

ORIGINAL

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

PRELIMINARY COMPLAINT

STATE OF IOWA,)
)
 Plaintiff,)
)
 vs.)
)
 WENDY WEINER RUNGE; MATTHIAS)
 ALEXANDER SAUNDERS; ZACHARY)
 LEBEAU; POLYNATION PICTURES,)
 LLC; MAXIMUS PRODUCTION)
 SERVICES, LLC; THE SCIENTIST, LLC)
)
 Defendants.)
)
)
)
)

Court Case No. FE 237916
 Date of Arrest _____
 SS# / DOB: _____
 Wendy Weiner Runge

 Matthias Saunders

 Zachary LeBeau

 Agency No. DCI 09-57792

FILED
 POLK COUNTY, IA
 2019 JUN - 2 AM 11:18
 CLERK DISTRICT COURT

Defendants WENDY WEINER RUNGE; MATTHIAS ALEXANDER SAUNDERS; ZACHARY LEBEAU; POLYNATION PICTURES, LLC; MAXIMUS PRODUCTION SERVICES, LLC; and THE SCIENTIST, LLC are accused, either as principles or as aiders and abettors, of the following crimes:

COUNT 1 ONGOING CRIMINAL CONDUCT, in violation of §706A.4 and §706A.2(4) of the Iowa Code (2009). The defendants Wendy Weiner Runge, Matthias Saunders, Zachary LeBeau, Polynation Pictures, LLC, Maximus Production Services, LLC, and The Scientist, LLC, on or about July 1, 2008 to October 1, 2009, in the County of Polk and State of Iowa, did commit specified unlawful activity by committing acts for financial gain on a continuing basis, that are punishable as indictable offenses under the laws of the state of Iowa, to wit: A fraudulent practice in the first degree in violation of §15A.3 and §714.9 of the Iowa Code. (A CLASS B FELONY)

COUNT 2 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about August 6, 2008 through December 18, 2008, the defendants Wendy Weiner Runge, Matthias Saunders, Zachary LeBeau, Polynation Pictures, LLC, Maximus Production Services, LLC, and The Scientist, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for

the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project "The Scientist," in which the amount of money involved was approximately \$3,717,229.13. (A CLASS C FELONY)

COUNT 3 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about November 25, 2008, the defendants Wendy Weiner Runge, Matthias Saunders, Zachary LeBeau, Polynation Pictures, LLC, Maximus Production Services, LLC, and The Scientist, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project "Light and Darkness," in which the amount of money involved was approximately \$20,100,213.00. (A CLASS C FELONY)

COUNT 4 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "Forever," in which the amount of money involved was approximately \$5,232,910.00. (A CLASS C FELONY)

COUNT 5 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "The Red Robin," in which the amount of money involved was approximately \$5,013,000.00. (A CLASS C FELONY)

COUNT 6 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in

writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "The Field on the Corner," in which the amount of money involved was approximately \$8,738,062.00. (A CLASS C FELONY)

COUNT 7 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "The Magician," in which the amount of money involved was approximately \$5,013,000.00. (A CLASS C FELONY)

COUNT 8 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "Untitled Hector Echavaria MMA Project," in which the amount of money involved was approximately \$1,862,000.00. (A CLASS C FELONY)

COUNT 9 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "Mall of America Movie," in which the amount of money involved was approximately \$12,465,000.00. (A CLASS C FELONY)

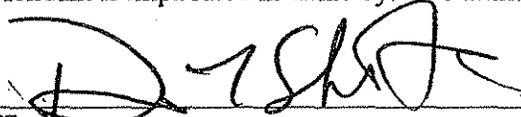
COUNT 10 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a

state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "The End of the Beginning," in which the amount of money involved was approximately \$10,007,800. (A CLASS C FELONY)

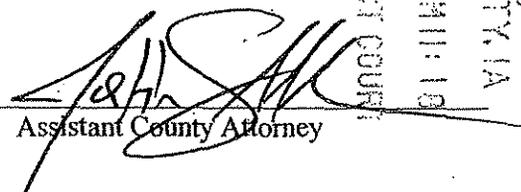
COUNT 11 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "Good Evening '95," in which the amount of money involved was approximately \$14,638,800.00. (A CLASS C FELONY)

COUNT 12 FRAUDULENT PRACTICE IN THE FIRST DEGREE, in violation of §15A.3, §714.8(10), §714.9 of the Iowa Code. On or about June 5, 2009 the defendants Wendy Weiner Runge, Matthias Saunders, Zach LeBeau, Polynation Pictures, LLC, and Maximus Production Services, LLC engaged in deception and knowingly made or caused to be made, directly or indirectly, a false statement in writing, for the purpose of procuring economic development assistance from a state agency or political subdivision made for the benefit of the person or for whom the person was acting. The statement was made concerning the film project, "Cherry Lane," in which the amount of money involved was approximately \$3,500,000.00. (A CLASS C FELONY)

Defendant is implicated in crime by: See attached Affidavit



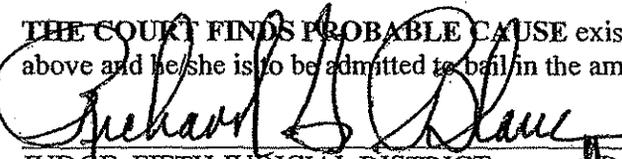
Officer
Don J. Schnitker
Special Agent
Division of Criminal Investigation



Assistant County Attorney

FILED
POLK COUNTY, IA
2010 JUN -2 AM 11:10
CLERK DISTRICT COURT

THE COURT FINDS PROBABLE CAUSE exists to detain the Defendants for the charge(s) set forth above and he/she is to be admitted to bail in the amount of **\$10,000** cash or surety.



