

# **Governor Perry's War Chest: Who Said 'Yes' To 'Governor No'?**

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## I. Key Findings

- Governor Rick Perry raised \$34.3 million from June 1997 through June 2002. He raised: \$10.9 million *for* his 1998 lieutenant governor campaign; \$9.7 million while serving as lieutenant governor; and \$10.9 million since his gubernatorial ascent.
- Much of Perry's war chest came from highly concentrated sources. The top 25 overall sources of his money provided 17 percent (or \$5.4 million) of his total take. The 60 donors who contributed \$100,000 or more kicked in \$8.5 million, or 25 percent of his total.
- The top three overall sources of Perry's money are the Sterling Group (\$528,000), homebuilder Bob Perry Homes (\$455,000) and the diversified businesses of Dallas financiers Charles & Sam Wyly (\$353,500).
- Perry raised \$1.9 million in the days surrounding his infamous Father's Day Massacre, when he vetoed 78 bills passed during the 2001 legislative session.
- Perry collected \$4.7 million from "tort dodgers," the PACs and members of Texans for Lawsuit Reform and the Texas Civil Justice League.
- The Energy and Natural Resources sector was Perry's largest source of industry money, pumping in more than \$5.3 million. Oil and Gas interests, led by Enron (\$252,000) and Hunt Oil Co. (\$183,500), led this sector's contributions.
- The Finance industry was Perry's No. 2 source of business funds, with \$3.9 million.
- Houstonians gave Perry the most money (\$7.1 million), followed by donors in Dallas (\$6.3 million) and Austin (\$5.6 million).

## II. Introduction: The Power of the Veto Pen

The defining moment of Texas Governor Rick Perry's administration came six months after he inherited the Governor's mansion from his predecessor, who became president of the United States. On Sunday June 17, 2001, Governor Perry risked carpal tunnel syndrome by vetoing an astonishing 78 bills. Combined with four other vetoes on slower days, Perry vetoed a record 82 bills (his closest competitor in recent history, Governor William Clements, took down 59 bills in 1989).

What soon became known as the Father's Day Massacre was shocking not only because of the sheer number of legislative casualties but also because the governor marshaled the element of surprise, springing the Massacre as an ambush. Many sponsors of vetoed bills said the Governor's Office never expressed any concerns about their bills until he vetoed them. This in a state that still remembers the Alamo, where even Santa Ana offered terms of surrender and played the *Degüello*<sup>1</sup> before initiating the slaughter.

To be sure, lying amidst the wreckage when the smoke cleared were some bills that richly deserved the death penalty. Indeed, Perry has brandished his veto sword as proof that he is a leader who can stand up to special interests.<sup>2</sup> But he invokes this counterspin against a much broader, Daddy-Warbucks perception that he wielded his veto pen *on behalf of* special interests rather than against them.

The "prompt-pay" bill (HB 1862), which would have strengthened a health insurer's legal obligation to pay health-care providers quickly, was by far Perry's most prominent veto. The sponsor of the bill, Rep. Craig Eiland, its chief advocate, the Texas Medical Association (TMA), and Perry's own Insurance Commissioner all said that the Governor's Office offered no pre-Massacre indication of impending veto.<sup>3</sup> The doctors trade group says the prompt-pay veto bowled it over because Perry hailed this legislation as a milestone of the just-ended session when he addressed the Texas Hospital Association on June 4.<sup>4</sup>

Perry's stated rationale for vetoing this milestone just two weeks later is also noteworthy. Perry said he vetoed it because of a provision that would interfere with health insurers imposing arbitration on health care billing disputes. Businesses use binding arbitration to divert disputes from civil courts, which still guarantee plaintiffs some semblance of the rule of law and the rights to: a jury trial; an appeal; and some level of transparency. While consumer groups oppose binding arbitration because it robs litigants of these fundamental protections,<sup>5</sup> the business tort group Texans for Lawsuit Reform (TLR) promotes binding arbitration as a centerpiece of its legislative agenda.

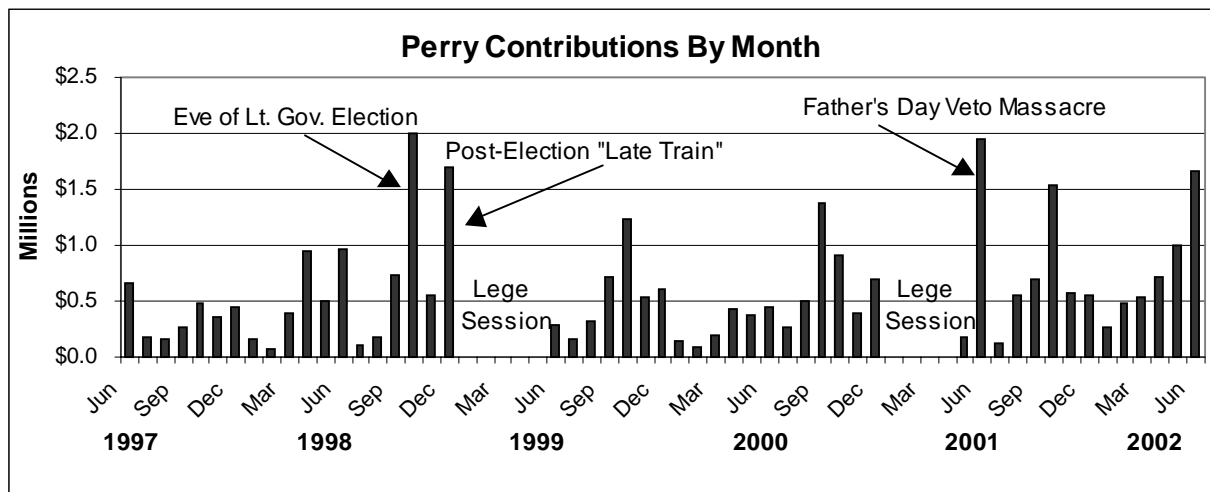
The point man who helped both TLR and HMOs defeat the prompt-pay bill was lobbyist Mike Toomey, an ex-legislator who is a close friend of Governor Perry. For Perry, who took six times more money from physicians than the \$95,147 that he took from health insurers (other insurers gave him \$888,782 more), TLR's weight may well have triggered the eleventh-hour, prompt-pay veto. TLR's PAC and supporters have given Perry almost \$5 million, making it "the single largest source of campaign funds for Mr. Perry," according to the *Dallas Morning News*.<sup>6</sup>

