

Florida House of Representatives
Representative Carl J. Domino
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October 14th, 2009

Mr. Dale Brill, Director
Executive Office of the Governor
Office of Tourism, Trade, and Economic Development
The Capitol, Suite 2001
Tallahassee, FL 32399-0001

Dear Mr. Brill:

Subsequent to the questions I asked at the Economic Development Policy Committee last week I have read, googled and discussed with Mr. Textor, details relating to "Project Bumblebee". I have received no confidential information.

- With the state and Port St. Lucie cash and land, it appears Wyndcrest is receiving over \$35 million of public funds.
- It is unclear whether Wyndcrest has any equity in the project. If so it is minimal. As someone who has raised money for and invested in many private placements/venture deals, I would expect to see equity at least equal to the public funds.
- Many promises were made as to potential job creation. But anyone can make projections – in this instance they appear not to be based on substance and failed to demonstrate Mr. Textor's job creation history. In fact it appears that Mr. Textor was Vice Chairman of a company which declared bankruptcy earlier this year. What is his record as an operating manager in the highly competitive animated movie business?

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- Digital Domain appears to have been a purchased business not an entrepreneurial start-up by Mr. Textor. According to the Palm Beach Post article, the company lost \$20 million in 2007 the first year under Textor’s direction.
- Exactly what business the subsidized entity intends to pursue is unclear. But none of the three (3) products lines (special effects, video games or animated films), are without significant risk. None of them are transformational and each has numerous competitors. Also, it is unclear that Digital Domain has a record of financial success in any of these lines.

Both Mr. Textor and you indicated the venture to be a “spinoff” of Digital Domain. While that might be so in a narrow sense, I am very familiar with the usage of the term. Usually a company, for various strategic or financial reasons identifies an operating division/subsidiary which separates them from the parent company. Typically there is a management team, facilities, assets and liabilities put into a restructured legal entity. Lenders or investors would evaluate the new stand-alone entity (unless the parent was guaranteeing a loan) as to its financial strength, management team and prospects for success.

Pixar and DreamWorks are major competitors, so why should we have any confidence that Wyndcrest has any likelihood of success. Indeed in this instance, the parent company filed papers to go public and pulled their registration so it is hard to agree with your conclusion as quoted in the Palm Beach Post that this is a company with “....a good track record.”

I can assure you that there are many Florida entrepreneurs who have used their savings and sweat equity to build companies which offer a documentable track record, increased hiring and a reasonable balance sheet. In this era of tight credit, providing smaller sums to a number of these companies would be a much more prudent investment strategy.

I have managed other peoples’ money since 1972, at times overseeing many billions of dollars. On the surface it would appear there was a lack of proper due diligence, inadequate risk assessment and a failure to achieve proper diversification in the \$42 million expenditure. As a fiduciary of tax payers funds, I ask you to address the above questions promptly and suspend any further funding of the Wyndcrest monies until the Legislature is satisfied that this is a viable investment upon which in depth due diligence has been performed.

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I would be pleased to discuss this matter at your convenience.

Best regards,

Carl J. Domino

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Carl J. Domino
State Representative

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Speaker Larry Cretul
Rep. Adam Hasner
Rep. Jennifer Carroll

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