JUDGE, FIFTH JUDICIAL DISTRICT Date 6/2/2010

STATE OF IOWA, County of Polk, ss.,

AFFIDAVIT

I, the undersigned, being duly sworn, state that the following facts known by me or told to me by other reliable persons form the basis for my belief that between, the summer of 2008 and the fall of 2009, defendants utilized a scheme to defraud the Iowa Film, Television, and Video Project Promotion Program ("IFTVPPP") and that by means of this scheme they fraudulently obtained \$1,850,777.85 in tax credits from the State of Iowa and attempted to obtain more than \$57,000,000 in tax credits.

Iowa Film, Television, and Video Project Promotion Program

In 2007, the State of Iowa joined many other states by creating a movie production incentive program. The purpose of such programs is to stimulate growth of the local film-making industry to improve the State's economy and provide jobs. The Iowa General Assembly created the Iowa Film, Television, and Video Project Promotion Program ("IFTVPPP") as set forth in Chapter 15 of the Iowa Code. See Iowa Code §15.391 et seq. (2007) ("the Act"). The Iowa Film Office, a division of the Iowa Department of Economic Development (IDED) administers the IFTVPPP. At all times pertinent to this case, the Act allowed filmmakers who produce films in Iowa, and investors who invest in such films, to receive tax credits to offset a portion of the cost of making a film in Iowa.

Tax credits are used as dollar-for-dollar reductions of tax liability to the State of Iowa. In lieu of paying taxes in cash, a taxpayer can submit tax credits in satisfaction of an equal dollar amount of tax obligation to the State of Iowa. The Act also allows for producers of or investors in IFTVPPP projects to transfer or sell the tax credit certificates they receive from the State. Because of this provision, film tax credits are dollar-for-dollar (less any discount and brokerage fee) exchangeable for cash by sale (transfer) to individuals and institutions with substantial tax obligations to the State of Iowa. Because there is a market for such tax credits among individuals and institutions with large quarterly Iowa tax obligations, producers and investors of IFTVPPP projects can quickly turn any tax credits they receive into cash.

For each dollar the State issues in film tax credits, the State receives one dollar less in tax revenue. The effect on Iowa's treasury is the same, whether the State would issue a dollar in film tax credit, or pay a dollar in cash to the filmmaker directly from the State's coffers in the form of a grant or rebate.

The Iowa Film Office, under the management of Tom Wheeler, approved several procedures that made the program vulnerable to fraud. Wheeler permitted filmmakers, including those involved in the film project described below, to utilize "services in kind" ("SIK") in support of claimed expenditures for tax credits. Under this policy, some filmmakers entered into a variety of non-cash transactions which they claimed as "expenditures." These non-cash "expenditures," sometimes constituted the majority of the filmmaker's entire claimed budget (for an example of this, see "The Scientist" below). These non-cash expenditures were submitted to the Iowa Film Office in order to

receive tax credits equal to 50% of the value the parties assigned to the transaction. In this way, millions of tax dollars which were intended to help create Iowa jobs and to stimulate Iowa's economy were granted for services-in-kind in which no money changed hands, but which were supposedly claimed at the fair market value of the services.

Wheeler also permitted owners of the production company to provide "qualifying expenditure" services to the film project, provided that the service provider entity and production company had different tax IDs. In other words, an individual could be the owner of the production company and the service provider and essentially "pay" themselves through service-in-kind payments and collect tax credits on that value. This artifice, which was among those employed by the producers of the film projects described below, allowed issuance of expenditure tax credits for payments to producers, directors, and others who are expressly excluded in the Act's definition of "qualified expenditures."

Despite the foregoing and other policies that exposed the program to fraud, neither the State of Iowa nor anyone acting on behalf of the State of Iowa, ever agreed that false, inflated, or nonexistent "expenditures" could be used to support tax credit claims. Nor could any such agreement, if it did exist, protect such a film maker from criminal liability for such conduct.

The Defendants

Defendant Wendy Weiner Runge ("Weiner") is a resident of Minnesota, a professional film producer, an owner, a business partner of defendant Zachary LeBeau, principal and managerial agent of defendant Polynation Pictures, LLC ("Polynation") and defendant The Scientist, LLC.

Defendant Zachary LeBeau ("LeBeau") is a resident of Minnesota, a professional film maker, a business partner of defendant Weiner, and an owner, partner, principal and managerial agent of defendants Polynation and The Scientist, LLC.

Defendant Matthias Saunders ("Saunders") is a resident of Minnesota, a professional film maker, a business partner of defendant Weiner, and an owner, partner, principal and managerial agent of defendant Polynation. Saunders is also the owner, principal and managerial agent of "Maximus Production Services, LLC" ("Maximus").

Defendant Polynation Pictures, LLC is an Iowa Limited Liability Company owned by Chase Brandau, and defendants LeBeau, Weiner, and Saunders. Defendant Polynation was formed in 2008 for the purpose of utilizing IFTVPPP.

Defendant Maximus Production Services, LLC is incorporated as a limited liability company in both Minnesota and Iowa and is owned by defendant Saunders. Maximus was incorporated in Minnesota in September, 2008—just prior to when filming of "The Scientist" began.