After the veto, the powerful TMA fumed that it was outgunned by its former ally (TMA and TLR both have bankrolled candidates who support strict limits on medical malpractice lawsuits). "It's the political equivalent of us going in thinking it's a fencing match. And they walk in with automatic weapons," said TMA staff lobbyist Kim Ross. "We weren't even in the ballpark in terms of political weight."<sup>7</sup> Although big donors often say that they contribute without

expectation of political favor, TMA President Tom Hancher said after the Massacre that doctors would “withhold their support of Governor Perry pending their review of these issues and how they’re addressed in the coming year and a half.”<sup>8</sup> The TMA endorsed Perry’s opponent “by an overwhelming majority” in April 2002.<sup>9</sup>

To what extent was Perry’s formidable veto power a fundraising magnet? The accompanying graph plots the monthly amounts of money that Perry raised between June of 1997 and June of 2002. His three fattest months were:

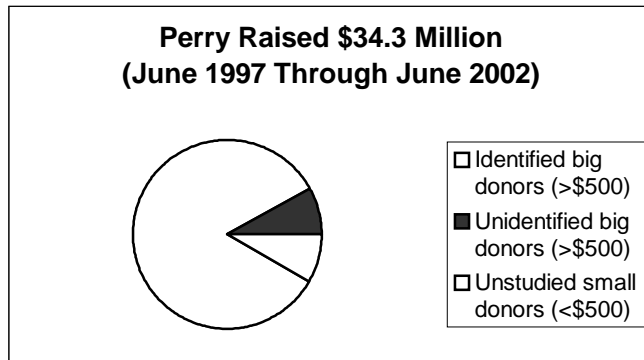
- October 1998 (\$1,994,082): Perry shoots the moon on the eve of the election, squeaking past John Sharp to become Lieutenant Governor with 50.04 percent of the vote;<sup>10</sup>
- June 2001 (\$1,948,392): The month of the Father’s Day Veto Massacre; and
- December 1998 (\$1,706,074): The last chance for special interests—especially former Sharp backers—to board the “late train” and curry favor with the Lieutenant Governor elect before the 1999 legislative session (during which contributions are prohibited).



### III. Contributions At A Glance

Money influences who attains political power, who has access to that power and how that power is exercised.<sup>11</sup> Perry raised \$34.3 million for his Lieutenant Governor and Governor races from June 1997 through June 2002 (the most recent available data). This study analyzes the economic and ideological interests of Perry's big donors of \$500 or more—donors who supplied 92 percent (\$31,402,362) of all the money he raised. By tracking the employer and occupation of these high rollers, researchers identified the interests behind 91 percent of Perry's big-donor money (\$28,632,936), or 84 percent of the total money he raised.

#### Donor Identification



#### Timing of Contributions

Period	Amount
For Lt. Governor Race	\$10,879,932
As Lt. Governor	\$9,668,802
As Governor	\$10,853,628
<b>TOTAL:</b>	<b>\$31,402,362</b>

#### Contribution Size

Donor Category	Total Given	Donor Count
>=\$1,000	\$30,251,489	5,313
>=\$5,000	\$23,841,275	1,160
>=\$10,000	\$20,673,079	615
>=\$25,000	\$15,879,140	253
>=\$50,000	\$12,257,166	134
>=\$100,000	\$8,500,897	60

#### Top-10 Cities

City	Amount
Houston	\$7,117,021
Dallas	\$6,294,108
Austin	\$5,550,863
San Antonio	\$1,721,231
Fort Worth	\$917,303
El Paso	\$638,789
Irving	\$452,500
Bryan	\$351,773
Midland	\$307,606
Abilene	\$307,250
<b>TOTAL:</b>	<b>\$23,658,444</b>

#### Top-10 Zip Codes

Zip	City	Amount
78701	Austin	\$1,829,300
75201	Dallas	\$1,234,164
77002	Houston	\$1,041,027
77019	Houston	\$743,021
75225	Dallas	\$523,140
77056	Houston	\$406,460
78746	Austin	\$389,582
78205	San Antonio	\$329,810
78703	Austin	\$324,229
77017	Houston	\$309,750
<b>TOTAL:</b>	<b>\$7,130,483</b>	

