

In fresh black eye for La. film incentives, state inspector general finds overbilling in 2 programs about New Orleans Saints



Still from the Sean Payton Show produced by Horizon Entertainment.

Firm accused of inflating expenses for Saints features

By Gordon Russell

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In the latest [black eye](#) for Louisiana's [troubled film subsidy program](#), the state's inspector general released a report Wednesday that says a production company behind two programs about the New Orleans Saints bilked taxpayers out of at least \$420,000 and possibly more than \$1 million.

[The report from Inspector General Stephen Street's office](#) says Horizon Entertainment, which produced "The Sean Payton Show" and "Saintsational," inflated its expenses associated with those programs by as much as \$3.4 million. The Saints' coach made regular appearances on the former, while the latter featured the team's cheerleaders.

Horizon, in a detailed rebuttal attached to the report, strongly disputes the inspector

general's conclusions.

All told, the two Saints-related productions received \$2.6 million in tax credits, according to the report, nearly 40 percent of which might have been issued in excess.

"Saintsational" was never aired, although the report notes that a program need not be aired to receive aid from Louisiana taxpayers.

Under Louisiana's generous subsidy program, the state reimburses up to 35 percent of an eligible film's expenses through tax credits that can be sold for cash. So the inflated expenses resulted in more tax credits than were actually allowed.

The inspector general's investigation was prompted by a series of reports by [WVUE-TV](#) about Horizon, which quoted former employees of the company saying that various expenses, ranging from the rental of specialized cameras to the purchase of videotapes, had been inflated to soak the tax credit program.

Investigators from the Inspector General's Office also interviewed former employees, some of whom repeated their claims that a number of the charges Horizon listed in its cost reports were bogus.

As it happens, Horizon operated out of the television station's offices on South Jefferson Davis Parkway. The company was given the space rent-free, according to the inspector general's report, but nonetheless listed rent as an expense associated with the two filming projects.

Horizon's rebuttal is signed by Walter Becker, a veteran criminal defense attorney and former federal prosecutor who represents the company. It says, among other things, that Horizon listed rent at WVUE as an expense because the space was given to the film company in exchange for the television station's owner — Tom Benson, who also owns the Saints — being given a share in Horizon. Horizon's primary owner is Jason Scivicco.

Becker also complains that an unspecified number of the employees quoted in the WVUE stories — some of whom also spoke with the inspector general — had been fired by Horizon and were thus "biased" against the company. Some had gone on to work for WVUE, he wrote.

He also noted that some former employees backed up the company's version of events, a fact noted in the inspector general's report.

One of the more troubling findings of the report was that Horizon "repeatedly engaged in circular transactions," cutting checks from subsidiary companies and then returning the money to create the appearance that more money was being spent on the film projects.

In making the second season of “The Sean Payton Show,” for instance, the report says, Horizon made 263 such “circular transactions” on a single day, “which created the appearance that Horizon spent \$2,195,998 on the project, when the total was reached only by repeated deposits and withdrawals of the same money.”

The company’s response says that “Horizon strongly denies that these bank transfers were made for any improper purpose,” adding that state regulators were fully aware of the web of payments.

The Legislature and state regulators have since taken steps to subject such “related-party transactions” to heightened scrutiny.

The inspector general’s report also raises questions about the work of accountant Clint Mock, who built a practice around auditing film productions seeking tax credits. To receive tax credits, a production must be audited by an independent certified public accountant.

Mock has in recent years been the most prolific auditor of Louisiana films, and state regulators have questioned his work on at least one other occasion.

The report notes that the firm Horizon originally engaged rejected some of the expenditures the company was trying to claim for credits. Horizon then hired Mock, who approved many of those same expenses — approvals that the inspector general questions.

In its response, Horizon said it changed auditors not to seek a friendlier ear, but because “the second CPA firm was more affordable than the first CPA firm and the second CPA firm could conduct the audits in a timelier manner.”

Mock did not return a phone message left Wednesday.

It’s unclear whether criminal charges related to the inspector general’s findings might be in the works. Most of the potentially fraudulent actions described in the report took place more than five years ago, meaning they are outside the federal statute of limitations.

Any state prosecution would likely fall to 19th Judicial District Attorney Hillar Moore’s office in Baton Rouge. Moore said Wednesday that his office had just received the report and that it will take some time to digest it and make a decision.

It also was not immediately clear whether state officials intend to pursue any civil action to try to recoup any of the alleged overpayments.

“We’ll execute any remedy available to us,” said Don Pierson, secretary of Louisiana Economic Development, which oversees the tax credit program. “If there’s a pathway to recoup credits that should not have been issued, we would vigorously pursue it.”

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