if we wanted to ask questions, we could ask not just the EDC person, but the company that was applying for the loan.

51. Q. Okay. And was that typically done in regards to like, the detail of their finances, and - and to really to see if their numbers worked, you know, if - if, you know, one-plus-one was going to equal two, or

--

A. We -

52. Q. -- or?

A. We would trust the - the EDC staff to do the due diligence. They would present us projections, --

53. Q. Okay.

A. -- and we would -- and we could challenge them if we didn't -- if their numbers didn't look right.

54. Q. Right.

A. You know. But um - but in general, we trusted the EDC staff to give us the right projections and numbers.

55. Q. Okay, so you relied on that.

A. We relied ... Yeah.

56. Q. Which makes sense. All right, so let's move forward to 38 Studios.

A. Okay.

57. Q. So at some point in time at a Board meeting the idea of 38 Studios or the presentation is presented to the Board.

A. Yes.

58. Q. If you could remember maybe the first time that you became aware of this possibility or the interest in 38 Studios coming to Rhode Island, how did that come about and how did you become informed about this?

A. Carcieri was the Governor then, and I cannot remember if he presented it or Keith Stokes, the Director, presented it. But they presented it to us, I think, first, just, generally. And I think that -- And I could be off on this, I think the next meeting they brought in the management team of - of Studio 38.

59. Q. Okay.

A. So they went over the concept; went over the type of bond. It was around that time that I think the - the State was appropriating money for the - for a loan fund, you know. I want to say it was 125 million, right? Yeah, I think it was ...

60. Q. All right.

A. And so that was - and I think a bit smaller at the time - I wasn't on the Board and I don't even remember from a state viewpoint. But it was -- but it was an appropriation that came from legislature that says, hey, we want to invest to get - bring other companies, get new blood into the State, get new ideas. And so, no. And I - So they, you know, they brought up this Studio 38, yes.

61. Q. Okay. And you said the first meeting you think it was Director Stokes. Or, Mike Saul was the developer?

A. Mike Saul did do a presentation.

62. Q. Okay. Do you remember the presentations? Like what - what did it include? Did it -? I - From what I understand, did it include some plusses and minuses, some risk factors that were involved, and - and some of the positive side of it; so I think it was kind of like a balanced presentation, is that correct?

A. It did plu-- It -- Yeah, it did plusses and minuses, and we -- I'm not sure. He went over the overall projections; I don't remember it being a plus or minus side. But - and they - But I think one of the points that was brought up is that it is a riskier investment than - than um -- But, you know, saying that it's a risky inve- that industry, --

63. Q. Mm hmm.

A. -- is risky, and they thought this was a good investment. You know.

64. Q. Okay.

A. But that it was um, - but the industry in general can be risky, --

65. Q. Right.

A. -- and you have to, you know, you have to have some skill. And then they brought up the management team, which is very, you know, --

66. Q. Mm hmm.

A. -- which appeared to be very risk-filled, you know.

67. Q. ... Do you know how the - where the \$75 million figure came from, how that was - came about?

A. The only -- They told us that's what they need to - to make -- If they were going to move to Rhode I-- The way I understood [phonetic] it, for them to move from Massachusetts to Rhode Island, they needed \$75 million.

68. Q. And - and this is the employees from 38 Studios saying this to the Board?

A. Uh, I think this was the Board. I think this was, not the Board, the um, the staff --

69. Q. Mm hmm.

A. -- presented to us what they needed. Studio thir-- The, the management from Studio 38 came in, but at that point I think we were just making presentations and said, you know, they need 75 million if they were going to move. Because there was no guaranty they were going to move from Mass. to Rhode Island.