Defendant The Scientist, LLC is an Iowa Limited Liability Company owned by defendants LeBeau and Weiner. Defendant The Scientist, LLC was formed in 2008 for the purpose of making the film, "The Scientist," utilizing IFTVPPP. The Scientist, LLC is being charged for its involvement in the film projects "The Scientist" and "Light and Darkness." The term "the defendants" below, only refers to The Scientist, LLC if it used in reference to "The Scientist" or "Light and Darkness." In all other instances, "the defendants" refers to Wendy Weiner Runge, Zach LeBeau, Matthias Saunders, Polynation Pictures, LLC, and Maximus Production Services, LLC.

Polynation Pictures' Film Projects

"The Scientist"

The partners and senior management of defendant Polynation are Chase Brandau, and defendants LeBeau, Saunders, and Weiner. The senior executives of the film project, "The Scientist," are Weiner (executive producer), LeBeau (producer and director), Chase Brandau (editor and post-production supervisor), Saunders (line producer and director of photography), and Michelle "Shelly" West (unit production manager).

West Productions, LLC (West Productions) is an Iowa limited liability company created by Shelly West to serve as an Iowa "pass through" entity through which "Iowa expenditures" eligible for tax credits were to be made by defendant Polynation to vendors both in and out of the State of Iowa.

During the summer of 2008, defendant Weiner communicated with Wheeler regarding IFTVPPP and the possibility that her company, defendant Polynation, might make a film in Iowa that would qualify for tax credits.

On or about August 6, 2008, Shelly West, on behalf of defendant Polynation and its defendant principals, submitted to Wheeler an "Application for Registration" of a science fiction feature length drama entitled, "The Scientist." The application listed defendant Polynation Pictures as the "Production Company to Receive Incentive." The application listed defendant Weiner as the "Contact Name." The block of text above the signature line on the application reads as follows:

"I hereby certify that all representations, warranties, or statements made or furnished to IDED in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision."

The e-mail submission of the IFTVPPP application for "The Scientist" also contained attachments which outlined the proposed budget for the film. One document outlined a cash budget of \$167,250 and a service-in-kind budget of \$600,000, amounting

to a total budget of \$767,250, which was listed on the application. In an attached letter, Weiner explains to Tom Wheeler:

“These SIK investments are essential to the successful final cut of THE SCIENTIST because the quality of the film is elevated ten-fold when the story is visually enhanced by Maximus Rentals, LLC, who will provide \$250,000 of high definition cameras, lenses, and lighting equipment as a SIK investment. The post-production sound company we have selected, Buzz Cutz Audio, Inc, will be advancing SIK valued at \$150,000. These are just a few of the commitments that will bring the total SIK investment to \$600,000.”

On or about August 27, 2008, Director Michael L. Tramontina, on behalf of IDED, acting upon the recommendation of Wheeler, approved the “Request to Contract” for the film project, “The Scientist.” This approval form listed defendant Polynation Pictures as “Production Company to Receive Incentive;” listed “Production Dates” of October 2, 2008 as “start of production activity” and November 7, 2008 as “end of production activity;” and listed Council Bluffs, Iowa as “production location.”

On or about September 23, 2008, defendant Weiner, on behalf of Polynation, signed a contract with IDED to make “The Scientist” with incentives from IFTVPPP. The film project had an estimated production budget of \$767,250.00, of which an estimated \$625,000.00 was to be spent in Iowa. The contract was signed on behalf of Polynation by defendant Weiner, dated September 23, 2008, and upon the recommendation of Wheeler, was signed by IDED Assistant Director Lintz one week later, dated “September 30, 2009” (sic).

At some later date, this contract was amended by increasing the estimated budget to \$1,795,387.00, of which an estimated \$1,700,000.00 was to be spent in Iowa. The contract review form and final contract approval signature page were moved from the original contract to the amended contract, so that the amended contract, with increased budget, purports to have been executed in September, 2008.

During the months of October and November, 2008, the defendants filmed “The Scientist” on locations in Omaha, Nebraska, Bellevue, Nebraska, and Council Bluffs, Iowa. The cast and crew consisted primarily of residents of Minnesota and Nebraska. The producers of “The Scientist” listed their film on the Internet Movie Data Base (“IMDB”), the primary website for information about movies, actors, and filmmakers. Under the category “Filming Locations,” they listed only “Omaha, Nebraska, USA.” After initial theft charges were filed in February 2010, the IMDB page for “The Scientist” was changed to reflect “Council Bluffs, IA” as the filming location.

In addition to being the owner and manager of Maximus Production Services, as well as a business partner of defendant Weiner and part-owner of Polynation, defendant Saunders, was also employed by defendant Polynation Pictures as line producer and director of photography on “The Scientist.” The term “line producer” in the filmmaking

industry refers to one whose primary duty is to help develop the budget and keep the cost of production within budget.

On or about September 14, 2008, Maximus prepared an invoice for "The Scientist" for three rental packages, including a camera rental package, a lighting rental package, and a 5-ton grip truck, all at a weekly rate for five weeks. The total on this invoice for these three rental packages was \$55,000.00. This package, alone, could satisfy the grip, lighting, and camera needs for a film the size of "The Scientist." Defendant Weiner submitted this invoice to Tom Wheeler on September 23, 2008, referring to it as one of four "pre-invoices for our Services In Kind investors."