## IV. Top 25 Overall Sources of Perry Contributions

Employer/PAC	Interest	City	Amount
*Sterling Group	Chemicals	Houston	\$528,000
*Bob Perry Homes	Construction	Houston	\$455,000
Wyly brothers	Finance	Dallas	\$353,500
Hicks Muse Tate & Furst	Finance	Dallas	\$283,481
Republican Party of TX	Ideological	Austin	\$252,542
*Enron Corp.†	Energy	Houston	\$252,000
Dell Computer	Computers	Austin	\$236,818
Pilgrim's Pride	Agriculture	Pittsburg	\$224,499
Associated Republicans of TX	Ideological	Austin	\$222,450
*Kinetic Concepts, Inc.	Health	San Antonio	\$208,649
*Contran Corp.	Finance	Dallas	\$201,500
*Hunt Oil Co.	Energy	Dallas	\$183,500
Shop Online	Computers	Dallas	\$176,609
Texas Utilities (TXU Corp)	Energy	Dallas	\$168,000
Home Interiors & Gifts	Retail	Addison	\$164,000
Momentum Securities, Inc.	Finance	Houston	\$162,506
Williams Brothers Construction	Construction	Houston	\$160,000
Wal-Mart	Retail	Lubbock	\$154,000
USA Waste Services, Inc.	Waste	Houston	\$153,000
*Cogen Technologies	Energy	Houston	\$152,000
Hyperion Resources, Inc.	Energy	Dallas	\$150,000
NeoDyne Technologies	Computers	College Station	\$150,000
*Beecherl Investments	Finance	Dallas	\$149,500
Champion Ranch	Agriculture	Centerville	\$146,500
Reliant Energy	Energy	Houston	\$146,500
<b>TOTAL:</b>			<b>\$5,434,554</b>

Note: Table includes money from affiliated PACs and employees.

\* Close ties to Texans for Lawsuit Reform (an affiliated PAC or executive is a donor or sat on its board).

† During the Enron scandal, Perry gave \$85,000 of this money to an education fund.

The top 25 overall sources of Perry's campaign money (counting contributions by affiliated PAC and executives of these businesses) kicked in \$5.4 million, or 17 percent of all the money that Perry raised. Eight of these major sources of Perry's money have ties to Texans for Lawsuit Reform and collectively contributed more than \$2 million. As illustrated by the list of Perry's top *individual* donors on the next page, all or most of the money from many of the donor sources listed above comes from a single company executive. The 35 top individual donors on the next page delivered \$5.7 million, or 18 percent of all of Perry's money.

## V. Top 35 Individual Perry Donors

Donor	Company	Amount
*Bob Perry	Bob Perry Homes	\$455,000
Charles/Sam Wylly	Wylly brothers (finance)	\$263,500
*William McMinn	Sterling Group (chemicals)	\$227,500
Lonnie 'Bo' Pilgrim	Pilgrim's Pride (poultry)	\$224,499
*James Leininger	Kinetic Concepts (hospital beds)	\$207,149
*Harold Simmons	Contran Corp. (finance)	\$201,000
Nate E. Crain	Shop Online	\$176,609
Charles Tate	Hicks Muse Tate & Furst (finance)	\$176,500
James Lee	Momentum Securities, Inc.	\$162,506
Donald J. Carter	Home Interiors & Gifts	\$161,000
James Pitcock Jr	Williams Bros. Construction	\$160,000
*J. Virgil Waggoner	Sterling Group (chemicals)	\$158,500
*Ray Hunt	Hunt Oil Co.	\$155,000
*Robert McNair Sr.	Cogen Technologies (electricity)	\$152,000
Glenn Collins	NeoDyne Technologies (software)	\$150,000
Albert Huddleston	Hyperion Resources (oil & gas)	\$150,000
Larry Martin	USA Waste Services	\$150,000
*Louis Beecherl	Beecherl Investments	\$149,500
Richard Wallrath	Champion Ranch	\$146,500
John Nau III	Silver Eagle Distributors (alcohol)	\$142,500
R. Steven Hicks	Interfase Capital Partners (finance)	\$138,516
George Hixon	Hixon Properties (oil & gas)	\$138,500
Moshe Azoulay	American Garment Finishers	\$137,500
J. Dan Brown	Brown Distributing Co. (alcohol)	\$137,500
Woody Hunt	Hunt Building Corp.	\$136,438
*Gordon Cain	Sterling Group (chemicals)	\$136,000
H. Ward Lay	Lay Capital Group (finance)	\$135,000
Peter Holt	Holt Caterpillar (Construction equipment)	\$133,500
*Ken Lay	Enron Corp. (oil & gas)	\$132,000
William Clements	SEDCO, Inc. (oil & gas)	\$130,000
Gerald Stool	Greenway Investment (real estate)	\$130,000
Lee Bass	Lee M. Bass, Inc. (oil & gas)	\$127,592
Chaz Glace	Chasco Investments (Construction)	\$126,600
Drayton McLane	McLane Co./Wal-Mart	\$124,524
Ned Holmes	Parkway Investments (real estate)	\$123,750
<b>TOTAL:</b>		<b>\$5,681,683</b>

Note: Money may include contributions from donors' immediate family members.