70. Q. When you say "staff," you mean 38 Studios' staff?

A. Studio - 38 Studios moving their headquarters. Yeah. Correct...

71. Q. Okay. Was there any discussion on -- Now, you've been a businessman for many years, so you know if there a \$75 million loan, ultimately you're not going to walk out the door with \$75 million, 'cause there's going to be some sort of closing costs associated with - with it; was there any discussion on, okay, you're saying you need \$75 million, but most likely you're not going to walk out the door with that, you know, is it still going to work, or is - was there any concern about that or was there any questions concerning that? You know,-

A. No.

72. Q. -- because they're saying they need 75 million and the bond alone is 75 million, well did - did you understand that they weren't going to get the full 75 million?

A. Um. Not -- At first? No. I don't think when their ... thing. I think at the end when they

Ref: 12-3-IV

were going through the due diligence, this Board, --

73. Q. Mm hmm.

A. -- not the Board, the staff, --

74. Q. Right.

A. -- then they brought in some information on the bond holders and said, is - So um, they um - But, we did not un- understand that. We thought whenever the loans were going through we'd be able to - they'd be able to complete the project; this is what they needed to get in. Because that's what they presented to us. And they presented it saying: here's what we need. The - the proposal that they --

75. Q. Right.

A. -- sent to us, it said, here's what we need to get it done.

76. Q. From 38 Studios. So - so they're saying we need 75 million?

A. I don't know what Studio 38 said, you know, I know what our EDC staff said. Studio 38 came in and did presentations--

77. Q. Right.

A. -- and like, told us what their strengths were and what their model of the company --

78. Q. Right.

A. They didn't - I don't think that I remember that the Studio -- that the Studio 38 team went through financial projections with us, I think they went through that the staff, --

79. Q. Okay.

A. -- because that wasn't really our role.

80. Q. Okay.

A. Our role was to approve the deal, and we got a deal saying that's a \$75 million deal.

81. Q. Okay. All right. So - so you're assuming that if th-- this ... closing costs..., now whatever the

balance they're going to get out of that, whatever net proceeds they're going to get is - is going to --

A. They're going to finish the deal, yeah.

82. Q. It's going - the deal is going to work; it's going to --

A. Yeah.

83. Q. -- going to make them profitable down the line once they complete their - their multimedia game.

A. Right.

84. Q. Okay. All right. Did anybody question that whatsoever, was there -

A. Uh -

85. Q. -- any -- Was there any concern on anybody's part, and -

A. I --

86. Q. -- and if so, what was the reply to ...?

A. I think on - on the Board's - on the um, the Board, that some members of the Board asked for a couple of requirements: the third party -

87. Q. Monitoring, or?

A. -- invol-- you know, a third party approval or um --

88. Q. Third - third party monitoring, maybe?

A. Monitoring, yeah.

89. Q. Okay.

A. Yup. That, one of our Board members had said, you know, that's, you know. But in general, everyone was in agreement with staff and Board that the, you know, that would happen that they would have the funds to be able to get the deal done. Because obviously as a Board, you know, we're all business people; we wouldn't have -- if we didn't think the deal was going to finish--

Ref: 12-3-IV

90. Q. Right.
- A. -- we wouldn't have done it.
91. Q. You wouldn't - you wouldn't have approved it. Right.
- A. Yeah.
92. Q. Right. Now in hindsight do you think that you probably weren't provided with adequate information?
- A. Well, --
93. Q. Making ti -- making yourself ...?
- A. -- of course, I - I met with - I met with the - the lawyer, you know, Max sent a --
94. Q. Wistow?
- A. Wistow. And um, based on the information that I - we saw, in hindsight you can say, yeah, sure, this - if that's really the info, then yeah, --
95. Q. Right.
- A. -- the - the deal, it could have been - it - It was h- much more unlikely, it was much worse ... deal, you know.
96. Q. Right.
- A. You know.
97. Q. Well was there - was there any information that you received that maybe, even though they might get the \$75 million loan, that they were still going to be able to go out and get some other equity from other - other people, you know, to - to subsidize or even, you know, additional investments in the company in order for them to become successful?
- A. I don't think that when it was being approved that that was ever discussed. I don't think - I think -- Well, I - and I can't real- really remember if it - if it was even when I talked to Max.
98. Q. Yup.