On or about September 24, 2008, defendant Saunders contacted Craig Ladwig at Lights on Nebraska, a grip and lighting rental house in Omaha, NE. Saunders requested that Ladwig prepare a rental quote for grip and lighting equipment for use on "The Scientist." Ladwig prepared a quote for a 3-ton grip and lighting package and supplemental equipment totaling \$16,807.56. Ladwig's package did not include camera equipment. Ladwig did not receive the contract. Ladwig later heard that Tasty Lighting Supply out of Minneapolis had won the contract for around \$10,000.

On or about September 24, 2008 defendant Saunders contacted Michael Hendley at Tasty Lighting Supply in Minneapolis, MN. Hendley prepared a contract for Matthias Saunders for a 3-ton grip and lighting package for use on "The Scientist" from 10/05/08 to 11/14/08 for \$9,420.00. Including transportation fees, the contract totaled \$10,000. The package did not include camera equipment. Matthias Saunders signed the contract on behalf of "The Scientist" on October 5, 2008. On or about October 15, 2008, Hendley also prepared a supplemental package for Saunders and "The Scientist" valued at \$2,050.

The Department of Criminal Investigation interviewed a crew member who worked closely with the grip and lighting equipment on "The Scientist." The crew member stated that, to his knowledge, all grip and lighting equipment present on the set came from Tasty Lighting Supply.

On or about November 17, 2008, defendant Saunders provided to Defendants Weiner, Polynation, and The Scientist, LLC, and to West Productions, a \$2,529,555.69 itemized invoice for services from Maximus to the film project, "The Scientist." Grip and lighting equipment accounted for \$2,018,925 of the invoice—the remainder was for camera equipment and labor. Based on the statements of the crew member that all grip and lighting equipment came from Tasty Lighting Supply, the Maximus invoice inflated the cost of grip and lighting for "The Scientist" by 16,000% (\$12,050 to \$2,018,925).

On or about November 18, 2008, Defendant Weiner forwarded this invoice and others to Wheeler in support of a claim for tax credits to be issued to defendants Polynation and The Scientist, LLC. Defendant Weiner, on behalf of herself and her codefendants and other investors in the film project, represented to Wheeler that

defendants Polynation had made Qualified Iowa Expenditures, including "services in kind," valued at fair market value, totaling \$3,701,555.69.

The \$2,529,585.00 invoice from Maximus itemized services for the film project, "The Scientist." These itemized "services" include filmmaking equipment valued on the basis of daily rental of each piece of equipment for a period of 45 days. Most, if not all of these equipment rental amounts were highly inflated far beyond fair market value. Among other items, Maximus' invoice notes the following 45-day rental charges:

- one (1) push broom - \$225.00
- one (1) hand broom - \$225.00
- six (6) road cones - \$1,350.00
- one (1) metal rake - \$225.00
- one (1) pick axe - \$225.00
- two (2) 4' step ladders - \$900.00
- two (2) 6' step ladders - \$900.00
- one (1) 8' step ladder - \$900.00
- one (1) 10' step ladder - \$900.00
- one (1) 12' step ladder - \$1,125.00
- one (1) 24' extension ladder - \$1,350.00
- one (1) sledgehammer - \$225.00
- two (2) shovels - \$450.00

Most of these items could be rented as part of a grip package. According to a package list on Tasty Lighting Supply's website, a 3-ton grip package—like that rented by Saunders for a total of \$9,420 for "The Scientist"—includes, among a few hundred other items:

- One (1) broom
- Five (5) road cones
- One (1) rake
- Two (2) 4' step ladders
- One (1) 6' step ladder
- One (1) 8' step ladder
- One (1) 12' step ladder
- One (1) sledgehammer
- One (1) shovel

Even if all the items listed on the Maximus invoice were in addition to that provided by Tasty Lighting Supply, the daily rental values provided by Maximus appear to be far beyond the fair market rate. The following chart compares daily rental rates for a sample of 10 items listed on the Maximus invoice with the prices listed on the Tasty Lighting Supply website and the website of Cinequipt, another reputable Minneapolis-based rental house:

Daily Rental Rates

Item	Maximus	Tasty	Cinequipt
6 Road Cones	\$30.00	\$9.00	\$12.00
8 Furniture Pads	\$40.00	\$14.00	\$14.00
4 Steel Combo 2-Riser	\$80.00	\$16.00	\$18.00
4 Steel Combo 3-Riser	\$120.00	\$18.00	\$28.00
10 Quarter Apple Box	\$50.00	\$22.50	\$22.50
10 Pancake	\$50.00	\$22.50	\$22.50
12 Full Apple Box	\$60.00	\$27.00	\$27.00
12 Half Apple box	\$60.00	\$27.00	\$27.00
1 Doorway Dolly	\$75.00	\$40.00	\$35.00
1 Taco Cart	\$50.00	\$25.00	\$32.50

The invoiced values of hundreds of other itemized services and equipment rentals, together totaling \$2,529,585.00, are similarly inflated far beyond fair market value for daily rental rates. Most, if not all of the itemized rental items could have been purchased several times over for the total amounts that Maximus listed on its invoice for service-in-kind rental fees.

Likewise, the invoice from Maximus itemizes services for labor. These services are priced at several times the rate at which comparable labor was readily available in the market.

The invoice also inflated the number of days equipment was used on "The Scientist." The Maximus invoice charges for 45 days of rental. According to a DCI interview with defendant Weiner, filming for "The Scientist" was completed in 33 days. The 45-day rental period on the Maximus invoice represents a 36% inflation of the number of days the film actually needed the equipment.