\* Close ties to Texans for Lawsuit Reform (an affiliated PAC or executive is a donor or sat on its board).

## VI. Tort Money

Tort Group	Amount
Texans for Lawsuit Reform (PAC & members)	\$3,093,255
Texas Civil Justice League (PAC & members)	\$1,624,716
<b>TOTAL:</b>	<b>\$4,717,971</b>

A huge bloc of Perry's money comes from business interests from a variety of industries that share a common interest in limiting the legal liabilities that businesses face when they harm consumers, workers or communities. Perry received \$4.7 million, or 14 percent of all his money, from members and PACs of the two leading business groups that seek such liability limits: **Texans for Lawsuit Reform** (TLR) and the **Texas Civil Justice League** (TCJL).<sup>12</sup> A 2001 *Dallas Morning News* analysis of Perry's donors identified TLR supporters as "the single largest source of campaign funds for Mr. Perry."<sup>13</sup>

These interests have been a major bastion of financial support for Perry, who has championed their cause. Indeed, when Perry hired lobbyist Patricia Shipton as his Legislative Affairs Director in December 2001, her top client was TCJL.

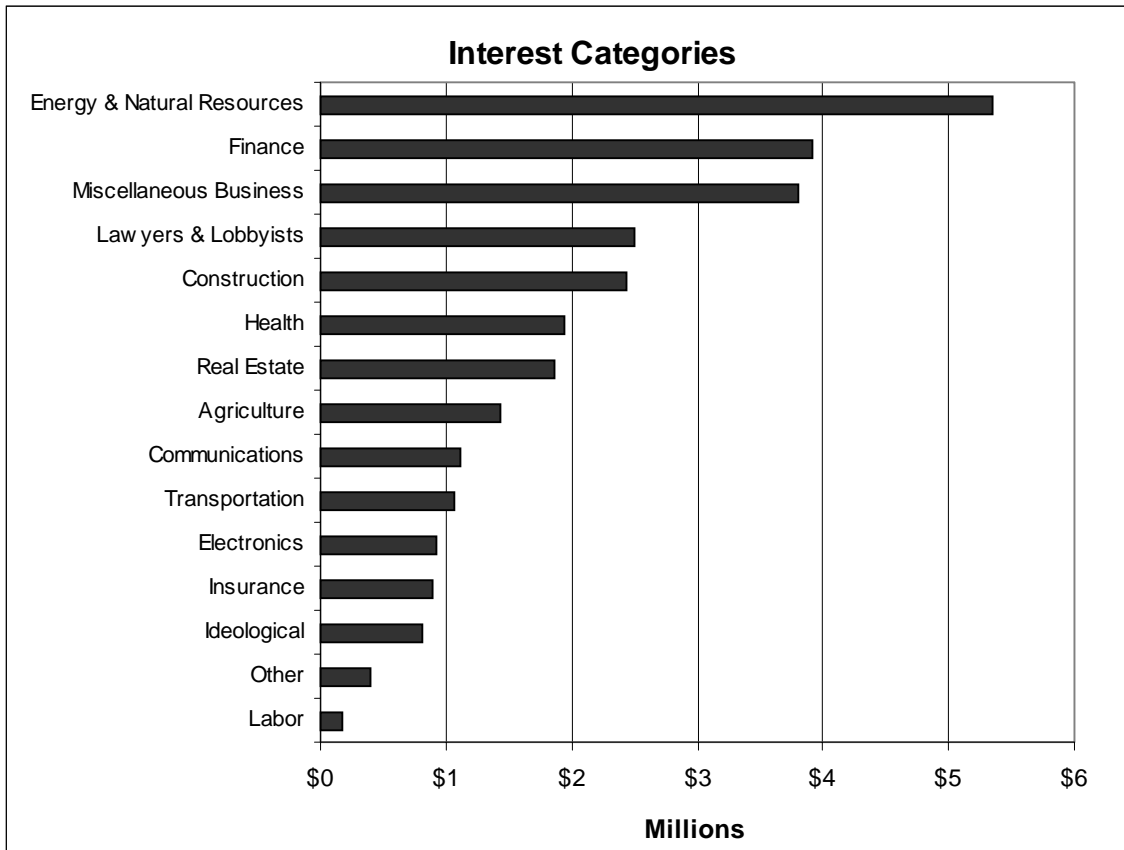
In Perry's hand, the gubernatorial veto pen has advanced this business tort agenda. While Perry is best known for vetoing the "prompt-pay bill" opposed by HMOs and TLR, he also vetoed several other bills that would have made individuals and businesses more legally accountable for their actions. One such bill would have barred insurers from interfering with the duty that attorneys owe to clients who have disputes with insurance companies.<sup>14</sup> Like prompt-pay, this bill was opposed by Michael Toomey, a lobbyist for both TLR and HMOs and a close friend of Perry. Perry also vetoed bills that would have made it easier for people to pursue wrongful-death and medical-expense claims on behalf of family members who are minors or elderly.<sup>15</sup>



## VII. Contributions By Interest Category

The accompanying charts reveal that Perry obtained 87 percent of the money studied in this report (more than \$27 million) from business interests. The remainder came from Ideological (3 percent), Labor and Other sources (1 percent each), or from sources that were not identified (9 percent). The remainder of this report takes a closer look at the six business sectors that contributed the most money to Perry.