A. But they - it definitely I don't think was ever discussed ... the approval, because then that would have raised questions I think.

99. Q. Okay.

A. I - I -- So. Yeah. I'm trying to remember right when the whole thing was going down if that's -- I think they did try to get funding, so, you know, at the end I --

100. Q. All right. So just so we understand, you - you - you're presented with this proposal about a \$75 million loan to 38 Studios, which will bring them to Rhode Island, obviously, help out the economy, 'cause they'll be jobs attached to - to --

A. Right.

101. Q. -- bring the company. And what you're presented with is they need \$75 million to do this; you give them -- you're presented with several presentations by the EDC employees, employees of 38 Studios, which don't really go in detail regarding finances, but more --

A. We did have a proforma, so I want --

102. Q. [Indiscernible]

A. We did have proforma that added up. You know, in other words, the - that time lines of when they're going to roll different phases out, the overall numbers being in there. So all the numbers matched up, --

103. Q. Okay.

A. -- you know, from what we received, yeah.

104. Q. And that was inside the presentation?

A. That was in the - in the presentation...

105. Q. All right. I - I --

A. That was in the presentations from or staff, --

106. Q. From --

Ref: 12-3-IV

A. -- I don't think it was - Studio 38 I think just may have rolled out time lines, --

107. Q. Right.

A. -- mega rollout. Well, it did - it did roll out what the game was going to be, the concepts and - you know, and what - why they thought it was going to be big, why they thought it was going to be successful. You know, the - Yeah.

108. Q. All right. I just want to make sure that we - we're talking about the same presentation. This looks - This was a PowerPoint--

A. Yup.

109. Q. -- dated July 26, 2010, --

A. Right.

110. Q. -- by the EDC.

A. Yup.

111. Q. "Video Gaming Industry and 38 Studios Opportunity." Is this the one that you - you're making reference to? If you -- I don't know if you can kind of breeze through, or - or take a look at it and -- Because I do have a few others, but I - I think that might be the one you're talking about...

A. Yup, it did -- Yeah, this was definitely it. Yeah, 'cause it talked why Rhode Island was a good match; all the - you know, you got all these guys graduating from RISD and Brown and --

112. Q. Right.

A. -- that matches, yup. And average wage and how much they're going to pay 'em. So again, the State had to - not only was adding jobs, but it was adding high-paying jobs, --

113. Q. Right.

A. -- which the State was looking for.

114. Q. And can we just go back to that page again?

A. Yeah. Sure.

Ref: 12-3-IV

115. Q. And - and is this where you're referencing the \$75 million: "Proposed transaction, \$75 million credit enhanced bond"?

A. Uh. Uh huh. Well. Yeah, it was there, I - you know, and there was always a number discussed, you know, --

116. Q. Right.

A. -- 75 million.

117. Q. But there was nothing more detailed regarding the numbers presented to the Board?

A. Um ... I'm trying to think. Ju- just the whole thing. Let me just go through this.

118. Q. Yeah, that's fine. And I - and I have the other ones too I believe that the Board was talking -- if you want to take a look at them also.

[PAUSE / PAPERS RUSTLING]

ATTORNEY HORAN: You're representing that these are documents presented to them by - at the meeting?

DETECTIVE CORPORAL BUONAIUTO: Right. Correct. Right.

A. This - this was definitely presented.

119. Q. Okay.

UNIDENTIFIED SPEAKER: Right.

120. Q. And you were present, obviously, 'cause you - you recognize it.

[PAUSE]

A. Mm hmm. [Brief pause] Yeah, this is the presentation.

UNIDENTIFIED SPEAKER: Okay.

121. Q. Okay. Okay, and - and --

A. Was there anything else you're asking. I --

122. Q. Does this look familiar? I mean maybe that will help you.

Ref: 12-3-IV

A. That was one.

123. Q. That was definitely the one?

A. Because like I said, they came a couple of different times.

124. Q. This is that 38 Studios Financial Projection, and it - I believe it starts 2010 and moves forward. Do you remember seeing that? [Brief pause] Obviously a more detailed financial projection than - than a PowerPoint presentation.