The Maximus invoice is also highly inflated because it fails to account for the industry practice of packaging and discounting which leads to significant reduction in rental costs. While rental houses such as Tasty Lighting or Cinequipt have daily rental rates for their items, the industry standard is to rent packages of equipment at a discount, especially when the project is to last for more than a few days. No film project shooting for weeks at a time would agree to pay the daily rental rates for each day of shooting. They would negotiate a package deal with the rental house that would include most, if not all of the necessary equipment for the project. If a project were to rent hundreds of individual items for a day at a daily rental rate, it might cost tens of thousands of dollars per day. However, if the project rented those same items as part of a package, it might only cost a few hundred dollars for the day.

Furthermore, while the package (i.e. a 3-ton grip truck), would have a daily rental rate, the industry standard is to rent items and packages by the week. In most cases, this

weekly rental is billed as two (2) days. Therefore, if the daily rental rate for a 3-ton grip is \$500, the weekly rental rate would be \$1000.

An example of this practice can be seen in the contract defendant Saunders negotiated with Tasty Lighting Supply. In that contract, Saunders agreed to rent a 3-ton grip truck with a rental period of 10/05/2008 to 11/14/2008 (6 weeks). The contract states, "AGREED RATE IS \$785/DAY @ A 2 DAY RENTAL WEEK EQUALING \$9420.00 DUE ON RECEIPT OF EQUIPMENT." If Saunders had rented each item in the truck individually at a day rate for all days of shooting, his bill would likely have been hundreds of thousands of dollars. The practice of packaging and discounting, however, makes the actual cost a tiny fraction of that amount. It is deceptive, false, and fraudulent for defendants to represent to the State that the Maximus invoice was the fair market value for services rendered to the film.

Furthermore, of the hundreds of items invoiced on the Maximus invoice, at least twenty-five (25) items each appear at two separate places on the invoice. These twenty-five items, if each were counted only once, would total \$525,375.00. Because each of these items was listed twice on the invoice, they collectively account for \$1,050,750.00 of the \$2,529,585.00 invoice. This invoice, in addition to greatly exaggerating the value of each item, duplicated over half a million dollars in charges – all of which were submitted in support of defendants' claim for tax credits.

In addition, services separately itemized and accounted for by the West Productions' \$3.2 million invoice, are duplicated on the Maximus invoice, creating even more double-billing. The West invoice also claimed an additional expenditure of \$55,000.00 to Maximus for equipment rental, as per its original September 14, 2008 invoice. This is yet another example double-billing.

As can be seen from the various examples above, the expenditures claimed by defendants were falsified and exaggerated far beyond their actual or fair market value. The entire amount of the invoice from Maximus was claimed as "qualified Iowa expenditures" eligible for tax credits. The final production expenditures claimed by defendants after completion of filming totaled \$3,701,555.69, every dollar of which, including payments to producers, directors and principal cast, was claimed by the defendants as a qualified Iowa expenditures. Based on these claims, much of which was falsified and/or inflated, IDED, at the express recommendation and approval of Wheeler, issued tax credits worth \$1,850,777.85 or 50% of the claimed "expenditures."

On or about November 25, 2008, Matthias Saunders, acting as President/owner of Maximus, assigned Maximus Production Services, LLC's interest in tax credits to The Scientist, LLC.

On or before December 17, through tax credit broker/film investor/Iowa film consultant Chad Witter, the defendants sold to third parties their rights to the tax credits for "The Scientist."

On December 17, Chad Witter provided Wheeler with the identities of the purchasers of "The Scientist" tax credits, and the amount to be placed on each certificate, totaling \$1,850,777.85.

On or about December 18, 2008, Wheeler prepared film tax credit certificates to transferees, in accordance with Witter's request, totaling \$1,850,777.85. On December 18, 2008, Wheeler delivered these certificates to his supervisors, Tramontina and Lintz, and requested their "prompt signature," stating that, "The project was shot entirely in Council Bluffs," and that "The total qualified for in-state expenditures for the project were \$3,701,555.69."

Based upon Wheeler's representation that he had verified the eligibility for tax credits under the Program, IDED issued expenditure tax credits for the film project, "The Scientist," totaling \$1,850,777.85.

In summation, the values of services provided to "The Scientist" were inflated far above fair market value as part of a scheme to obtain tax credits from the State of Iowa in excess of the amount for which this project could properly qualify. The defendants obtained tax credits which totaled far more than the value they were entitled to. They accomplished this by engaging in a series of acts including creation and submission of false budgets, false invoices, and other false documents, in support of a fraudulent claim for \$1,850,777.85 in tax credits.

Because of this scheme to obtain Iowa film tax credits, even before marketing, distributing or showing "The Scientist," the defendants were able to boast on the Polynation Pictures website that "The film is completely debt free as our investors have been re-paid and they have already received a healthy return on their investment."

In December of 2009, pursuant to its rights under each of the IFTVPPP contracts, the State of Iowa requested documentation of expenditures from fourteen film producers who had received tax credits from the Iowa Film Office. Of these recipients of Iowa film tax credits, the producers of "The Scientist," were alone in refusing to provide documentation of their expenditures.

"Light and Darkness"

On or about November 25, 2008, defendant Weiner, on behalf of Polynation Pictures, submitted to the State an application for the film, "Light and Darkness." The production company listed on the application was Polynation Pictures with a website listed as www.inthebubble.net. The application listed Wendy Weiner as the contact person. The application listed Jono Matt as the line producer and Shelly West as the unit production manager. The application listed The Scientist, LLC as the investor entity. The application listed a total budget for the film of \$20 million.

