

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

CASE #: 12-3-IV
LEAD #: _____

CONTACT REPORT

CASE IDENTIFICATION (NAME/OFFENSE): 38 Studios

PERSON INTERVIEWED: Thomas Zaccagnino
First Middle Last DOB

ADDRESS: [REDACTED]
Street City Telephone #

PLACE INTERVIEWED: Law Office of Michael F. Connolly/Mintz Levin, 1 Financial Center, Boston, Massachusetts

WAS PERSON PREVIOUSLY INTERVIEWED? N FORMAL STATEMENT TO BE TAKEN N
(Y/N) (Y/N)

JUVENILE OR ADULT? _____ PARENT OR GUARDIAN PRESENT IF JUVENILE? _____
(Y/N)

PLACE OF EMPLOYMENT: _____
Address Telephone #

ASSIGNMENT:

DETECTIVE: Lt. Buonaiuto SUPERVISOR: _____

DATE: 11/20/2015 TIME: 10:00am

REPORT: On Friday, November 20, 2015, at 10:00am, Lieutenant Buonaiuto and Assistant Attorney General Patrick Youngs, interviewed Thomas Zaccagnino at the Law Office of Mintz Levin, located at One Financial Center, Boston Massachusetts. Also present during the interview was Zaccagnino's attorney, Michael F. Connolly.

Zaccagnino is a graduate of Yale University where he graduated with a Bachelor of Arts. After graduating Yale he became a professional lacrosse player for several years.

Following his lacrosse career, Zaccagnino took a job with investment firm Goosewing, LLC. Zaccagnino's responsibilities while at Goosewing was to search out investment opportunities for the company.

Zaccagnino first met Michael Corso sometime around 2006-2008 when they both worked on the renovation of the Stone House project in Little Compton, RI. Corso was brought in to work on the project because of his expertise in historic tax credits.

According to Zaccagnino, Corso is one of two people in Rhode Island that are considered experts in Historic and Motion Picture Tax Credits. Zaccagnino identified the second expert as Anthony Gudus of Tax Incentive Finance of 385 South Main Street, Providence.

Zaccagnino met Curt Schilling in Menard Massachusetts when Schilling/38 Studios was renting business space from Zaccagnino's employer at the time. Zaccagnino's employer was an investment/capital finance company and was located in the same building. Schilling came to them seeking a bridge loan (approx.. \$1.5m) for 38 Studios. Zaccagnino explained that his company was successful at finding Schilling the financing, which Zaccagnino was instrumental at putting together. Subsequent to the bridge loan being closed, Zaccagnino had conversations with Schilling about bringing together a Board of Directors at 38 Studios that would impress investors and increase the likelihood of bringing in additional capital. Zaccagnino went on to state that moving forward during their professional relationship, Schilling offered Zaccagnino a position on the 38 Studios Board of Directors and he accepted the offer.

Zaccagnino was not paid by 38 Studios for his work as a Board member, or any other services he may have provided 38 Studios.

Zaccagnino explained that his main responsibilities to 38 Studios was to introduce the company to investors.

Zaccagnino explained that raising capital for a multi-media gaming company is difficult. He compared it to the difficulties that motion picture projects experience. As a result, tax credits are an attractive tool used by gaming companies and the motion picture industry. Because RI had a program, it became one of several states that 38 Studios looked into as possible means of financing.

According to Zaccagnino, Schilling really didn't want to move the business from Massachusetts, but Massachusetts did not have a program that would meet the needs of 38 Studios. Gaming companies were not included in Massachusetts motion picture tax credit legislation. Zaccagnino explained that the company's search for capital was so focused at this point in time that they created a matrix that included all the states and the specific financial incentive programs each offered businesses to relocate within their border.

Zaccagnino remembered Speaker Murphy introducing Schilling to the Massachusetts Speak of the House and stated that Murphy did not get compensated for this introduction. Zaccagnino believes that Murphy did this only because of Curt Schilling's star power.

Zaccagnino explained that 38 Studios executives were no very hopeful that RI was going to be able to provide the needed capital to move the company headquarters to RI. Instead they believed that a smaller amount was going to be offered which would allow the company to open a satellite office in the State. Zaccagnino stated that they were surprised when EDC offered to provide them with the \$75m in capital.

Zaccagnino stated that the initial meeting at Corso's office was to give Stoke's the opportunity to explain the programs RI offered. The second meeting at Corso's office gave Schilling the opportunity to educate EDC and the House Speaker on the history of 38 Studios.

Zaccagnino stated that he has no knowledge of Fox being paid by anyone in exchange for legislative changes that provided the \$75m to 38 Studios.

Zaccagnino stated that 38 Studios fully disclosed the company's need for \$75m to get the game to market. He explained that they ultimately took a smaller amount because they felt confident that they would be able to raise additional capital.

Zaccagnino stated that the risk factors associated with 38 Studios was fully disclosed to EDC and in his opinion, the State took a calculated risk in the deal. If things went well the State was in a position to gain hundreds of high paying tech jobs.

Zaccagnino never spoke with law makers.

Zaccagnino was with Schilling and Corso watching the legislators on TV vote on the Jobs Creation Guarantee Program.

38 Studios Executives never thought that \$75m from Jobs Creation Guarantee Program was earmarked for 38 Studios. Zaccagnino and others from 38 Studios knew that even with the added money in the Jobs Creation Guarantee Program EDC still had to complete their analysis of the company and give final approval for the loan.

Zaccagnino and Corso went to Buff Chase/Cornish Associates/Zach Darrow in an attempt to secure a bridge loan until the anticipated tax credits were issued. They did not approve the loan.

Zaccagnino and Corso approached Brandt Andersen about a bridge loan to make the first loan installment payment and offered the pre-qualified film tax credits as collateral. Zaccagnino explained that Andersen knew that the tax credits were only pre-qualified, not issued when he accepted them as collateral for the loan.

Zaccagnino stated that EDC personnel, to include EDC Director Keith Stokes and EDC Legal Counsel David Gilden guaranteed the immediate release of tax credits as soon as the first loan payment was made. As soon as it was paid, the state refused to issue the tax credits. Zaccagnino further stated that during the initial certification period regarding the tax credits, they had several meeting sessions with Steve Feinberg of the Rhode Island Film & Television Office and taxation to confirm that they were meeting all the requirements necessary to qualify for the credits. During these discussions they were told that they could still get the tax credits if they were a Delaware Corporation, as long as the company was headquartered in Rhode Island and most of their employees were working in Rhode Island. Zaccagnino stated that if they needed to be incorporated in Rhode Island to get the tax credits they would have done so immediately.

Zaccagnino stated that prior to paying the first loan installment payment they had a draft agreement with EDC that included the tax credits and restructuring of the loan agreement which would have avoided the company filing bankruptcy and laying off all of its employees, but after the payment was made, the state withdrew the agreement.

Zaccagnino assumes Governor Chaffee blocked the agreed upon deal at the last minute as soon as the loan payment was made.

DETECTIVE'S SIGNATURE

SUPERVISOR'S SIGNATURE