[BRIEF PAUSE]

A. Yes, I think I did see a loss. Cash. Cash. Cash. Yeah. Yeah, that - I think this is the proforma, I think we did get this.

125. Q. Okay. Each member of the --?

A. I'm not saying it was this one.

126. Q. Right.

A. But we did have a cash flow analysis and, you know, where it would go up and down, and where there'd be--

127. Q. Okay.

A. -- [indiscernible] and stuff like that.

128. Q. So that - So if we can go back to --

A. I can't say it was --

129. Q. You don't know--

A. -- this--

130. Q. -- if it was the exact same --

A. I don't - I, I ca- I - I couldn't um--

131. Q. So do you remember ana- Well, at least taking a look at one that showed the \$75 million loan coming in in - in this form in a separate--

Ref: 12-3-IV

A. I think it--

132. Q. -- projection?

A. Yeah, I - Oh, I think it always had seven -- Well, it always had 75 million, I think.

133. Q. Right. Which - which you'll see here on the -- You'll see the \$75 million loan coming in in 2010, --

A. Mm.

134. Q. -- as outside debt.

A. Mm.

135. Q. Okay. So - so you - you believe that you did see something...?

A. Yeah. Oh, that's what I said, we did--

136. Q. Right.

A. -- a proforma. So we did see the overall presentation. I'm not sure if they were at the same meeting, they might have been, or at two different meetings.

137. Q. All right. And just educate me a little bit, you're saying "proforma." Is that what you're saying?

A. That's a pro-- Yeah. That's a projection. Yup.

138. Q. "Proforma?"

A. Projection analysis, yeah.

139. Q. Okay. And so now what - did th- would this have raised a question or did it raise a question to anybody on the Board that, okay, you're - you're showing 75 million there, but we know that - that actually you're not going to get 75 million because there's going to be some sort of closing costs involved, and there was talk of holding back a certain amount of money in some sort of a ... reserve.

A. There was.

140. Q. Right. So --

A. It was a reserve in that. Yes.

Ref: 12-3-IV

141. Q. Right. So even - So this being presented to the Board having 75 million actually in here, not a reduced figure, which would be a more of a net figure, was there any discussion on that or was it anybody's concern that, like, hey, look, you're showing 75 million, but in reality they're not --

A. Not here. And actually at - at the July meeting I don't think there was any -

There were questions.

142. Q. Mm hmm.

A. I can't remember exactly what they were, and I can't remember exactly which meeting they were at, --

143. Q. Right.

A. -- on third party monitoring. The -- I don't know if in - at this meeting, I don't think at this meeting they actually had the bond --

144. Q. Correct.

A. -- company.

145. Q. I believe - I believe this d- Well, not this one, but the day of that presentation is the day that you took the vote, the 26th.

A. Yup.

146. Q. Right. Okay. so if that helps your memory out. I don't really --

A. Yeah. But I wouldn't remember the exact--

147. Q. Okay.

A. -- date anyway... the thing is. So I don't - The overall um um - that - You're asking if it was the net. We never -- I don't think we saw anything more detailed than this.

148. Q. Okay.

A. You know.

149. Q. But this did raise a - a -a f- a flag to anybody or w- was the question asked, you know, hey,

there's 75 million noted here, but in reality they're - you - they're not go- we know they're not going to get 75 million because the gross loan is 75 million; there's going to be some sort of --

A. I can't --

150. Q. -- commission or--

A. Yeah.

151. Q. -- reduced figure?

A. I can't remember the - I can't remember if there was anybody challenging saying there wasn't going to be enough funds.