In the Bubble Development, LLC is a Minnesota corporation owned by defendants Weiner and LeBeau. As of January 2010, the website www.inthbubble.net

listed "Light and Darkness" as one of its upcoming film projects. On the website, the budget for "Light and Darkness" was \$2.5 million. The website is no longer active and was taken down shortly after theft charges were filed in February 2010 against defendants Weiner, Saunders, Polynation Pictures, LLC, The Scientist, LLC, and Maximus Production Services, LLC.

In a 43 page private offering memo created by defendants Weiner and LeBeau for In the Bubble Development, LLC, a top-sheet budget for "Light and Darkness" is provided for prospective investors. The budget provided indicates a total budget for "Light and Darkness" of \$2.5 million. A similar top-sheet budget was provided to the State along with the "Light and Darkness" IFTVPPP application indicating a total budget of \$20 million. In neither case are the budgets detailed beyond general expenditure categories.

The line producer is one of the most important members of the crew and is often the first hire on a film project. The line producer often creates the budget for the film and oversees the implementation of the budget throughout filming and production. Despite the importance of this job, defendants opted to list Jono Matt as their line producer on "Light and Darkness." Jono Matt was 21 at the time the "Light and Darkness" application was filed with the State. Prior to being listed as line producer on "Light and Darkness" Matt's film experience consisted of working as a production assistant on "The Scientist" where his duties included cutting apples for crew members and sweeping floors.

"Light and Darkness" employed the same scheme as "The Scientist" whereby the producers planned to secure funding from private investors to cover the cost of production, submit inflated budgets to the State, collect more in tax credits than they spent on the film, and use tax credit proceeds to pay back their investors along with a healthy return—all without having to ever market or actually sell the film. In other words, they removed all risk from the film making venture. In an article written by defendant Weiner described the process as such:

Our company is based in Iowa because of an exceptional economic development program that provides film makers with rebates that are awarded through a contract. This program provides Polynation Pictures with sellable Iowa State tax credits, and we use that money to repay our investors. This business model is sound, and our investors and partners are excited about making money while we make magic... Polynation Pictures LLC has proven that our business model is sound, our investors are getting in on a wonderful opportunity to enjoy a healthy return on this fun investment with *very little risk...* (italics added)

June 5, 2009 Mass Submission of Applications

In 2009, the State legislature imposed an annual cap on all tax credits allowed under IDEED's programs. IDEED's board set an annual cap of \$50 million for the IFTVPPP. The cap went into effect for all projects approved after July 1, 2009.

On or about June 5, 2009, defendants submitted a total of 13 IFTVPPP applications and budgets for film projects. On or about June 5, 2009 defendants submitted paper applications for two additional projects. The total amount of the budgets from all 15 applications came to \$133,648,790.

As can be seen below, some of these projects had no script or were nowhere close to being ready for production. Thus, submission into IFTVPPP as a project with a budget ready for production was premature and deceptive. Some projects listed individuals as holding key production positions who had never agreed to serve in such a position. Some of these applications took projects from other producers, inflated the budgets for the films, and submitted the inflated budgets to the State.

The proximity in time of this mass submission to the enforcement of the tax credit cap indicates that defendants intended to carry out their scheme without being subject to the tax credit cap, regardless of whether or not the projects were able to be produced any time in the near future. If tax credits were issued based upon the representations contained in these 15 additional applications and budgets, defendants would have been able to claim \$57,247,735.50 in tax credits. Of the 15 film projects, 9 of the applications and/or budgets contain false, fraudulent, or deceptive statements by defendants. These are described below.

"Forever"

One of the 15 projects submitted on June 5, 2009 was a film entitled "Run." With the help of Tom Wheeler in the Iowa Film Office, defendants were able to substitute the film "Forever" for "Run" even though the change came after the July 1, 2009 deadline.

Jen Dubin and Cora Olson were the original producers on the "Forever" film project. They operate a production company, Present Pictures, in Los Angeles, CA. Defendants Wendy Weiner and Zach LeBeau connected with them through Dubin and Olson's attorneys. Dubin and Olson agreed to have Polynation Pictures produce "Forever" under the IFTVPPP. In the course of their dealings with defendants, Dubin and Olson understood that they had to rent any equipment for the film through defendant Maximus Production Services, LLC.

Dubin and Olson had previously prepared a budget for "Forever" of \$1,654,559. On the original budget, costs for "Camera" were estimated at \$55,680. Costs for "Set Lighting/Set Operations" were estimated at \$89,917. On August 24, 2009, Zach LeBeau sent a revised "SIK budget" for "Forever" to Dubin and Olson. This budget indicated that it was prepared by Matthias Saunders and Zach LeBeau. It represented \$5,232,910

as the cost of the film. The budget indicated "Camera" costs of \$1,236,980 and "Set Lighting/Set Operation" costs of \$1,422,287. This \$5,232,910 budget was sent by Zach LeBeau to Wendy Weiner, who forwarded it to the State of Iowa on August 19, 2009. Although the \$5.2 million budget sent to Dubin and Olson indicated that the budget was prepared by Saunders and LeBeau, the budget submitted to the State added Jen Dubin's name without her knowledge or consent.