Interest Group	Amount	Percent
Energy & Natural Resources	\$5,344,793	17%
Finance	\$3,919,624	12%
Miscellaneous Business	\$3,799,799	12%
Lawyers & Lobbyists	\$2,500,745	8%
Construction	\$2,429,830	8%
Health	\$1,943,854	6%
Real Estate	\$1,867,265	6%
Agriculture	\$1,434,092	5%
Communications	\$1,120,615	4%
Transportation	\$1,065,257	4%
Electronics	\$916,377	3%
Insurance	\$888,782	3%
Ideological	\$818,666	3%
Other	\$400,738	1%
Labor	\$178,000	1%
Unknown	\$2,773,926	9%
<b>TOTAL:</b>	<b>\$31,402,362</b>	<b>100%</b>



## Energy & Natural Resources Money

Subsector	Amount	Percent
Oil & Gas	\$3,469,903	65%
Chemicals	\$872,425	16%
Electric Utilities	\$573,965	11%
Waste Disposal	\$307,250	6%
Mining	\$100,000	2%
Other	\$21,250	0%
<b>TOTAL:</b>	<b>\$5,344,793</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
Sterling Group	Chemicals	\$528,000
*Enron Corp.	Oil & Gas	\$252,000
Hunt Oil Co.	Oil & Gas	\$183,500
TXU Corp. (TX Utilities)	Electricity	\$168,000
USA Waste Services	Waste	\$153,000
Cogen Technologies	Electricity	\$152,000
Hyperion Resources	Oil & Gas	\$150,000
Reliant Energy	Electricity	\$130,500
Hixon Properties	Oil & Gas	\$138,500
Southeastern Drilling	Oil & Gas	\$134,250

\* Perry donated \$85,000 of this Enron money to an education fund.

Perry received more money from Energy & Natural Resources interests (\$5.3 million) than any other single business sector, with most of this money coming from the powerful Oil and Gas industry, followed by the related Chemicals and Electric Utilities industries. These polluters want gubernatorial appointees to the Texas Commission on Environmental Quality (TCEQ) to keep state environmental cops neutered, keeping Texas No. 1 in many forms of pollution.<sup>16</sup>

With every major urban area in the state flunking or almost flunking federal air standards, the TCEQ is under a federal gun to come up with credible air compliance plans. Instead, TCEQ commissioners proposed *weakening* cuts in nitrogen oxide emissions (NO<sub>x</sub>) for smog-choked Houston in June 2002. The proposed weaker standards, which the TCEQ expects to vote on in December, are a victory for the "Business Coalition for Air Appeal Group." Led by **Reliant Energy**, these polluters—who produce more than half of Houston's smog-producing NO<sub>x</sub> emissions—gave Perry \$408,256 between June of 1997 and the end of 2001.<sup>17</sup>

Perry picked **Enron** executive Max Yzaguirre to head the Texas Public Utility Commission (PUC) as the state embarked on electric deregulation (Yzaguirre resigned during the Enron scandal in January 2002). Texas granted substantial control over its deregulated power grid, known as ERCOT, to power companies that regulators have accused of uncompetitively "gaming" the system to price gouge or pad their financial books.<sup>18</sup> The two surviving PUC commissioners are scheduled to consider a staff-proposed \$17.5 million settlement of such charges against Enron, **Reliant**, **Texas Utilities**, American Electric Power and Mirant in October.<sup>19</sup> A Consumers Union analyst says the proposed deal stifles the public, which is barred from seeing "any evidence of monkey business" that regulators might have uncovered.

## Financial Industry Money

Subsector	Amount	Percent
Securities & Investment	\$2,855,155	73%
Banks	\$738,819	19%
Accounting	\$199,600	5%
Finance & Credit	\$126,050	3%
<b>TOTAL:</b>	<b>\$3,919,624</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
*Wyly brothers	Corporate takeovers	\$353,500
*Hicks Muse Tate & Furst	Corporate takeovers	\$283,481
Contran Corp.	Corporate takeovers	\$201,500
Momentum Securities	Securities	\$162,506
Beecherl Investments	Investments	\$149,500
Interfase Capital Partners	Venture capital	\$138,516
Lay Capital Group	Investments	\$135,000
*John McStay Investment Co.	Securities	\$117,000
Meridian Advisors	Securities	\$110,000
*SCF Partners	Energy securities	\$108,500

\* UTIMCO link.

Finance interests delivered 12 percent of Perry's money. A scandal from the preceding administration still casts a dark shadow over the top Finance donors to Perry. The University of Texas System (UT) in 1996 transferred control of billions of dollars of endowment funds to the UT Investment Management Co. (UTIMCO) board, which is dominated by UT Regents appointed by the governor. The *Houston Chronicle* revealed in 1999 that UTIMCO's board awarded lucrative investment contracts to firms close to then-Governor Bush and UTIMCO's first chair, Tom Hicks of **Hicks Muse Tate & Furst**.<sup>20</sup> Some of the contracts benefited such big Bush and Perry donors as financiers **Charles and Sam Wyly** and the oil-rich Bass family. Another such contract went to **SCF Partners**, whose president, Laurence Simmons, is a big Perry donor. With the notable exception of Tony Sanchez, current and past UTIMCO board members have given Perry more than \$685,000. When the *Chronicle* reported another UTIMCO attempt to dodge public disclosure of its investments in 2002, UTIMCO backed down, following sharp criticism by Perry, Sanchez and UT Regents Chair Charles Miller of **Meridian Advisors**.<sup>21</sup>

