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Baton Rouge film producer accused of defrauding state's film tax credit program

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George Kostuch, the founder and president of K 2 Pictures in Baton Rouge, was charged in a federal bill of information of defrauding the state's film tax credit program, U.S. Attorney Walt Green announced Tuesday, March 17, 2015. (*U.S. District Court, Middle District of Louisiana website*)

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The founder and president of a **Baton Rouge** film production company is accused in a federal bill of information of defrauding the state's **film tax credit program** by more than \$160,000.

George Kostuch, who founded and runs K 2 Pictures, possibly faces "a significant term of imprisonment" for allegedly engaging in a wire fraud scheme involving the State of Louisiana's Motion Picture Industry Development Tax Credit Program, according to a statement released Tuesday (March 17) from U.S. Attorney Walt Green's Office.

A bill of information alleges Kostuch issued checks -- or caused checks to be issued -- for production expenses totaling approximately \$539,500. The production expenses, however, were never incurred. The checks were later submitted to the Louisiana Economic Development Office as false documentation of film productions.

Documentation of the later-canceled checks -- based on the false expenses -- was allegedly used to apply for and receive film tax credits from LED totaling \$161,850.

"Those who misuse this program, through fraud and deceit, undermine the purpose of the Tax Credit Program and will be investigated and prosecuted to the fullest extent of the law," Green said in a statement.

Conducting the investigation with the U.S. Attorneys Office is the Louisiana Inspector General's Office and the FBI.

LED operates the film tax credit program, which has **come under heightened scrutiny** in recent months amid a **state budget shortfall**. The **program** provides a 30 percent tax credit on qualified expenditures for the production of films made in Louisiana. Once issued by LED, the tax credits are fully transferable.

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