



Ex-Chief of Film Agency Charged

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The former head of an agency created to promote film production in Los Angeles surrendered to authorities Wednesday after his indictment on charges of embezzling \$150,000 over six years for trips, strip clubs and other personal extravagances.

In an 11-count indictment, the Los Angeles County Grand Jury accused Cody Cluff, 44, of Covina of the funds from the Entertainment Industry Development Corp. he helped found in 1995.

The indictment, returned late Tuesday, also charged EIDC General Manager Darryl Seif, 37, of Mount Olympus with forgery.

Both men pleaded not guilty to the charges, which followed a yearlong investigation by the Los Angeles County district attorney's office and two weeks of closed-door

testimony by many local politicians. Former Mayor Richard Riordan, all five county supervisors, and current and former Los Angeles City Council members were among the 54 witnesses called before the grand jury because the EIDC was created -- and largely funded -- by the city and county of Los Angeles. The lawmakers serve as its board of directors.

“The charges revealed today against Cody Cluff and Darryl Seif go a long way to ensure that the taxpayers in Los Angeles County are better served by their public agencies,” Dist. Atty. Steve Cooley said in a prepared statement.

But attorneys for the two defendants countered that the charges were baseless.

“We are disappointed by the decision of the district attorney’s office to charge Mr. Seif,” said his attorney John Crouchley. “We believe that the charges against him, while quite limited, are unwarranted and undeserved.”

Cluff’s attorney, Mark Werksman, also called the charges unjustified and said prosecutors would not be able to prove the loss of public funds because the EIDC, though launched by the city and county, was set up as a private, nonprofit corporation -- a theory dismissed by authorities.

Specifically, Cluff was charged with misappropriating public funds. Prosecutors contend that the EIDC is a public, governmental agency. The defense claims that it is a private not-for-profit corporation, and that therefore no public funds were involved.

Cluff and Seif were also charged with forging a letter from the mayor’s office, and using a counterfeit city seal, to obtain official city identification badges. Neither the source of the badges nor their alleged use was stated.

“For over seven years, Cody Cluff ran one of the largest and most successful film offices in the country, and his efforts are largely responsible for promoting and maintaining film production in Los Angeles in the face of intense competition from other locations

throughout the world,” Werksman said, contending that the value of film production in the county doubled to \$30 billion during Cluff’s tenure.

“You can’t hold meetings with film producers and music producers by inviting them to brown bag lunches in your offices,” he said. “You need to entertain and promote the local economy by getting out and meeting with people, going to places they go.

By prosecuting Cluff, authorities were “trying to kill the goose that lays the golden egg,” Werksman said.

But during its lengthy investigation, authorities said, the district attorney’s office turned up many instances of lavish spending by Cluff that had nothing to do with filming in Los Angeles. The extravagances, according to records and interviews, include:

* A tab of more than \$1,000 for a night of revelry with two music industry officials at a strip club in the Phoenix area sometime between Nov. 10, 2001, and New Year’s Day 2002.

* A costly trip between Sept. 20, 2000, and Feb. 7, 2001, to a home-run hitting competition at a baseball camp in the Dominican Republic.

* Private memberships to a country club, gym, cigar club and other businesses between Sept. 1, 2000, and June 12, 2002. (A Los Angeles city audit of EIDC had placed the cost of the memberships at \$16,000.)

* Thousands of dollars in donations between Jan. 1, 1996, and Dec. 31, 2002, to Covina High School and its football boosters. Cluff’s children attended the school.

* Nearly \$47,000 to the Pittsburgh Film Office run by Dawn Keezer, with whom Cluff was once romantically linked. The indictment also charges that he fraudulently paid for Keezer’s travel and lodging sometime between Jan. 1, 1999, and Dec. 31, 2001.

During the years he directed the EIDC, Cluff, a onetime accountant, was responsible for an estimated \$5-million-a-year budget. And before this week's charges, investigators, auditors and others had raised questions about hundreds of thousands of dollars in expenses. Those expenses included Cluff's \$200,000-a-year salary package, other travel and entertainment expenses, and \$185,000 in political contributions to candidates and elected officials, including members of EIDC's board.

Much of the agency's budget is generated by fees received from film producers for permits to film in Los Angeles.

Cluff resigned in December.

But the indictment makes clear that prosecutors zeroed in on expenses that they hope to prove had no reasonable link to Cluff's mandate to keep film production in Los Angeles.

Los Angeles City Controller Laura Chick, whose office earlier this year issued a highly critical audit of EIDC, said Wednesday that she was pleased that the district attorney's office had pursued the case against Cluff and Seif.

She said, however, that she wanted to make sure officials do not reverse the progress made by the EIDC in keeping filming in Los Angeles.

"My concern is about going forward," Chick said in a written statement. "The entertainment industry is an important piston in the economic engine of Los Angeles. We must make every effort to move the EIDC past yesterday's problems and make it the type of organization that truly serves the entertainment industry and the best interest of the taxpayers of Los Angeles."

Councilwoman Jan Perry, who like Chick testified before the grand jury, declined to discuss her appearance, but did lament the controversy that engulfed the EIDC.

“I think it’s very sad,” said Perry, adding that city officials must ensure that the EIDC “survives to continue to provide the service it has been providing ... and that it fulfills its mission.”

EIDC attorney Mark Holscher said Wednesday that the agency has cooperated with the district attorney’s office and has “already put in place significant financial controls and reforms to insure that the EIDC operates properly.”

“I think it’s critical that the EIDC continue in its role of protecting the over 250,000 film industry jobs in California,” he said.

Cluff and Seif were released on bail Wednesday and face a Sept. 24 pretrial hearing. If convicted on all counts, Cluff faces a maximum state prison term of 14 years, eight months; Seif faces a maximum term of three years, eight months.