The next largest source of Perry's Finance contributions—banks—surfaced in recent Perry attack ads that reminded voters that Sanchez's Tesoro Savings & Loan laundered drug money and cost taxpayers \$161 million when it failed in the 1980s. A follow-up *Fort Worth Star-Telegram* investigation revealed that Perry himself has taken \$1.6 million from individuals who were intimately involved with failed S&Ls.<sup>22</sup>

The accounting industry—which abetted the S&L scandal and the current corporate crime wave—is the next largest source of Perry's Finance money. The Texas State Board of Public Accountancy revoked Arthur Andersen's license in August 2002, two months after a jury convicted the firm of obstructing justice in the Enron probe. Shortly before Enron admitted that its financial statements were fictitious, the Texas Society of CPAs (\$51,500 to Perry) signed off on a 2001 trade magazine cover story that dubbed Enron's CPAs "accounting leaders."

## Miscellaneous Business Money

Subsector	Amount	Percent
Food & beverages	\$1,676,266	44%
Miscellaneous services	\$557,579	15%
Retailers & wholesalers	\$532,620	14%
Miscellaneous mfg.	\$527,613	14%
Entertainment	\$314,147	8%
Other	\$191,574	5%
<b>TOTAL:</b>	<b>\$3,799,799</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
Home Interiors & Gifts	Decorative accessory & gift sales	\$164,000
Wal-Mart	Retail giant	\$154,000
Silver Eagle Distributors	Alcohol	\$143,500
Brown Distributing Co.	Alcohol	\$139,000
American Garment Finishers	Clothes launderers, importers	\$138,500
McLane Co.	Wal-Mart-owned grocery supplier	\$127,524
Bobby Cox Co.	Restaurant franchises	\$121,720
Service Corp. International	Funeral home giant	\$112,608
Cinemark USA	Movie theater chain	\$112,000
Texas Seafood Co.	Seafood supplier	\$95,000

The Miscellaneous Business category is the third largest source of Perry's money. Food and Beverages are the largest Miscellaneous subsector, led by alcohol industry donors (\$757,710), as well as grocery and restaurant interests, many of which rely on alcohol sales. It is no coincidence that an alcohol vendor, Richard Trabulsi, Jr. of Richard's Liquors, is a founder of Texans for Lawsuit Reform (TLR). When TLR was buying during the Texas Legislature's 1995 tort-reform bender, lawmakers slapped stiff limits on so called joint and several liability laws. As a result, those who sell alcohol to someone who is visibly intoxicated cannot be held responsible for resulting injuries unless a jury finds that they were at least 51 percent responsible. The Texas chapter of Mothers Against Drunk Driving said this "reform" virtually eliminated the alcohol industry's liability for drunk driving, since drunken drivers are almost always found to be more than 50 percent responsible for their destructive behavior.

For better or worse, another major Miscellaneous Business donor, Service Corp. International (SCI), is there when people do drink and drive. A state Funeral Service Commission (FSC) panel recommended fining SCI a record \$445,000 in 1998 for not cooperating with a regulator probe into allegations that the company secretly sent its customers to unlicensed embalmers (the case is still pending).<sup>23</sup> Before getting fired, former FSC Director Eliza May got summoned to the Governor's Office, where she got chewed out for the SCI probe by top aides to former Governor Bush—as an SCI lobbyist and executive looked on.

## Lawyers & Lobbyists Money

Subsector	Amount	Percent
Defense Lawyers	\$1,378,692	55%
Lobbyists	\$777,210	31%
Other Lawyers	\$187,419	7%
Plaintiff Lawyers	\$152,750	6%
Other	\$4,674	1%
<b>TOTAL:</b>	<b>\$2,500,745</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
Vinson & Elkins	Defense firm	\$122,500
*Arter & Hadden	Lobby firm	\$109,030
Hance Scarborough Wright...	Lobby firm	\$109,000
†Locke Liddell & Sapp	Defense firm	\$108,000
*Loeffler Jonas & Tuggey	Lobby firm	\$107,872
Linebarger Goggan Blair Peña	Plaintiff firm	\$100,750
Fulbright & Jaworski	Defense firm	\$91,500
McFall Sherwood & Breitbeil	Defense firm	\$84,475
Baker & Botts	Defense firm	\$82,500
Jenkins & Gilchrist	Defense firm	\$71,000

\* Big-Perry donors from Arter & Hadden formed Loeffler Jonas & Tuggey in May 2001.

† From 1999 merger of Liddell Sapp Zivley and Locke Purnell Rain Harrell.

Corporate attorneys and lobbyists dominated Perry's Lawyers & Lobbyists contributions, led by Vinson & Elkins. A recent Texas Watch study of the Texas Supreme Court found that Perry-appointed justices have increased the court's bias for corporations over consumers and defendants over plaintiffs. "Governor Perry's judicial appointees Wallace Jefferson and Xavier Rodriguez gave new power to Justices Hecht and Owen, the court's two most pro-corporate, activist justices," the report says.<sup>24</sup> Not surprisingly, then, Perry received comparatively little money from plaintiff lawyers, who favor his opponent. Perry also used his veto pen to kill a bill that would have required state court law clerks to disclose the potential conflicts that arise when they accept job offers from law firms that may have cases before a clerk's court. The top subsidizers of high court clerks in recent years were Baker Botts, Vinson & Elkins and Fulbright & Jaworski.<sup>25</sup>

Perry's biggest lobby cash cow has been Tom Loeffler—along with the lobbyists and the Metabolife account that Loeffler brought with him when he left Arter & Hadden to found Loeffler Jonas & Tuggey in 2001. Responding to eight deaths in the state in the mid-1990s, the Texas Department of Health staff proposed strict marketing rules for herbal diet remedies containing ephedrine stimulants. After industry leader Metabolife mobilized its lobby, the Texas Board of Health (TBH) trashed the proposed rules in 1999, substituting weak ones drafted by the industry.<sup>26</sup> Later that year, TBH adopted rules requiring that ephedrine products in Texas carry a toll-free number where consumers can report adverse health effects to the FDA. Industry lobbyists, including Texas Senator Jeff Wentworth and Rep. Rick Green, worked diligently to delay implementation of this new rule, even persuading U.S. Health Secretary Tommy Thompson to weigh in. But in August 2002, federal prosecutors announced a criminal probe to determine if Metabolife covered up consumer health complaints about ephedrine. In response, the company suddenly pledged to release 13,000 complaints, including 80 citing serious injury or death.

## Construction Money

Subsector	Amount	Percent
Homebuilders	\$862,212	35%
Heavy Construction	\$547,576	23%
Construction Materials	\$361,731	15%
Construction Support Svcs	\$337,191	14%
Other Contractors	\$321,120	13%
<b>TOTAL:</b>	<b>\$2,429,830</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
Bob Perry Homes	Homebuilding	\$455,000
Williams Brothers Construction	Heavy Construction	\$160,000
Hunt Building Corp.	Homebuilding	\$136,438
Holt Caterpillar	Building Equipment	\$133,500
Chasco Investments	Heavy Construction	\$126,600
Dannenbaum Engineering Corp.	Construction Svcs.	\$112,500
Associated General Contractors	General Contractors	\$95,300
Goodman Homes	Homebuilding	\$65,615
TX Manufactured Housing Assoc.	Homebuilding	\$55,000
H. B. Zachry Company	Heavy Construction	\$52,000

The powerful homebuilder industry leads Perry's construction donors, led by the state's No. 1 campaign contributor: Bob Perry of Bob Perry Homes (no relation to the governor). Homebuilders in recent years have fought increasingly well-organized consumers who are saddled with lemon homes and binding arbitration clauses that strip them of basic legal rights. With Texas also suffering a full-blown homeowner's insurance crisis that insurers blame on mold claims, the next legislative session will be a hot one for homebuilders. For all the mold furor, however, nobody is talking about prevention. To get to the bottom of the problem, the state must crunch claims data to identify the specific home designs, building materials and homebuilders that cause the biggest mold losses. The problem cannot be cured if public officials are afraid to diagnose the cause.

Heavy Construction, led by road and bridge builder Williams Brothers Construction, was the next largest Perry donor in this sector. Governor Perry electrified this industry in the summer of 2001 when he barnstormed the state promoting a vision of a \$1 billion increase in state transportation spending (even as a budget crisis was forcing the Texas Department of Transportation to hit the brakes on spending). In the three years prior to this road trip, TXDOT road contractors contributed \$235,133 to Perry's campaign coffers.<sup>27</sup>

## Health Money

Subsector	Amount	Percent
Physicians	\$525,976	27%
Other Health Professions	\$333,859	17%
Drugs & Biotech	\$273,500	14%
Hospitals & Clinics	\$257,302	13%
Health Products	\$234,650	12%
Health Services & Education	\$134,420	7%
Health Insurers	\$95,147	5%
Nursing Homes & Home Care	\$89,000	5%
<b>TOTAL:</b>	<b>\$1,943,854</b>	<b>100%</b>

Sector's Top Donors	Interest	Amount
Kinetic Concepts	Health Products	\$208,649
Owen Healthcare	Drugs	\$152,500
TX Dental Assoc.	Health Professions	\$138,500
Accident & Injury Pain Centers	Health Clinics	\$89,802
TX Hospital Assoc.	Hospitals	\$72,500
TX Medical Assoc.	Physicians	\$60,265

As discussed in the introduction, the signature act of Governor Perry's administration arguably was his veto of legislation to strengthen a health insurer's legal obligation to pay health-care providers quickly. Perry also vetoed two bills that would have restored public access to complaints filed against potentially dangerous medical facilities or medical practitioners—access that the **Texas Hospital Association** managed to cut off in the 1999 session.<sup>28</sup> The problem with such sensible measures is that they benefit an amorphous public but are opposed by narrow special interests that are well-funded and organized.<sup>29</sup>

Perry's No. 1 source of health-industry money is **Kinetic Concepts, Inc. (KCI)**, which makes hi-tech hospital beds that have been associated with numerous injuries, according to plaintiff lawsuits and reports filed with the FDA. Founder James Leininger, one of Texas' top political donors, has used his wealth to promote legal-liability limits, abortion restrictions, school vouchers—and Rick Perry. Indeed, Perry might not be running as an incumbent governor today if Leininger and chemical magnate William McMinn had not guaranteed a last-minute, \$1.1 million loan to Perry's 1998 lieutenant governor campaign, which won by a razor-thin margin. Perry also personally made a quick \$38,000 off KCI stock in 1996.<sup>30</sup> Perry suspiciously bought one-third of his shares on the day that he addressed Leininger's Texas Public Policy Foundation think tank—and just before an investment company bid up KCI's price by buying 2 million shares. Perry initially said his broker independently made the purchase, but later said that he himself ordered the transaction.<sup>31</sup> In August 2001, Perry appointed ex-KCI CEO Raymond Harrigan to the Texas Board of Health. That agency has invited scandal in its handling of herbal diet remedies that have triggered fatal health complaints (see "Lawyers and Lobbyists").

## VIII. End Notes

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<sup>1</sup> The Mexican army played this song, literally meaning “the throat cutting,” to signal that henceforth it would take no prisoners.

<sup>2</sup> “Perry’s Riding the Veto Record,” *Austin American-Statesman*, August 24, 2002.

<sup>3</sup> “Commissioner Had No Say On Doomed Insurance Bill,” *Austin American-Statesman*, August 15, 2001.

<sup>4</sup> “Dr. Issues Killer Post-Mortem On Perry’s Prompt-Pay Veto,” TPJ’s *Lobby Watch*, October 8, 2001.

<sup>5</sup> For more on kangaroo-court arbitration, see recent Texas Watch and Public Citizen reports:

[http://www.texaswatch.org/consumerlaw\\_main.asp](http://www.texaswatch.org/consumerlaw_main.asp) and <http://www.citizen.org/congress/civjus/arbitration/>.

<sup>6</sup> “Suit-Limits Group Is Top Perry Donor,” *Dallas Morning News*, August 19, 2001.

<sup>7</sup> *Ibid.*

<sup>8</sup> “Perry tries to placate doctors,” *Fort Worth Star-Telegram*, June 26, 2001.

<sup>9</sup> “Statewide Medical Association Endorses Sanchez,” Texas Medical Association release, April 19, 2002.

<sup>10</sup> To bolster this effort, TLR activists James Leininger and William McMinn grant the campaign a \$1.1 million loan guarantee.

<sup>11</sup> In his first 15 months as governor, campaign donors were present at 83 percent of Perry’s non-government private meetings. See “Donors Getting Perry’s Ear,” *Dallas Morning News*, May 26, 2002.

<sup>12</sup> See “Texans for Lawsuit Reform,” Texans for Public Justice, November 2001.

<sup>13</sup> “Suit-Limits Group Is Top Perry Donor,” *Dallas Morning-News*, August 19, 2001.

<sup>14</sup> SB 1654.

<sup>15</sup> HB 947 and HB 1515.

<sup>16</sup> “State of the Lone Star State,” Texans for Public Justice, September 2000.

<sup>17</sup> “Perry Cash & Houston Smog Traced To Common Source,” TPJ’s *Lobby Watch*, May 29, 2002.

<sup>18</sup> “Is Electric Deregulation a Texas Power Failure?” TPJ’s *Lobby Watch*, June 17, 2002.

<sup>19</sup> “Utilities Support Perry’s Campaign,” *Austin American-Statesman*, May 19, 2002.

<sup>20</sup> Tom Hicks is investing in both gubernatorial candidates, giving \$93,981 to Perry and \$50,000 to Sanchez. His brother, venture capitalist R. Steven Hicks, just gave to Perry, to the tune of \$138,516.

<sup>21</sup> See the *Houston Chronicle*’s: “Return To Secrecy,” September 16, 2002; and “Secrecy Cloaks \$1.7 Billion in UT Investments,” March 21, 1999.

<sup>22</sup> “Files Show Perry Got S&L Funds,” *Fort Worth Star-Telegram*, August 22, 2002.

<sup>23</sup> “Settlement Terms With Funeral Commission Shrouded in Secrecy,” *Texas Lawyer*, November 19, 2001.

<sup>24</sup> *Power Shift: Returning to Defendant Dominance 2001-2002*, Texas Watch, September 26, 2002.

<sup>25</sup> *Texas Supreme Court Clerk Perks*, Texans for Public Justice, January 2001.

<sup>26</sup> “Industry Lawyer Allowed To Draft Ephedrine Rule,” *Austin American-Statesman*, January 17, 1999.

<sup>27</sup> “Perry’s Political Tollbooths Line \$1 Billion of State Roads,” TPJ’s *Lobby Watch*, October 24, 2001.

<sup>28</sup> The vetoed bills were SB 279 and SB 791.

<sup>29</sup> One such rare public advocate is Consumer’s Union health analyst Lisa McGiffert. For her views on these disclosure bills, see “Accountability of Health-Related Licensing Agencies Questioned,” *Brownsville Herald*, September 25, 2002.

<sup>30</sup> “Perry Defends \$38,000 in Stock Profits,” *Dallas Morning News*, May 15, 1998.

<sup>31</sup> “Perry denies profit on stocks unethical,” *Houston Chronicle*, May 22, 1998.