152. Q. No. Okay.

A. I don't think - I don't remember that being a concern, I remember the third party monitoring, saying--

153. Q. Yeah.

A. -- you know, we need thir- you know, we need to have someone looking at this --

154. Q. Looking --

A. -- if we're going to spend thir- 75, someone's gotta look at it.

155. Q. Right. Okay.

A. You know.

156. Q. Okay.

A. An outside party, not EDC, not Shilling's company, and --

157. Q. Okay. All right, I think that clarifies things for us. Do you know Mike Corso?

A. Mike Corso. Uh. Yeah, he - was he a -- I know va- Do I? I don't - No. I know the name, I don't really - I don't think I know him.

158. Q. The tax credits.

A. Who?

Ref: 12-3-IV

159. Q. The tax credits, the uh - on entertainment film tax credits?

A. I don't know him. I know the name. There's ... a lot of people I can't remember who were --

160. Q. Okay.

A. Is he involved with Studio 38?

161. Q. Well, you know the tax credit --

A. Oh --

162. Q. -- issue of this?

A. Yeah.

163. Q. Yeah, film tax credits. And ... I guess my question / our question is, was there any discussion about film tax credits during this whole process?

A. There was none.

164. Q. None at all.

A. Not that I remember, no.

165. Q. That's all right.

A. But I did hear about it after when the issue was, you know.

166. Q. ...you did to the media and --

A. After the - you know, the - they

167. Q. Right.

A. -- ran into trouble.

168. Q. Okay. And I guess, you know, the last really important question I - I guess I have is, in hindsight, obviously, it's all hindsight now, and Monday morning quarterbacking, but now knowing that they didn't actually get \$75 million, which presumably now is what they really actually needed, they needed a net figure of around \$75 million to get to the point where they were going to release this game and

Ref: 12-3-IV

hopefully become profitable, do you see any reason why somebody would want to push this through knowing that there - it really wasn't going to work, mathematically, it wasn't going to work--

A. Yeah. No.

169. Q. -- for the business?

A. ... If we had known - if I had known that, --

170. Q. Mm hmm.

A. -- I can't speak for "we," but --

171. Q. Right.

A. -- um, we - obviously , if we didn't think it was going to work, we wouldn't have done it.

172. Q. Right. And I don't mean - I don't mean specifically Board members, anybody, was there any [indiscernible / cross talk] ...

A. I think the EDC, if EDC had - Everything wasn't in a row when this - this happened, you know, all the things like third party, you know, monitoring. Even the bond I don't think was done then, and how much, you know, it was going to -

173. Q. Mm hmm.

A. - it would have came out after is what [indiscernible] .

174. Q. Right.

A. The - it was - otherwise they would have done the proforma with everything in it. You know, the real [indiscernible], you know, the numbers that ended up. So I don't --

175. Q. You - you would hope. Right.

A. You would hope, yeah.

176. Q. Hope, right?

A. And but we were, you know, from our viewpoint would do the same thing, you know,

Ref: 12-3-IV

it's a -- Yeah, well if - if we thought there was anything other than what that was, they would say, let's see what the real numbers are. So I don't think that - You know. But I don't think - I think the way it was presented, I think the way - Remember, Studio 38 was there. I think they way presented it is what they dealt with the EDC.

177. Q. Right. But I think as we - as we all know in reality now is that there were employees of the EDC that knew they weren't going to get the amount that they really needed.

A. And obviously they - them too though, Studio 38...

178. Q. And - and them, right. So that's why I ask the question, is there anything maybe you heard through conversation or - or even in speculation on your part that somebody - even - even knowing that they weren't going to get anywhere near the amount of money they needed to be profitable, thereby, you know, the projection is that they're going to fail, why - why were they - why were they allowed to s- why would this still go through?

A. Right.

179. Q. I mean, 38 Studios had nothing to benefit because they knew they needed more and they were doomed to fail.

A. Right.

180. Q. And --

A. Well the only - the only thing I - is that I don't ever recall when any of the times they were in the meeting they said they needed more, you know, while we were going through it, that they - this wasn't enough.

181. Q. Right.

A. So that's one. I never heard the EDC staff members say that, and I don't recall the Board even - the Board def- I, I don't think we, any of the Board members challenged and said, you know, this isn't going to be enough money.