The \$5.2 million budget submitted to the State also contained detailed line-item information under "Camera" and "Set Lighting/Set Operations." Under both sections, line-items correspond to the Maximus Production Services invoice submitted for "The Scientist." Like in the case of "The Scientist," the estimated costs do not account for the industry practice of packaging and weekly discounts. All items are charged on a daily basis at severely inflated prices. The chart below compares daily rates for a sample of items as indicated by Maximus Production Services invoice for "The Scientist" and the budget submitted to the State for "Forever." The last column gives an approximate retail price for purchasing the item new:

Item	"The Scientist" Daily Rental Rate	"The Scientist" Total (45 Days)	"Forever" Daily Rental Rate	"Forever" Total (20 Days)	Approximate Retail Price*
D Ring	\$1.00	\$45.00	\$5.00	\$100.00	\$2.00
Combination Lock	\$1.00	\$45.00	\$5.00	\$100.00	\$4.00
Furniture pad	\$5.00	\$225.00	\$20.00	\$400.00	\$20.00
Spud Adapter	\$2.00	\$90.00	\$10.00	\$200.00	\$25.00
Mafer Clamp	\$2.00	\$90.00	\$15.00	\$300.00	\$28.00
Flex Arm	\$2.50	\$112.50	\$15.00	\$300.00	\$32.00
Baby Pipe Clamp	\$5.00	\$225.00	\$25.00	\$500.00	\$33.00
Gaffer Grip w/ Spud	\$5.00	\$225.00	\$15.00	\$300.00	\$40.00
Bedboard Holder	\$5.00	\$225.00	\$15.00	\$300.00	\$50.00
Cardenelli Clamp	\$5.00	\$225.00	\$20.00	\$400.00	\$60.00
RED AC Power Cable	\$25.00	\$1,125.00	\$100.00	\$2,000.00	\$135.00
20" C-Stand	\$10.00	\$450.00	\$20.00	\$400.00	\$150.00
8 Gigabyte Compact Flashcard	\$10.00	\$450.00	\$75.00	\$1,500.00	\$165.00
40" C-Stand	\$12.50	\$562.50	\$20.00	\$400.00	\$175.00
Hi-Hat	\$25.00	\$1,125.00	\$50.00	\$1,000.00	\$225.00
Hi Hi Roller	\$12.50	\$562.50	\$50.00	\$1,000.00	\$400.00
RED Brick Battery	\$25.00	\$1,125.00	\$75.00	\$1,500.00	\$450.00

Mombo Combo	\$20.00	\$900.00	\$30.00	\$600.00	\$470.00
Compact Flashcard Reader	\$25.00	\$1,125.00	\$75.00	\$1,500.00	\$500.00
Doorway Dolly	\$75.00	\$3,375.00	\$150.00	\$3,000.00	\$2,150.00
12K HMI Fresnal	\$250.00	\$11,250.00	\$600.00	\$12,000.00	\$15,000.00

* Retail price is approximated from comparing prices available from various sources on the internet.

The above chart demonstrates the extent to which the defendants attempted defraud the State. After succeeding in obtaining tax credits for the inflated Maximus invoice in "The Scientist," the defendants tried to expand the fraud by inflating values even further. Comparing the above prices, the defendants doubled, tripled, or even quadrupled the daily rental rates from "The Scientist." Furthermore, by comparing the total rental prices for both projects with the cost of purchasing the item new, the claimed rental rates, in most cases, could have purchased the item many times over. By inflating the values for camera, grip, and lighting equipment, the defendants intended to defraud the State and collect more in tax credits than they were entitled to under IFTVPPP.

"The Red Robin"

Defendant Weiner submitted the IFTVPPP application for "The Red Robin" on June 5, 2009. The application indicated defendant Polynation Pictures as the production company and defendant Weiner as the contact name. Michael Wechsler was listed as the line producer and single-investor entity. The application indicated a budget of "Five million." Submitted along with the application was an excel spreadsheet budget indicating a total budget of \$5,013,000.

On or about March 24, 2010, the Iowa Department of Criminal Investigation conducted a phone interview with Michael Wechsler. Wechsler indicated that he was connected to Polynation Pictures through his attorneys at Reder & Feig, who also represented Jen Dubin and Cora Olson. Wechsler was told by his attorneys that Polynation Pictures had \$1 million they were looking to invest in a film project. Wechsler agreed to send defendants his script and a budget for the film. Despite the fact that Wechsler never agreed to serve as line producer or as an investor on the film, defendants listed Wechsler as both on the IFTVPPP application.

Furthermore, Wechsler was told by Polynation Pictures via defendants Weiner and LeBeau that Polynation wanted to produce the film for between \$800,000 and \$1 million. They asked Wechsler if he could produce "The Red Robin" for that amount. Wechsler indicated to them that he could and prepared a budget to that effect. A budget prepared by Wechsler dated 7/31/09 indicates "The Red Robin" budget at \$998,689.

Wechsler described the \$5,013,000 budget for "The Red Robin" submitted by defendants as "farfetched" and "fraudulent." Wechsler also indicated that it was false for defendants to list him as line producer or as an investor on "The Red Robin."

Although there was no detail to the Polynation "Red Robin" budget, comparing Wechsler's budget with that submitted by defendants shows many examples of where defendants planned to inflate charges. The chart below shows examples of this inflation:

Budget Category	Wechsler Budget for "The Red Robin"	Defendants' Budget for "The Red Robin"
Principal Cast	\$221,202	\$1,100,000
Set Dressing	\$12,638	\$250,000
Set Lighting	\$27,602	\$125,000
Camera	\$50,987	\$125,000
Film/Lab	\$57,000	\$350,000
Editorial	\$38,189	\$250,000
Music	\$15,000	\$300,000
Post Production Sound	\$12,000	\$550,000

"Hector Echevarria Untitled MMA Project"

On or about June 5, 2009, defendants submitted an IFTVPPP application for "Hector Echevarria Untitled MMA Project." The application listed Polynation Pictures as the production company with defendant Weiner as the contact person. The application listed a budget of \$1,862,000. The application listed Hector Echevarria, an MMA fighter with no behind-the-camera film experience, as the line producer. The application also listed the investor entity as "Hector Echevarria" with a contact name of Michael Wechsler. Michael Wechsler informs the State that he has no connection with the Hector Echevarria project and never authorized anyone to list his name on an application into the IFTVPPP tax credit program.

Furthermore, Hector Echevarria's attorney, Ben Reder, informs the State that the proposed budget for the film project was between \$700,000 and \$800,000.

"The Magician"

On or about June 5, 2009, defendants submitted an IFTVPPP application to the State for a film project entitled "The Magician." The application lists a budget of \$5,013,000. The budget is identical to the one submitted for "The Red Robin." The state is informed by members of the film industry that identical budgets for two separate projects is near impossible and is indicative of baseless numbers being used for the budget.

An interview with Jono Matt revealed that "The Magician" was defendant LeBeau's "sports dream project" and was only one that the defendants were "hoping" to do at some point. In other words, the defendants had done no preliminary work for determining a budget or having any basis to submit the project to the IFTVPPP tax credit program.

"End of the Beginning"

On or about June 5, 2009, defendants submitted an IFTVPPP application to the State for a film project entitled "End of the Beginning." The application and accompanying documentation indicated a budget of \$10,008,800. Jono Matt informs the State that at the time the application was submitted, the project had no script. Members of the film industry inform the State that it is highly unlikely defendants could submit a legitimate budget for a project without a script. Matt informs the State that the plan was for him to direct this film project one day when he was older.

The budget for "End of the Beginning" exhibits unusually high values for lighting and camera (\$300,000 and \$500,000, respectively) budget categories. This is consistent with the inflation methods used by defendants on projects discussed above.

"Mall of America Movie"

On or about June 5, 2009, defendants submitted an IFTVPPP application to the State for a film project entitled "Mall of America Movie." The application listed a budget of \$4,100,213. An attached top sheet budget, however, indicated a budget of \$12,465,000. There is no explanation for why one budget would be three times as large as the other. The application states that James Watson, a lawyer and accountant in Council Bluffs, would serve as the production accountant. Watson informs the State that he never agreed to serve as production accountant for the Mall of America project.

Jono Matt informs the State that at the time the application was submitted, the project had no script. Members of the film industry inform the State that it is highly unlikely defendants could submit a legitimate budget for a project without a script. Matt also informs the State the project's origin stems from a desire by Mall of America management to have a film shot in the Mall of America. The Mall of America is located in Minneapolis, MN and not in the State of Iowa.

Furthermore, the \$12,465,000 budget submitted by defendant exhibits unusually large values for camera and lighting equipment. This is consistent with the inflation schemes employed by defendants in the projects described above.

“Good Evening ‘95”

On or about June 5, 2009, defendants submitted an IFTVPPP application for a film entitled “Good Evening ‘95.” The application listed a budget of \$15,000,000. Supporting documentation listed a budget of \$14,638,800.

Jono Matt informs the State that at the time the application was submitted, the project had no script. Members of the film industry inform the State that it is highly unlikely defendants could submit a legitimate budget for a project without a script.

The budget for “Good Evening ‘95” exhibits unusually high values for lighting and camera (\$900,000 and \$500,000, respectively) budget categories. This is indicative of the inflation methods used by defendants on projects discussed above.

“Cherry Lane”

On or about June 5, 2009, defendants submitted an IFTVPPP application for a film entitled “Cherry Lane.” The application listed a budget of \$3,500,000. Supporting documentation listed a budget of \$2,347,000. There is no explanation for the variance in the two budgets. The application also listed Council Bluffs attorney/accountant, James Watson, as both line producer and production accountant. Watson informs the State that he did not agree to serve in either position.

In a 43 page private offering memo created by defendants Weiner and LeBeau for In the Bubble Development, LLC, a top-sheet budget for “Cherry Lane” is provided for prospective investors. The budget provided in the memo indicates a total budget for “Cherry Lane” of \$1,500,000.

“The Field on the Corner”

On or about June 5, 2009, defendants submitted an IFTVPPP application for a film entitled “The Field on the Corner.” The application listed a budget of \$8,738,062. The application listed J.P. Pettinato as line producer. Pettinato informs the State that his attorney informed defendants not to list Pettinato on any IFTVPPP paperwork.

Pettinato also informs the State that he was in preliminary negotiations with Polynation Pictures at the time the IFTVPPP application was submitted. He had two budgets for “The Field on the Corner.” One budget was for \$3-4 million and the other was for \$8-10 million. Pettinato indicated that the difference in these budgets “depends on cast level.” The budget submitted by defendants only lists \$100,943 for principal cast out of a budget of \$8,738,062. The cost for principal cast, therefore, does not justify the budget increase to \$8,738,062 indicating that the budget submitted to the State was false or fraudulent.

Richard G. Blane
Signature of Affiant

Subscribed and sworn to before me by the person signing this Complaint (and
affiant) on this the 2nd day of June, 2010.

Richard G. Blane
~~Signature of Notary~~ DISTRICT JUDGE

Complaint and affidavit filed and probable cause found that the defendants
committed the offense charged.

Richard G. Blane
~~Judge/Magistrate~~

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