Ref: 12-3-IV

182. Q. Right.

A. One guy voted against it, Carl Wadstein, and I think Carl would tell you that it wasn't part of the discussion to say, oh yeah, I'm not - I'm voting against it because there isn't enough money, you know, there should be more money. I don't think that was ever the issue at all in his, you know, in his case. But, I mean, I'm not speaking for him, he's just--

183. Q. Right. Understood.

A. You know. But, you know, I don't - If, if there were questions really, I think we would have - I think at all levels would have, with the exception of maybe Stu- Studio 38, if they really were in a dire situation with Mass., or whatever, --

184. Q. Right.

A. -- so maybe they wouldn't. I don't know, and I can't - can't speak for them. But I think everyone had good intentions in doing it, from Studio 38 to the Board to the EDC staff, I think everyone thought it was going to be a good deal.

185. Q. So you're confident if - if 38 Studios came to you and said, we need \$75 million, and all this paperwork's put together, and the final presentations are, yup, they're going to be issued a \$75 million bond, but the net proceeds to them is going to be, you know, \$60 million, you're confident somebody would have probably stepped up and said, hey, wait a minute, you know, 15 million short of what they need.

A. Or the proforma would have changed.

186. Q. Right.

A. Yeah. Which it didn't. Yeah.

187. Q. And you - but you don't remember the timeframe of when you saw that.

A. I honestly don't. I - I think we saw that, I don't - I don't remember exactly, so.

188. Q. Mm hmm.

Ref: 12-3-IV

A. I could have seen it July 26th meeting, and it could have been the meeting after.

189. Q. Right.

A. It wasn't I don't think at the first meeting.

190. Q. Right. But I - I have Minutes here for Ju-- like, June 14th, --

A. Yup.

191. Q. -- which seems to almost be like the pre- the - the initial presentation to the Board.

A. Yeah.

192. Q. And then there's the July 26th, which is a follow up presentation, and then - then the vote. So were there just two Board meetings that - that really discussed in length 38 Studios? You know, the initial one and the second one where it's presented a little bit more information, but then the final vote on the same day?

A. Possibly.

193. Q. Does that sound right?

A. That sounds yes.

194. Q. And if you look at the Minutes here, would that - does it - will that help you out?

A. Whatever the Minutes say, yeah, I mean, I could certainly --

195. Q. Yup.

A. -- look at it. But that's all - I do remember those two meetings, June and July --

196. Q. Okay.

A. --that - that those were discussed. Yep. You know.

197. Q. Any closed-door discussions that you think are important for us to know about?

A. Any what?

198. Q. Any closed-door discussions on it that you think are important for us to know about? As far as not - like not open - open meeting-type discussions? Because there are some closed-door

discussions...

A. They were - I think they were all open meetings. The closed-door meetings were after when the were iss- you know, when - when it all went south, you know...

199. Q. [Indiscernible]

A. Um, not that I can recall.

200. Q. Okay.

A. Yeah. Was there one? I - I don't --

201. Q. I - I'm a- Yeah, I --

A. No, I don't know. It'd be in the thing. But 'cause we--.

[LAUGHING]

202. Q. I don't know, I was there.

A. We do know in executive session I would be in there, um, we'd go in. But I don't think we did on that.

203. Q. Okay.

A. Yeah.

204. Q. Sean Esten, does that name ring a bell?

A. Sean Esten?

205. Q. EDC employee?

A. I don't --

206. Q. Okay. All right.

A. Nope.

207. Q. Okay. Anything ...?

UNIDENTIFIED SPEAKER:Nn nn.

208. Q. Anything else we haven't discussed maybe or that - that I haven't asked you you think is

Ref: 12-3-IV

important for us to know or?

A. No. Nope, it's uh -- No.

209. Q. All right.

DETECTIVE CORPORAL BUONAIUTO: This concludes the interview, it is now 2:30

p.m.

STATEMENT TAKEN BY:

WITNESSED BY:
