

TEXAS REVOLVERS:

PUBLIC OFFICIALS RECAST

AS HIRED GUNS

TEXANS FOR PUBLIC JUSTICE

FEBRUARY 1999

ACKNOWLEDGEMENTS

This report would have been much more monotonous if the Texas lobby was not chock full of characters. Where else—besides Disneyland—can you find so many people who use professional names such as Doc, Woody, Nub, Rusty, Ike, Gib, Buzz, Ace or Babe?

Texas Revolvers was a collaborative project of the staff of Texans for Public Justice, all of whom had a hand in its production. Some labor specialization occurred. Craig “Fuzzy” McDonald oversaw the big picture. Bill “Dub” Medaille was the database custodian. Fred “Bum” Richardson and John “Rio” Lofton conducted research. Aimée “Gumbo” Daigle did research and laid out these pages. Andrew “Buck” Wheat supplied the verbiage. Jason “Sketch” Stout of Stout Illustrations designed the cover.

Texans for Public Justice

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CONTENTS

I. Summary	1
II. Introduction	3
III. The Revolver Lobby	5
Ex-Legislators	8
Top 10 Profiles	12
Ex-Agency Officials	29
Top 10 Profiles	30
Revolver Clients	41
IV. Recommendations	44
V. Appendix	45
VI. End Notes	48

Of Special Interest

Title	Client	Page
Rule of Capture: A TNRCC Rainmaker	Garwood Irrigation	13
Negligent Nursing Homes	Horizon CMS Healthcare	15
Tobacco & Tort Reform	Philip Morris/Texans for Lawsuit Reform	16
Capital Bashing in the Capitol	City of Austin	17
New York's Texas Toilet	MERCO	18
Winning on a Losing Horse	Sam Houston Race Park	19
Banking on the Lobby	Texas Bankers/Independent Bankers	20
Radioactivities	Assorted nuclear dumping enthusiasts	22
Floating a Deal	Colorado River Municipal Water District	25
Unrefined Oil Interests	Koch Industries	27
Running Numbers	GTECH	33
Plugging Tobacco	Philip Morris/U.S. Tobacco Co.	36
The Aides Epidemic & Corporate Welfare	Lockheed Martin IMS	40

I. SUMMARY

- By the end of the 1997, 1,662 registered lobbyists reported up to \$210 million in income from 2,304 clients. (This army of lobbyists was more than twice the size of the 857 lobbyists who registered 10 years earlier).
- 110 of these lobbyists are “revolvers,” who once were powerful public officials. These revolvers include 91 ex-legislators (including three former House Speakers and three legislators who also served as state agency heads), 13 ex-agency heads (who did not serve in the Legislature) and six former legislative officers. These revolvers reported 1,159 contracts in 1997 that were worth up to \$44 million.
- These revolvers command a hefty influence-peddling premium. Although they accounted for 7 percent of all lobbyists, they walked away with 17 percent of all lobby contracts and 21 percent of all lobby income. While the average lobbyist reported a maximum lobby income of \$126,062, the average revolver pocketed three times that amount, or \$397,047.
- While Democrats outnumbered Republican ex-legislator lobbyists 80:11, Republicans tended to make more cash. The average haul of an ex-Democratic legislator was \$239,689 compared to \$398,636 for the average GOP ex-legislator.
- 62 percent of ex-legislator lobbyists supplement their lucrative lobby incomes with state pension checks. The average one of these lucky lobbyists received \$25,430 from taxpayers in 1997 pension income—more than Texas’ per capita income.
- Leading revolver A. W. “Woody” Pogue is an ex-insurance commissioner who received up to \$2.8 million from 137 clients (most of which are insurance companies).
- Former Sergeant-At-Arms Rusty Kelley led ex-legislative officers, with 48 clients paying him up to \$2.7 million.
- Neal “Buddy” Jones led ex-legislators, reporting up to \$1.8 million from 50 clients. Jones also spawned a new revolver by hiring a top state official who had influence over the fate of Jones’ top 1997 client, Garwood Irrigation.
- The finance, insurance and real estate sector employed the most revolving-door hired guns, paying them up to \$9.9 million (23 percent of the revolver total) to execute 368 contracts. Southwestern Bell sponsored the biggest single jobs program for revolvers, paying 10 of them up to \$650,000. 

II. INTRODUCTION

Because a dizzying number of exiting government officials cash in their political connections by becoming lobbyists, government buildings are said to be connected to special-interest groups by a “revolving door.” These revolving doors can return remarkable benefits to revolver lobbyists and their clients. But at what cost to the public’s interests?

When an outgoing public official steps into a lobbyist’s suit and the industry he regulated pays him to lobby his former colleagues, public suspicions are aroused. The well trod path of revolver lobbyists traverses an ethical mine field. What public interests were sold down river to curry favor with future clients before the official left office? Which officials still in office have received contributions from a new revolver’s leftover campaign account? What officials still in office owe this new revolver lobbyist political debts?

Because there are too many of these murky questions, more needs to be done to elevate the public interest above the self-interests of former officials. The federal government and 25 states have passed reforms to apply the brakes to their revolving doors. Sixteen states restrict the revolving doors of both their executive and legislative branches, while the other nine states regulate revolvers in one branch or the other. Most revolving-door policies impose a lobbying moratorium of one to two years on former officials. California permanently bans would-be revolvers from lobbying on any issue that they ever worked on in office.

Even Congress passed the 1989 Ethics in Government Act, subjecting members to revolver restrictions for the first time. Current federal law bans members from lobbying the legislative branch for one year. Senior federal officials also generally are restricted from lobbying their agency for one year. This limit extends to two years for matters that they supervised and to a lifetime ban on matters that the official was substantially involved in.

Texas, which has weak revolving-door restrictions, has seen more than its share of revolving-door scan-

dals. Former Texas prisons chief Andy Collins was indicted in 1998. The indictment suggests that, shortly before he exited through the Big House’s revolving door, Collins’ consulting company took \$20,000 from VitaPro, which won a contract to sell \$34 million of meat substitute to state prisons. Right after leaving his state job, Collins became a \$1,000-a-day consultant for VitaPro.¹ Collins’ attorney invoked the everybody-does-it defense. “It is certainly not unusual for somebody who did business [Texan for ‘public service’] for a number of years in the prison system to end up doing business with somebody who sells his product to prison systems,” said attorney Bill White.²

While Texas law provides grounds for pursuing charges in Collins’ extreme case, it is the exception. Sources familiar with a Travis County Attorney’s Office investigation of another recent revolver scandal say state law is too weak to file charges against those revolvers. A 1996 complaint charged four revolvers (including top aides to Governor George Bush and then-Lieutenant Governor Bob Bullock) with violating Texas’ 1994 revolving-door law. These revolvers, who helped design the state’s welfare privatization plan, left their state jobs to go to work for Lockheed, which was gunning for Texas’ huge welfare privatization contract (see “The Aides Epidemic and Corporate Welfare”).

In response to the scandal, Bush and Bullock adopted voluntary, one-year revolver restrictions for senior staff members, restrictions that lack criminal penalties and which their successors need not follow. (Members of newly elected Lieutenant Governor Rick Perry’s staff say they are developing their own voluntary guidelines). In general, Texas public officials ignore the revolving door until a particularly foul-smelling scandal hits the headlines.

This report seeks to promote comprehensive revolving-door reforms. To restore public confidence, the Texas Legislature needs to go beyond the existing patchwork of weak or voluntary revolver restrictions. Texas needs thorough, mandatory and enforceable rules to close the revolving door. Reforms are outlined at the end of this report. ❧

THE REVOLVER LOBBY

- EX-LEGISLATORS

TOP 10 PROFILES

- EX-AGENCY OFFICIALS

TOP 10 PROFILES

- REVOLVER CLIENTS

III. THE REVOLVER LOBBY

By the end of 1997, the Texas Ethics Commission had registered 1,662 lobbyists, well over twice the number registered 10 years earlier.³ These lobbyists reported that 2,304 clients paid them between \$91 million and \$210 million to execute 5,531 contracts. For a significant minority of registered lobbyists, these lucrative assignments to the halls of power were a homecoming.

The state capital evokes a strong sense of *déjà vu* in at least 110 of these lobbyists (7 percent of the registered herd) because they were public servants in a former life. The 1997 lobby contained:

- 91 former legislators (three of whom also headed state agencies);⁴
- 13 ex-heads of state executive and regulatory agencies who never served in the Legislature;⁵ and
- Six former legislative officers.

These revolving-door lobbyists constitute a special make of hired gun known as “revolvers.” Many other members of the 1997 lobby are smaller-caliber revolvers who served as aides to legislators or other top state officials (see “The Aides Epidemic & Corporate Welfare”).

Of Special Interest

Ann Richards, Dean of Texas’ Revolver Lobby

The dean of Texas’ revolver lobby moved from the state’s highest executive office to the lobby major leagues in Washington, D.C. Three months after George W. Bush’s upset defeat of her in 1994, Ann Richards joined fellow revolvers Bob Dole and Lloyd Bentsen at Washington’s Verner, Liipfert, Bernhard McPherson & Hand. U.S. tobacco companies paid this high-powered lobby firm \$7.2 million in the first half of 1998 to kill a national tobacco settlement. Although the industry backed earlier versions of the bill as a way to cap its cancer liabilities (assigning Richards to deliver liberal Democrats), Congress ended up demanding more than the tobacco barons would concede.

Ex-governor Richards billed \$385 an hour in 1997 to lobby for a bevy of corporate clients that included:

- Three arms merchants (Lockheed, McDonnell Douglas and Textron);

- The Dow Corning [breast-implant] Tort Committee; and
- The Mills Corp.

Mills Corp., which owns Texas’ Grapevine Mills and Katy Mills malls, sought permits to fill 206 acres of the Hackensack River wetlands for a mega mall. The development proposed the largest fill of East Coast wetlands since the Clean Water Act passed 25 years ago. Thanks to its resuscitation under this federal law, this wetlands now produces “more pounds of fish per acre than any other water body on earth,” according to the National Alliance of River, Sound and Baykeepers. To pave such plentiful waters, the Mills Corp. must demonstrate that this mega mall cannot reasonably be built anywhere else. The developer enlisted Richards to help make this dubious pitch.⁷



The 110 revolvers analyzed in this report wielded clout that vastly exceeded their numbers. Although revolvers accounted for 7 percent of 1997 lobbyists, they grabbed 17 percent of lobby contracts (1,159 of them). While the average lobbyist reported four lobby contracts, the average revolver worked 10.5 contracts. Revolvers also accounted for a disproportionately huge share of lobby income.

Lobbyists registered in Texas do not report precise values for their contracts. Instead, they report these values in ballpark ranges such as "\$10,000 to \$24,999" or "\$200,000 or more."⁶ The 110 revolvers divvied up 1,159 contracts worth up to \$44 million. This accounted for 21 percent of the maximum lobby income reported by the whole lobby.

While the average individual lobbyist reported 1997

contracts worth a maximum of \$126,062, the average revolving-door lobbyist reported contracts worth a maximum of \$397,047. If the 30 revolving-door lobbyists who only reported a single lobby contract in 1997 are removed from the mix, the remaining 80 multi-client revolvers reported average lobby contracts worth a maximum of \$524,877 *per lobbyist*.

Former Texas officials clearly command an extraordinary premium in the influence-peddling market. This premium proved to be irresistible to a significant minority of former officials, even though exiting public offices through the revolving lobby door undermines public confidence in the very state offices and institutions that these lobbyists were once charged with upholding. This section discusses three classes of Texas revolvers (ex-legislators, ex-legislative officers and ex-agency officials) and provides an overview of their clients. ↪

Ann Richards' Silver Lobby Spoons

'97 Clients	Interests
Big Tobacco	Limited-liability smoking
Consolidated Rail Corp. (Conrail)	Railroad
City of Austin	Live music capital of the world
Dow Corning Tort Committee	Fighting breast-implant suits
Girling Health Care	Home health care chain
Lockheed Martin	Arms merchant; computer data processing
Mariner Health Group	Home health care chain
New Jersey hospitals	State turf war with nursing homes
McDonnell Douglas	Arms merchant
Mills Corp.	Shopping center developer
Motorola	Electronics, microchips
National Broadcasting Corp.	Television broadcasting
North Texas Commission	Metroplex business booster
Student Loan Marketing Assoc.	Student loans
Taubman Co.	Shopping center developer
Texas Assoc. for Homecare	Home care trade association
Textron	Arms merchant

Source: *Austin Chronicle*, clients registered on July 31, 1997.

EX-LEGISLATORS

The great irony of the Texas Legislature is that its formal and informal roles in Texas politics operate at cross purposes. Formally, the Legislature is the principal democratic body that sets the laws of the land for all Texans. Informally, the Legislature serves as the state's premier finishing school for lobbyists, who tailor state laws to the needs of a few powerful special interests. These conflicting sides of the Legislature's persona, combined with the corrupting influence of campaign contributions, form the roots of much of the public's distrust of government officials. This also helps explain the legislature's tendency to legislate on behalf of a powerful few.

A pension for lobbying

Much is made of Texas' self-sacrificing citizen legislators, who, for better or worse, make the laws of this land for a paltry \$7,200 annual stipend.⁸ But legislators also feather their nests with excellent

pension benefits.

Texas lawmakers and the Employee Retirement System of Texas refuse to disclose how much individual retired officials pocket in pension benefits. But Texans for Public Justice did obtain important aggregate information on pension benefits pocketed by 1997 revolvers.⁹ After repeated delays, the Texas Comptroller's Office responded to an Open Records request for aggregate pension data on 90 ex-legislator lobbyists. Of these 90 lobbyists, 56 (62 percent) received 1997 state pension checks worth more than \$1.4 million.¹⁰ Texas taxpayers paid the 56 lucky revolvers an average of \$25,430 in 1997, or more than per capita state income. That same year, special interests paid these revolving-door pensioners princely sums to lobby their lawmaking successors. The average ex-legislator lobbyist reported 1997 contracts worth up to \$310,771.

Of Special Interest

Revolvers Inflated Their Pension Checks

A revolving-door lobbyist helped establish Texas' generous pension plan for legislators. Until 1991, legislators who had served 10 years qualified for pension benefits at age 60, while those who had served 30 years qualified at age 55.

Toward the end of the 1991 session, Lubbock legislator Nolan "Buzz" Robnett slipped a provision into an employee-benefits bill. The provision—which received no public hearing or debate—reduced entitlement time so that legislators who served eight years would draw full benefits at age 60, while those who served 12 years qualified at 50. Fifty-one-year-old Robnett then promptly retired from the

legislature...after 12 years. "I didn't have any specific people in mind," Robnett once said of this coincidence, "certainly not me."¹¹ More recently, the ex-legislator (who reported up to \$475,000 in 1997 lobby income) said, "I'm at peace with myself because legislators go through a lot and deserve it."¹²

Legislators' pensions used to be based on their measly salaries. In 1975, legislators decided to base their pension benefits on the much higher salaries of state district judges.¹³ This linkage has been good for the judges, whom legislators now treat to frequent and generous raises. These judges who made \$76,308 in 1991, will make \$101,700 in 1999.↵

Legislative Yearbook

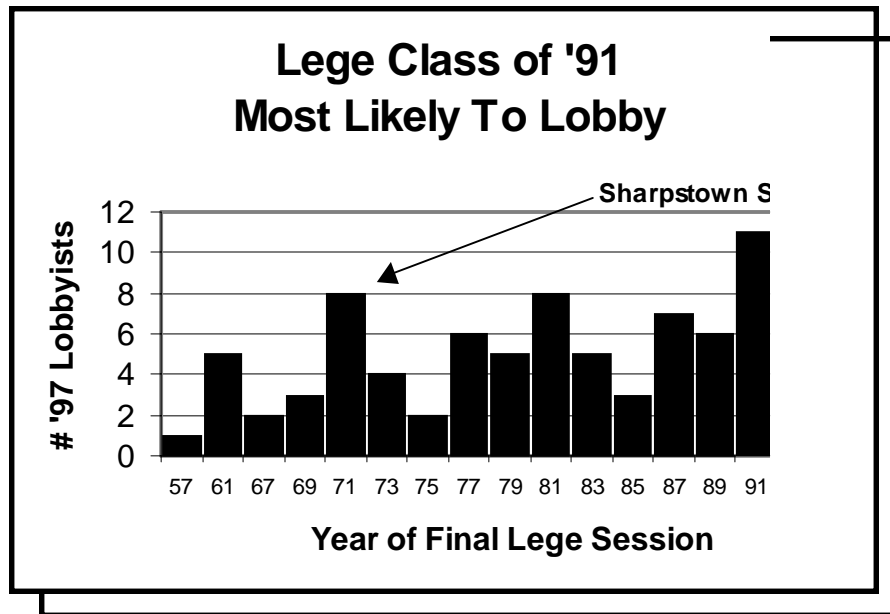
Of the 91 former legislators who returned to the legislature as lobbyists in 1997, 11 came from the class of 1991—whose swan song was the 72nd Legislature. The next most-fertile legislatures were the classes of 1971, 1981 and 1995, which each matriculated eight 1997 lobbyists. The bumper crop of lobbyists who graduated from the Lege after the 1971 session were fertilized by the Sharpstown Scandal that year. This influence-peddling scandal prompted the turnover of half of the seats in the legislature from 1971 to 1973 (for more on Sharpstown, see “Running Numbers”).

Two-Party Lobby

This study covers 1997 lobbyists who left the legislature between 1957 and 1995. Given the Democrats’ overwhelming domination of the legislature during that period, Democratic ex-legislators pre-

dictably outnumber Republicans. Of the 91 legislators in the 1997 lobby, 80 legislators are Democrats and 11 are Republicans.

While Democratic revolvers vastly outnumber Republicans, Republican revolvers have done even better for themselves than their Democratic colleagues. Republicans only account for 12 percent of 1997’s ex-legislator lobbyists, but they account for four of the 20 legislators (20 percent) who earned maximum 1997 lobby incomes exceeding \$500,000. The average Democratic revolver earned a maximum 1997 lobby income of \$239,689; the average Republican revolver earned a maximum of \$398,636. Due to Texas’ recent Republican revolution, there is heavy demand for the relatively small pool of revolvers who are partisan fellow travelers of the governor, every statewide elected office and the Senate majority.



35 TOP-DOLLAR EX-LEGISLATOR LOBBYISTS

1997 Contracts

Ex-Lege Revolver	Max.Value	Client #	Hometown (When in Lege)
Neal "Buddy" Jones	\$1,825,000	50	Hillsboro
Gib Lewis	\$1,485,000	37	Fort Worth
Mike Toomey	\$1,405,000	31	Houston
Don Adams	\$1,225,000	21	Jasper
John "Cliff" Johnson Jr.	\$1,095,000	16	Palestine
Stan Schlueter	\$1,035,000	34	Killeen
Jerry "Nub" Donaldson	\$995,000	20	Gatesville
Bill Clayton	\$895,000	29	Springlake
Ed Howard	\$705,000	22	Texarkana
Todd A. Hunter	\$700,000	22	Corpus
Bill A. Messer III	\$695,000	18	Belton
Frank W. Calhoun	\$685,000	9	Abilene
Dan O. Shelley	\$675,000	16	Crosby
Phil Cates	\$620,000	21	Shamrock
Lena Guerrero	\$605,000	13	Austin
Kent A. Caperton	\$600,000	12	Bryan
Joseph Lynn Nabers	\$600,000	12	Brownwood
Charles W. Evans	\$575,000	13	Hurst
Clinton P. Hackney	\$560,000	10	Houston
Bob McFarland	\$510,000	7	Dallas
Wade Spilman	\$500,000	4	McAllen
Robert M. Saunders	\$490,000	13	La Grange
Carl A. Parker	\$485,000	9	Port Arthur
Nolan J. "Buzz" Robnett	\$475,000	9	Lubbock
Eddie Cavazos	\$475,000	9	Corpus
Don B. Henderson	\$460,000	8	Houston
James W. "Bill" Haley	\$430,000	22	Center
A. R. "Babe" Schwartz	\$385,000	13	Galveston
Gordon D. "Doc" Arnold	\$345,000	15	Terrell
Orland Harold "Ike" Harris	\$325,000	12	Dallas
Kent R. Hance	\$310,000	11	Lubbock
Jim D. Rudd	\$310,000	8	Brownfield
Curtis L. Seidlits Jr.	\$300,000	3	Sherman
Wesley B. Roberts	\$275,000	4	Seminole
Albert Luna III	\$275,000	6	Houston
Total	\$23,330,000	559	

'Buddy' Jones

No. 1 Lege Revolver

50 Clients: \$1.8 million

Top '97 Clients	Max. Value
Garwood Irrigation Co.	\$200,000
Bass Enterprises; Lee & Perry Bass (3 contracts)	\$150,000
Bristol Hotel Co. (owns Holiday-Inns)	\$100,000
Cook Children's Medical Center	\$100,000
Metropolitan Transit Authority of Harris Co.	\$100,000
Association of Electric Companies of Tx	\$50,000
AT & T	\$50,000
Farmers Group, Inc.	\$50,000
Pilgrim's Pride Corp.	\$50,000

Top-grossing ex-Lege revolver, Neal "Buddy" Jones, served in the House for just one session. As a rookie, Jones did not chair a committee or otherwise wield sufficient clout to explain why 50 clients lined up to pay him up to \$1.8 million in 1997. Instead, Jones' influence flows from his stint as chief of staff to former House Speaker Gib Lewis, who was the No. 2 ex-legislator revolver in 1997.¹⁴ Lewis remained at the helm for another decade after Jones left the Lege for the lobby big league.

Jones, whose lobbying style has been likened to "a fraternity man" during "rush week,"¹⁵ recently recruited to his lobby shop Bill Miller (1997 lobby contracts of up to \$160,000) as well as Texas Natural Resources Conservation Commission Executive Director Dan Pearson.

Pearson is a strategic acquisition for Jones, whose biggest 1997 client, Garwood Irrigation, paid him up to \$200,000 last year to help secure TNRCC permission to sell the rights to \$15.8 million of Colorado River water. In the months before leaving the TNRCC in June 1998, Pearson and his staff shaped the agency's favorable response to Garwood's ap-

plication (see "Rule of Capture: A TNRCC Rainmaker").

Other top Jones clients sought help dodging the tax man. When Governor W. Bush asked a special legislative committee to find a way to alleviate property taxes, Buddy Jones went behind the scenes to prevent panel members from shifting the tax burden to his clients.

This stealth strategy backfired when committee head Paul Sadler, D-Henderson, broke lobby protocol by forcing Jones' clients to publicly explain why other Texans should underwrite tax breaks for billionaire companies and individuals. Representatives of the Fort Worth Bass family testified that they would move their investment operations to another state if Texas decided to impose a franchise on unincorporated businesses such as theirs.

Continental Airlines Chair Gordon Bethune, another Jones client, took a pseudo-populist tack. He told the panel that Continental employees gladly would reject any property tax cuts on their own homes that came at the expense of their company's beloved jet fuel tax exemption.¹⁶

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Of Special Interest

Rule of Capture:

A TNRCC Rainmaker

The top client of Texas' top ex-legislator lobbyist pumps a commodity that is becoming more precious than Texas crude.

Thirsty cities and industries have bid up water prices to the point that they have altered a basic principle of hydrology. "Water doesn't flow downhill" anymore, a Lower Colorado River Authority (LCRA) attorney noted. "It flows to money."

So do lobbyists. In 1997, LCRA retained 13 lobbyists (including five revolvers) for up to \$400,000.¹⁷

Historically, LCRA feuded with downstream users such as Garwood Irrigation, which sells water to Gulf-area rice farmers.¹⁸ In 1936, Garwood signed a bitter settlement with LCRA, which agreed to provide Garwood with just 17 percent of the company's turn-of-the-century water claim. Garwood regarded the deal as a swindle, but its attorney convinced the company that he would rectify the accord later. He never did. Attorney Alvin Wirtz had a conflict of interest: he represented both Garwood and LCRA. In fact, Wirtz helped establish LCRA during his stint as a state senator.

Half a century later Garwood won a 1989 court ruling that gave it rights to 55 billion gallons of water a year—much more than its rice-farming customers consume. Recently, Garwood offered to sell rights to 43 billion gallons of water to LCRA for \$75 million and another 11 billion gallons to Corpus Christi for \$15.8 million. Because Corpus lies outside of the Colorado's river basin, this sale required a special TNRCC inter-basin water transfer permit (Corpus retained its own lobbyists, including big-gun revolver Cliff Johnson).¹⁹ But this permit looked like a foregone conclusion. At the time the deal was announced in February 1998, TNRCC Executive Director Dan Pearson hailed it as a "forward-thinking solution."

TNRCC Commissioners approved the water sale in October 1998, guided in part by a staff recommendation, much of which was prepared under Pearson's oversight. Pearson, left his \$115,000 job four months before the commissioners' Garwood ruling. He went straight to work for revolver lobbying Neal "Buddy" Jones, whose top 1997 client was Garwood (for another aspect of this massive water swap, see "Floating a Deal").

❧

'Gib' Lewis

No. 2 Lege Revolver

37 Clients: \$1.5 million

Top '97 Clients	Max. Value
Allied Waste Systems, Inc.	\$100,000
Dallas/Fort Worth International Airport	\$100,000
Enron Capital & Trade Resources, Corp.	\$100,000
Horizon/CMS HealthCare Corp.	\$100,000
Sierra Health & Life Insurance Co.	\$100,000
Texas Chiropractic College	\$100,000
Texas Motor Speedway	\$100,000
Voice Track Corporation	\$100,000

In contrast to one-termer Buddy Jones, Jones' old boss Gib Lewis was a House member for 22 years. During his last decade in the Lege, Lewis ruled the roost as House Speaker, making or breaking legislative proposals with a swing of his gavel. He was the longest-serving Speaker in Texas history.

Loud Speakers in the Lobby

Three former House Speakers surfaced in the 1997 lobby:

- No. 2 Lege Revolver Gib Lewis (\$1.5 million);
- No. 8 Lege Revolver Billy Clayton (\$895,000); and
- Rayford Price (\$70,000 in insurance lobby contracts).

The end of Lewis' reign was marred by an ethics scandal in which the Speaker was charged with:

- Failing to disclose his ownership stake in a Fort Worth company; and
- Taking an illegal, unreported gift from the tax-collection firm of Heard, Goggan, Blair & Williams, which paid off \$5,000 in taxes for Lewis' company.

After being jailed briefly for missing a related court

appearance when he prolonged an antelope-hunting safari in West Texas,²⁰ Lewis pleaded no contest to the misdemeanor charges and was fined \$2,000. Lewis initially said that the 1991 jailing convinced him to seek reelection, after all. Thus spake the eloquent speaker: "You know what my thought was that day? Stay here and kick somebody's butt, that's what."²¹

When Lewis announced that he would not seek reelection in January 1992, he had war chests of some \$3 million squirreled away, including at least \$421,727 in an account established to maintain his Speaker position.²²

As if on automatic pilot, Lewis continued to raise campaign money after he announced his political retirement. Hours after his retirement speech, the lame-duck Speaker attended a fundraiser thrown for him by Texas Automobile Dealers Association (TADA) lobbyist Gene Fondren.²³ Fondren himself is an ex-legislator who left the Lege back in 1967, when Pontiac Firebirds sold for \$2,666.

Then-Lt. Governor Bob Bullock, who is an ex-TADA lobbyist, eulogized Lewis upon the Speaker's retirement, saying, "I doubt anyone in state government in the last decade has devoted so much of themselves to Texas and received so little in return."²⁴ Clearly, it was payback time.

Lewis jetted from the Speaker's podium into the lobby, agreeing to represent Dallas/Fort Worth International Airport just hours after he hung up his gavel in January 1993. The airport hired Lewis to get the state behind its \$3.5 billion expansion plans and to thereby preempt opposition from its municipal neighbors: Grapevine, Euless and Irving, Texas. In 1997, the airport was still at the top of the list of the 37 clients willing to pay the ex-Speaker up to \$1.5 million to lobby legislators he once ruled.

Drinking & Driving

Another top Lewis client, the Texas Motor Speedway, also has a keen interest in preempting local

rule. The Forth Worth Sports Authority lured the Speedway to the town of Northlake with an incentive package that deprives the small community of taxes from the facility. Seeking higher-proof profits, Speedway interests then jockeyed to end Northlake's prohibition on alcohol sales, but local voters twice rejected these initiatives. Veering to the outside track, the racetrack got Denton County Commissioners to carve out a special precinct around the Speedway to secure a pro-alcohol vote. In late 1997, Northlake challenged the creation of this "wet precinct" in a pending suit against Denton County.

Of Special Interest

Negligent Nursing Homes

A top 1997 Lewis client reaped the benefits of Texas regulators' indulgence of abusive nursing homes. In 1997, New Mexico-based Horizon/CMS Healthcare ran 28 Texas nursing homes, many of which generated repeated, confirmed complaints of neglect.

Documents obtained under the Open Records Act finger five Horizon nursing homes as the chain's worst. From 1996 through April 1998, Texas Department of Human Services (DHS) staff investigated 101 complaints at these five facilities. DHS investigators threatened to close each facility twice and they imposed fines of \$206,720 on the five homes.

One of these homes, Heritage Western Hills in Gib Lewis' home town of Fort Worth, has been the target

of two lawsuits. A jury awarded the heirs of 75-year-old Martha Hary a \$12 million judgment in 1997.²⁵ Hary was found near dead at Western Hills, suffering from malnutrition, septic shock and a bed-sore big enough to expose her right hip bone to view.²⁶

The Texas Attorney General's Office filed another suit against Horizon Heritage Western Hills in 1998 for the death of a mentally retarded resident afflicted with Down's Syndrome, Alzheimer's disease, diabetes and swallowing problems that dictated a pureed diet. In 1997, staff members fed this resident a last supper of chopped chicken, new potatoes and cherry pie. She never got to the pie. Nursing aides found her asphyxiated with a potato the size of a half dollar lodged in her throat.

Horizon's Negligent Nursing Homes

Horizon Facility	City	Fine Imposed	Fine Assessed	Fine Collected	Complaint Investigations	Termination Recommended
Heritage Park	Plano	\$93,000	\$32,100	\$29,900	26	2
Parkwood Place	Lufkin	\$60,100	\$11,400	\$11,400	15	2
Horizon Nursing Center*	Mt Pleasant	\$51,820	\$3,900	\$3,900	13	3
Heritage Gardens	Carrollton	\$1,800	\$500	\$500	17	2
Heritage Western Hills	Ft. Worth	Sued			30	2
Totals		\$206,720	\$47,900	\$45,700	101	11

* The Texas Attorney General sued this facility in June 1998.
Source: Texas Department of Human Services; Texas Attorney General.

Mike Toomey

No. 3 Lege Revolver

31 Clients: \$1.4 million

Top '97 Clients	Max. Value
McGraw-Hill Companies	\$150,000
Harris Co. Commissioner's Court	\$100,000
Philip Morris	\$100,000
Texans For Lawsuit Reform, Inc.	\$100,000
Alliance for Managed Care	\$50,000
Lockheed Martin IMS	\$50,000
Lower Colorado River Authority	\$50,000
Sam Houston Race Park, Ltd	\$50,000

No. 3 revolver Mike Toomey reported 31 1997 clients willing to pay him up to \$1.4 million for his services. Toomey, who represented a Houston district, was chair of the Judiciary Committee when he left the House. Before entering the lobby, Toomey served as the chief of staff to former Governor Bill Clements. He also

worked on the campaign that elected Rick Perry as agriculture commissioner in 1990. Today, Toomey is a member of Lieutenant Governor Perry's "kitchen cabinet." In 1996, Toomey married Sen. Tom Haywood's chief of staff, Stacy Penny, taking a post-nuptial vow never to lobby his wife on senate business.

Of Special Interest

Tobacco & Tort Reform

Among Toomey's top 1997 clients were Texas' leading tort-dodger group, Texans for Lawsuit Reform (TLR), and tobacco giant Philip Morris. Both clients lobby the Texas Legislature for laws that shield corporations from legal responsibility for dangerous acts or products. Other 1997 revolvers who did double duty for TLR and big tobacco include Stan Schleuter, Randy Schleuter, Ed Lopez, and Eddie Cavazos.

TLR—which received initial funding from the tobacco industry—teamed up with Philip Morris in 1995 in a cloak-and-dagger attempt to discredit Texas consumer and environmental groups by painting them as "big-monied special interests." TLR and Philip Morris aimed their smear campaign at groups that "oppose pollution, tobacco and curbs on civil lawsuits."²⁷

When the Texas Attorney General filed suit against the tobacco industry in 1996, Philip Morris coordinated attacks on the suit by the Texas Association of Business and Chambers of Commerce and the Texas Civil Justice League (TCJL), the state's other leading tort group. In a memo to TCJL at the time, Philip Morris point man Jack Dillard coached TCJL Director Ralph Wayne to criticize the suit as "moving in exactly the opposite direction from the real progress that has been achieved in recent years in implementing tort reform."²⁸

During the 1997 session, tobacco lobbyists tried to kill bills that would have: increased tobacco taxes; mandated disclosure of all tobacco-product ingredients; and cracked down on illicit sales of tobacco to children.

Donald G. Adams

21 Clients: \$1.2 million

No.4 Lege Revolver

Top '97 Clients	Max. Value
City of Austin Electric Utility Dept.	\$200,000
City of Austin	\$150,000
Independent Bankers Assoc. of TX	\$100,000
TX Assoc. of Community Colleges	\$100,000
Girling Health Care, Inc.	\$50,000
Mobil Oil Corp.	\$50,000
Northeast TX Electric Co-Op	\$50,000
TX Conf. for Homeowners' Rights	\$50,000
Valero Energy Corp.	\$50,000

No. 4 ex-Lege revolver Donald Adams left the Lege after the 1979 session, when he chaired the Senate Administration Committee and vice chaired the Finance Committee. He was ex-Governor Dolph Briscoe's general counsel.

Adams' two largest 1997 contracts—worth up to \$350,000—were with the City of Austin. This client

is a tough sell to many legislators, who have made their adopted home the city they love to hate (see "Capital Bashing in the Capitol"). Yet some current capital bashers will move from the legislature to the lobby, buying palatial homes over the Edwards Aquifer Recharge Zone—ground zero for city development battles with the Lege (see "Banking on the Lobby" for another big Adams client). ↪

Of Special Interest

Capital Bashing in the Capitol

For conservative Texas Legislators, Austin is a square liberal peg that must be hammered into a conservative round hole. Battling growth that is creating Los Angeles-style sprawl, city voters passed the 1992 Save Our Springs initiative, which subjects development around the environmentally sensitive Edwards Aquifer to tough water-quality standards.

Fighting back, developers lobby each session of the Legislature to preempt Austin laws. The courts have struck down most of these preemptions, but only after long legal battles. The city spent \$3 million, for example, to extricate itself from preemptive laws passed in 1995. One such law sponsored by then-Rep. Robert Saunders exempted large developments beyond Austin city limits from annexation and the

city's water-quality laws. Sponsoring unconstitutional laws is an excellent entrée to the lobby. Saunders reported up to \$490,000 in 1997 lobby contracts. His 13 clients include such water polluters as chicken processors, solid waste companies, electric utilities and uranium mines.

To block new preemptive bills, the Austin City Council recently quadrupled its lobbying budget. The city announced \$1.2 million in contracts with nine lobbyists in late 1998. Over the next two years the city will pay \$368,000 to long-time Austin lobby partners Don Adams and Angelo Zottarelli (an ex-aide to ex-Lt. Governor Bill Hobby). Other ex-legislators hired by the city include Buddy Jones, Cliff Johnson, Carl Parker, Froy Salinas and Hugo Berlanga. ↪

"Cliff" Johnson, Jr.

No.5 Lege Revolver

16 Clients: \$1.1 million

Top '97 Clients	Max. Value
GTECH Corp.	\$150,000
Andrews County Industrial Foundation	\$100,000
City Of Corpus Christi	\$100,000
MERCO Joint Venture	\$100,000
Montgomery Watson Americas, Inc.	\$100,000
Texas Utilities Services, Inc.	\$100,000
USA Waste	\$100,000
Spring-Cypress Landfill Coalition	\$50,000

John "Cliff" Johnson Jr. served two sessions ending in 1987, when he chaired the Natural Resources Committee. Johnson was a top aide to Governors Bill Clements and George W. Bush. He also served on the Texas Water Commission, a precursor to the Texas Natural Resource Conservation Commission. Reflecting his natural resources expertise, Johnson's 16 clients include many polluters.

Johnson's biggest 1997 client, scandal-plagued Texas Lottery contractor GTECH, handed him a huge

damage-control job (see "Running Numbers"). Johnson's six next-largest clients each had an interest in the use or abuse of state natural resources.

Three top Johnson clients—Andrews County Industrial Foundation, Texas Utilities and MERCO Joint Venture—advocate dumping East Coast waste in West Texas. MERCO dumps New York City sewage in Hudspeth County, while the other two clients have pushed to dump nuclear waste from Texas, Maine and Vermont in Hudspeth or Andrews counties. ↪

Of Special Interest

New York's Texas Toilet

MERCO's Texas lobby needs arose after the EPA forced New York City to stop using the ocean as a sewer. New York paid MERCO \$168 million to take its sewage for six years. In 1992, MERCO got the Texas Water Commission to approve in just 32 days a sludge dump for the West Texas town of Sierra Blanca.²⁹ Locals were outraged that the commission gave short shrift to concerns about sludge toxins leaching into groundwater.

To make sludge smell better, MERCO and sludge booster groups (the Texas Beneficial Use Coalition and the Sierra Blanca Community Development Corporation) paid six 1997 lobbyists up to \$480,000.

Susan Potts and Frank Reilly of Brown & Potts each reported \$120,000 contracts, edging out revolver Cliff Johnson. George Fore, who used to work for the Texas Water Commission, went to work for MERCO and the Beneficial Use Coalition.

Potty Mouths

Susan E. Potts	\$120,000
Frank M. Reilly	\$120,000
John C. Johnson, Jr	\$100,000
Helen S. Gilbert	\$100,000
George E. Fore	\$20,000
Kerrie J. Qualtrough	\$20,000
Total	\$480,000

↪

Stan Schlueter

34 Clients: \$1 million

No.6 Lege Revolver

Top '97 Clients	Max. Value
Allen Group, Inc. (telecommunications)	\$100,000
Alliance For Quality Education/Coalition For Property Tax Reform	\$100,000
Metro Transit Authority of Harris Co.	\$100,000
Philip Morris	\$100,000
Sam Houston Race Park, Ltd.	\$100,000
Bank One	\$50,000
City of Houston	\$50,000
FM Properties, Inc.	\$25,000
Lockheed Martin IMS	\$25,000

The lobby that embraced ex-Kileen Rep. Stan Schlueter when he fled through the revolving door also sped his departure from the Lege in the first place. Schlueter chaired the powerful Calendars Committee—which controls the flow of House legislation—when he abruptly resigned.

In 1990, the Internal Revenue Service investigated lavish lobby spending on Texas lawmakers, which tax officials regarded as reportable income. Schlueter's sudden resignation came 11 days after

the IRS obtained campaign records that showed that Schlueter was burning through \$9,000 a month in contributions from lobbyists and other donors.³⁰ Schlueter explained his resignation by saying he had to "get out and make a living." That he did.

In 1997, Schlueter wined and dined legislators on behalf of 34 clients, including several that he shared in common with revolver Mike Toomey: Philip Morris, Texans for Lawsuit Reform and the Sam Houston Race Park (see "Winning on a Losing Horse").

Of Special Interest

Winning on a Losing Horse

In 1997, four lobbyists all reported contracts with the same two clients: Texans for Lawsuit Reform (TLR) and the Sam Houston Race Park. Two of these lobbyists, Stan Schlueter and Michael Toomey, are leading revolvers.³¹

Race Park masterminds had the chutzpah to try to finance their track with \$100 million in tax-exempt Harris County bonds. Local politicians abandoned this idea in 1992 only after the public got wind of their plans to finance a privately owned gambling facility with corporate welfare. Stymied at the taxpayer cookie jar, Race Park investors (including oil company Maxxam Inc., its chief executive, Charles Hurwitz, and two major TLR underwriters: Gallery

Furniture's James "Mattress Mac" McIngvale and Linbeck Construction's Leo Linbeck) had to pony up more of their own money.³²

Although the Race Park failed to saddle taxpayers with construction risks, some investors still had the inside track, securing millions of dollars worth of uncompetitive track contracts. Maxxam pocketed \$800,000 in 1994 for consulting fees and snagged a contract to manage the track for up to \$2 million a year. Leo Linbeck's construction firm trotted off with \$17 million in construction contracts.³³ The race track, built with millions of dollars in insider deals, declared bankruptcy in 1995.

Jerry 'Nub' Donaldson


No.7 Lege Revolver

20 Clients: \$995,000

<u>Top '97 Clients</u>	<u>Max. Value</u>
Browning Ferris Industries (BFI)	\$100,000
Texas Bankers Assoc.	\$100,000
Texas Civil Justice League	\$100,000
Anheuser-Busch Co.	\$50,000
Bell South Cellular Corp.	\$50,000
Destec Energy, Inc.	\$50,000
FHP, Inc.	\$50,000
Health Insurance Assoc. of America	\$50,000
Temple-Inland Forest Products	\$50,000

Jerry "Nub" Donaldson of Gatesville flew four tours of duty in the Lege, bailing out after the 66th session in 1979, when he was chair of the House Financial Institutions Committee. Fast forward to 1997, and Nub had a Texas Bankers Association contract worth up to \$100,000.

Donaldson (an occasional oil venture partner of

Senator Tom Craddick, R-Midland)³⁴ had a comparable contract with the Texas Civil Justice League, the corporate "tort reform" group that lobbies for laws that make it even harder to hold dangerously negligent companies responsible in court (see "Tobacco and Tort Reform"). Finally, Nub had a third \$100,000 contract with the Houston-based garbage company, Browning Ferris Industries. 


Of Special Interest

Banking on the Lobby

Revolver "Nub" Donaldson represents big banks in the Texas Bankers Association (TBA); revolver Don Adams represents small banks in the Independent Bankers of Texas (IBAT).

Although these trade associations recently discussed a possible merger, they went for each others' throats in a legislative dog fight in 1995. In that session, IBAT prevailed in getting the Texas Legislature to opt out of federal interstate banking laws that would ben-

efit their larger competitors, though courts soon erased IBAT's short-lived gains.

Both bank groups started out the 1997 session clamoring for an end to Texas' prohibition on home equity loans. But IBAT backpedaled after legislators tacked strong consumer-protections onto the bill. Both IBAT and TBA successfully opposed home-equity amendments that would have limited the fees banks charge at banking machines. 

Kelley Leads Pack of Revolving Lege Officers

Ex-Officer Lobbyist	1997 Contracts		Legislative Office
	Max. Value	Client #	
Russell "Rusty" Kelley	\$2,680,000	48	Sergeant-at-Arms (H)
Charlie Schnabel Jr.	\$250,000	6	Secretary (S)
Steve Bickerstaff	\$160,000	15	Parliamentarian (S)
Tommy Townsend	\$50,000	1	Sergeant-at-Arms (S)
Jeffrey C. Kloster	\$50,000	1	Reading Clerk (H)
James R. Reynolds	\$20,000	2	Committee Coordinator (H)
Total	3,210,000	73	

Six men who were once legislative officers have parlayed this insider experience into lobby careers, with 73 clients paying them a total of up to \$3.2 million in 1997.

This largesse was unequally distributed. Notably, former House Sergeant-at-Arms Rusty Kelley reported contracts with 48 clients worth a phenomenal total of up to \$2.7 million (84 percent of the total ex-legislative officer till.)

No. 1 Ex-Lege Officer Rusty Kelley

The extent of Kelley's influence is not readily apparent from his former job description. The sergeant-at-arms coordinates House floor security, administers the floor messenger service, issues legislative press badges and generally serves the House Speaker. Kelley's appointment dates to 1973, when Price Daniel Jr. became Speaker. Kelley resigned in 1977 after serving two sessions under Speaker Bill Clayton. Twenty years later, Kelley reported lobby contracts worth three times the value of what his old boss reported.

Some of Kelley's biggest 1997 clients send conflicting public-health signals. Kelley's clients included several HMO and hospital interests, including one of his top clients, the Texas Association of Public and

Non Profit Hospitals. Other Kelley clients have helped fill U.S. cancer wards. A leading client, the Outdoor Advertising Association, has been a big promoter of smoking. Another Kelley client, Owens Corning, was a leading producer of carcinogenic asbestos insulation. In 1997, shortly after Owens put aside \$1.1 billion to cover 157,900 pending asbestos claims, the Texas Legislature rewarded this company by barring non-Texans from filing asbestos suits in Texas courts.³⁵

Rusty Kelley's Top '97 Client	Max Value
Outdoor Advertising Assoc.	\$200,000
TX Soft Drink Assoc.	\$200,000
Public & Non Profit Hospitals Assoc.	\$150,000
Bass Enterprise Production Co.	\$100,000
Berg Electronics Holdings Corp.	\$100,000
Entergy/Gulf States Inc.	\$100,000
First Southwest Co.	\$100,000
Hillwood Development Corp.	\$100,000
Owens Corning Fiberglas Corp.	\$100,000
Sprint Communications Co.	\$100,000
TBA Insurance, Inc.	\$100,000
TX Bankers Assoc.	\$100,000
Tollways For North TX.	\$100,000
USA Health Network Co.	\$100,000
Total	\$1,650,000

Billy Clayton

No.8 Lege Revolver

29 Clients: \$895,000

<u>Top '97 Clients</u>	<u>Max. Value</u>
Envirocare of Utah, Inc.	\$100,000
Texas Chiropractic College	\$100,000
Texas Independent Auto Resellers Association	\$100,000
Global Information Technologies, Inc.	\$50,000
Universidad Autónoma de Guadalajara Parents Org.	\$50,000
Unisys Corp.	\$50,000
Citizens for Preservation of a Rural Lifestyle	\$25,000
Texas Utilities	\$25,000

Former Speaker Bill Clayton is the last revolver to clear up to three-quarters of a million dollars in 1997 contracts. Following nine sessions in the Lege, Clayton exited after the 1981 session. In 1997, Clayton was still speaking to the Lege on behalf of 29 clients who paid him up to \$895,000. His three leading clients paid him up to \$100,000 apiece.

One top Clayton client, Envirocare of Utah, Inc., runs the only private U.S. dump handling U.S. Department of Energy nuclear waste. Envirocare has

maneuvered to block nuclear dumps in Texas that might compete for business with its Utah dump (see "Radioactivities").

Clayton's two other top clients are the used car dealers behind the Texas Independent Auto Resellers Association and the Texas Chiropractic College, which kept two former Texas House Speakers on retainer. Chiropractors have sought to expand insurance coverage of their practices and have waged turf wars with physical therapists and physicians. ↪

Of Special Interest

Radioactivities

Few people want to live amid nuclear waste and even the most megalomaniac politicians are reluctant to leave behind a legacy with a half life of hundreds of thousands of years. In 1980, Uncle Sam dodged this bullet by ordering states to deal with their own low-level nuclear wastes (despite the name, "low-level" nuclear waste includes extremely deadly radioactive isotopes). Texas teamed up with Maine and Vermont to do so. But everywhere Texas' Low-Level Radioactive Waste Disposal Authority (TLLRWDA) went, people organized to evict it.

In 1991, the Texas Lege tackled this problem by sim-

ply decreeing that the site would be in Hudspeth County—a vast area with very few wealthy or Anglo inhabitants. The bill was sponsored by East Texas Representative Dan Shelley (a revolver featured in "The Aides Epidemic") and signed into law by Governor Ann Richards (see "Dean of the Texas Lobby"). The next year, TLLRWDA bought a dump site near the Hudspeth County town of Sierra Blanca.


Dump defenders, including revolvers Ann Richards and Sarah Weddington (the *Roe v. Wade* abortion-rights litigator who became a Texas legislator and then a Maine Yankee Nuclear Power Co. lobbyist),

argued that the three-state compact would prevent the other 47 states from dumping nuclear waste in Texas. But when the U.S. Congress gave its final approval to the Texas compact site in 1998, it killed amendments (opposed by Governor Bush's administration) that would have barred waste from non-compact states.

Despite federal approval, the Texas Natural Resources Conservation Commission nixed the Sierra Blanca dump site in October 1998, arguing that the TLLRWDA failed to prove the safety of the proposed site astride a geologic fault. Now lobbyists are expected to pressure the Legislature to clear the way for a privately owned radioactive dump in West Texas' Andrews County. This would not be the first time such a proposal has been made.

Competing interests pushed Texas nuclear dump lobbyists into a frenzy in 1995. Waste Control Specialists, which wanted to open its own private nuclear dump in Andrews County, sought to roll

back a state law prohibiting privately operated nuclear dumps. Revolver Kent Hance, an ex-legislator who became a Waste Control investor and lobbyist, got the needed bill introduced. But Waste Control competitors, including the TLLRWDA and Envirocare, killed the bill. Envirocare sought to protect the monopoly status of its Utah nuclear dump—the only private site licensed to handle the Department of Energy's low-level nuclear waste. Envirocare has been notoriously aggressive about influencing government officials. A federal judge recently found the company's owner guilty of paying bribes to the former top state nuclear regulatory official in Utah.³⁶

After its first legislative defeat, Waste Control was taken over by Dallas corporate raider Harold Simmons. As a major contributor to Governor Bush and Lieutenant Governor Rick Perry, Simmons brings new clout to Waste Control's nuclear quest.³⁷ His company almost certainly will pressure the 1999 Legislature to clear the way for a privately operated nuclear dump in Andrews County. 

Nuke Dump Lobby

Nuke Lobbyist	Nuke Client	Max. Value
Thomas A. Forbes	Maine Yankee Atomic Power Co.	\$100,000
Bill Clayton	Envirocare	\$100,000
John "Cliff" Johnson, Jr.	Andrews County Industrial Foundation	\$50,000
Deborah C. Ingersoll	Waste Control Specialists	\$50,000
Hilary B. Doran, Jr.	Maine Yankee Atomic Power Co.	\$25,000
Mignon McGarry	Waste Control Specialists	\$25,000
Froy Salinas	Waste Control Specialists	\$25,000
Sarah Weddington	Maine Yankee Atomic Power Co.	\$25,000
Nancy M. Molleda	Envirocare	\$25,000
Robert D. Culley	Vermont Yankee Power Corp.	\$10,000
Deborah K. Goodell	Vermont Yankee Power Corp.	\$10,000
Kent Hance	Waste Control Specialists	\$10,000
Dick G. Ingram	Vermont Yankee Power Corp.	\$10,000
Lisa K. Ivie	Waste Control Specialists	\$10,000
Carl A. Parker	Waste Control Specialists	\$10,000
Kraege Polan	Vermont Yankee Power Corp.	\$10,000
Jay B. Stewart	Waste Control Specialists	\$10,000
Michael L. Woodward	Waste Control Specialists	\$10,000
Total		\$515,000

Ed Howard

No.9 Lege Revolver

22 Clients: \$705,000

<u>Top '97 Clients</u>	<u>Max. Value</u>
Blue Bird Corp.	\$50,000
Colorado River Municipal Water District	\$50,000
Distilled Spirits Council of the U. S.	\$50,000
Guadalupe-Blanco River Authority	\$50,000
Sabine River Authority	\$50,000
Texas Assoc. of School Boards, Inc.	\$50,000
Texas Irrigation Council	\$50,000
Texas Waterway Operators Assoc.	\$50,000
Wal-Mart Stores, Inc.	\$50,000

Revolver Ed Howard entered the House in 1969 and left the Senate after the 1985 session. Upon his death in July 1998, his body was returned to the Senate chamber prior to burial in the State Cemetery.

Twenty-two clients paid Howard up to \$705,000 for his final, 1997 lobbying session. His nine top clients each paid him up to \$50,000 apiece. Half of these leading clients had an interest in state water policy. For the first time in the arid state's history, the Legislature passed a bill in 1997 to mandate statewide water planning and management. Part of Texas' new law governs controversial diversions of water from one river basin to another, a life's blood issue for some of Howard's clients (see "Floating a Deal").

A conflict involving another client, the Guadalupe-Blanco River Authority (GBRA), reached a head four month's before Howard died. Environmentalists teamed up with bass fishermen in early 1998 to protest the controversial GBRA and Texas Parks and Wildlife Department decision to use chemical herbicides to destroy an overgrowth of aquatic weeds.³⁸

Another top 1997 Howard client, the Distilled Spirits Council, peddles liquids that are harder than water. The Distilled Spirits Council upset health advocates in late 1996, when it abandoned its 50-year voluntary ban on advertising hard booze on television. Seagram became the first company to act on the threat, selecting Corpus Christi for its first television liquor ads. Critics fear that such ads will increase alcohol abuse among children. ❧


Of Special Interest

“Floating a Deal”

The inter-basin diversion of Colorado River water that enriched Buddy Jones’ top client, Garwood Irrigation (see “The Rule of Capture”), would not have been politically viable without concessions to West Texas, which also drinks from the Colorado.

Garwood’s East Texas diversion of Colorado water to Corpus Christi creates ripple effects 600 miles upstream in the West Texas city of Big Spring, home of the Colorado River Municipal Water District (CRMWD). Today, West Texas depends heavily on CRMWD’s Ivie Reservoir. Originally, the Texas Supreme Court barred CRMWD from building Ivie on the grounds that it would stop too much water from trickling down to the Lower Colorado River Authority (LCRA). LCRA only signed off on the Ivie Reservoir in the late 1980s, after CRMWD pledged to trans-

fer Ivie water to LCRA during severe droughts.³⁹

Ten years later, the many power brokers behind Garwood Irrigation’s controversial inter-basin transfer of Colorado River water to Corpus Christi in the Nueces River Basin knew the deal hinged on including something for people upstream. As part of the deal, LCRA bought four times more Garwood water than Corpus did, securing its projected water needs through most of the coming century. Another part of the deal released CRMWD from its obligation to decant water to LCRA during droughts.⁴⁰ Scores of lobbyists and politicians ironed out these complicated water swaps long before the Texas Natural Resources Conservation Commission formally approved them in the fall of 1998. 

Todd Hunter

No. 10 Lege Revolver

22 Clients: \$700,000

Top '97 Clients	Max. Value
Koch Industries	\$100,000
Title Professionals Association	\$100,000
Consulting Engineers Council of Texas	\$50,000
Driscoll Children's Hospital	\$50,000
Houston Industries	\$50,000
Texans For Lawsuit Reform	\$50,000
TX Assoc. of Business & Chambers of Commerce	\$50,000
Texas Travel Industry Association	\$50,000

During his last session in 1995, Todd Hunter was chair of the House Civil Practices Committee. Newly elected Governor George W. Bush helped make "tort reform" a priority of that session. Hunter's committee played a key role in winning passage of tort laws that make it harder to hold corporations responsible for injuries that they cause to communities, workers and consumers.

Resurfacing at the capitol as a major lobbyist during the 1997 session, Hunter reported that 22 clients paid him up to \$700,000 to lobby his former colleagues. While Hunter's clients are a diverse lot, an overwhelming number of them have keen inter-

ests in weaker tort laws.

Two top clients, Texans for Lawsuit Reform (see "Tort Reform and Tobacco") and the Texas Association of Business and Chambers of Commerce, have made tort reform a major priority on behalf of their supporters in such dangerous industries as construction, health care and toxic chemicals. Other Hunter clients work directly in such industries or insure companies that do. A top Hunter client—Koch Industries—exemplifies the kind of hazardous interests that have the most to gain from laws that diminish their legal responsibilities to society (see "Unrefined Oil Interests").

Unrefined Oil Interests

Kansas-based Koch Industries is the second largest privately held, family-owned company in the country. Koch owns two Corpus Christi refineries and pipelines that supply gasoline between Corpus and Dallas.

This oil infrastructure has been a major polluter of Texas' environment and has repeatedly attracted lawsuits. Koch Refining was far and away the leading discharger of reproductive toxins into Corpus Christi Bay between 1990 and 1994, dumping 9,072 pounds of these chemicals in the bay.⁴¹ Koch spilled 90,000 gallons of crude oil into the adjacent Nueces Bay in 1994, paying \$10.5 million in 1998 to settle a resulting suit filed by local fishermen.

Koch pipelines have been another recurring pollution source. The Texas Attorney General has joined two federal government suits against Koch seeking damages for numerous pipeline spills. Citing these suits in the 1998 state attorney general race, Democrat Jim Mattox blasted his ultimately victorious GOP opponent, John Cornyn, for granting Koch a high profile fund-raising role in his campaign.

Koch Refining is a leading exploiter of the "grandfather" loophole in the Texas Clean Air Act. This loophole exempts dirty, old industrial plants built before the law was enacted from the legal obligation to use modern pollution-control technologies. Koch

Refining spewed 13,480 tons of grandfathered air pollution into Texas skies in 1995.⁴² Among grandfathered polluters, Koch was the fourth largest contributor to members of a 1998 House committee charged with exploring solutions to the grandfathered pollution problem.⁴³ (For more on grandfathered polluters, see the section on ex-TNRCC Commissioner John Hall.)


A major purchaser of political influence, Koch is known both for its direct contributions to candidates as well as indirect political expenditures that bypass federal spending limits and disclosure requirements. In the 1996 election cycle, KochPAC spent \$430,717, mostly in contributions to federal candidates. This does not include \$335,000 in so-called "soft money" that Koch gave to the Republican Party for so-called "party-building" activities that are not supposed to benefit specific candidates, but often do.

Such publicly disclosed expenditures were not the whole story. The Koch-controlled Economic Education Trust secretly paid \$1.3 million in 1996 to the right-wing Triad Management consulting company. Triad turned around and spent the funds on political "issue ads." The ads skewered opponents of Republican candidates to whom Koch had already contributed the maximum amount of money permitted by federal law.⁴⁴

✎

EX-AGENCY OFFICIALS

Former officials of leading state executive and regulatory agencies also cash in their government experience in the lobby. Texas has some 20 dozen agencies, boards and commissions that exercise authority ranging from large environmental agencies such as the Texas Natural Resources Conservation Commission and the misnamed Texas Railroad Commission down to the Egg Marketing Ad-

visory Board. This study screens the 1997 lobby for revolvers who led state agencies that wield influence over more than egg sales. Sixteen former top officials from more influential agencies showed up in the 1997 lobby, reporting contracts of up to \$13 million with 414 clients (three of these revolvers also served in the Texas Legislature). 

Ex-Officio Lobbyists

Ex-Official Lobbyist	Max. Value	Client #	Ex-Office
A. W. "Woody" Pogue	\$2,820,000	137	Insurance Com.
Thomas J. Bond	\$2,810,000	136	Insurance Com.
Mack Wallace	\$1,630,000	26	Railroad Com.
Mary Scott Nabers	\$1,445,000	21	Railroad Com.
John W. Fainter Jr.	\$1,100,000	22	Sec. of State
John L. Hall	\$800,000	8	TNRCC
Lena Guerrero*	\$605,000	13	Railroad Com.
Anthony C. Grigsby	\$550,000	6	TNRCC
Marta Greytok	\$595,000	16	Public Utility Com.
Kent R. Hance*	\$310,000	11	Railroad Com.
Myra A. McDaniel	\$265,000	9	Sec. of State
Tony Koriath*	\$200,000	2	Workers Comp. Com.
Dennis L. Thomas	\$100,000	4	Public Utility Com.
Richard P. Daly	\$50,000	1	Lottery Com.
Alan R. Erwin	\$10,000	1	Public Utility Com.
Clark Jobe	\$10,000	1	Railroad Com.
Total	\$13,300,000	414	

* Also served in the Legislature

Woody Pogue/Tom Bond

No. 1&2 *Ex-Officio* Lobbyists

137 Clients: \$2.8 million

Top '97 Clients	Max. Value
National Council On Compensation Insurance	\$150,000
State & County Mutual Fire Insurance Co.	\$150,000
Continental Casualty Co.	\$100,000
Liberty Mutual Insurance Co.	\$100,000
Millers Mutual Fire Insurance Co.	\$100,000
National Assoc. of Independent Insurers	\$100,000
Philadelphia Insurance Companies	\$100,000
Prudential Insurance Co.	\$100,000
TX Health Maintenance Organization Assoc.	\$100,000

The Texas Insurance Commission produced fewer 1997 revolver lobbyists than the Texas Railroad Commission, but its two lobbyists are high rollers. Partners A.W. "Woody" Pogue and Thomas Bond are former insurance commissioners who led the agency pack in 1997 lobby contracts. Pogue and Bond reported 137 contracts worth up to \$2.8 million. An overwhelming number of these

clients came from the insurance industry that these revolvers once regulated.

Topping the list at up to \$150,000 each are the State and County Mutual Fire Insurance Company and the National Council on Compensation Insurance, which represents companies that sell workers compensation insurance policies. ↻

Mack Wallace

26 Clients: \$1.6 million

No.3 Ex-Officio Lobbyist

<u>Top '97 Clients</u>	<u>Max. Value</u>
Electronic Data Systems Corp.	\$200,000
Union Pacific Resources Co.	\$100,000
Texas Utilities Services	\$100,000
Texans For Judicial Election Reform	\$100,000
Prime Co. Personal Communications	\$100,000
Phycor	\$100,000
National Semiconductor	\$100,000
Cash America International	\$100,000
Boeing Company	\$100,000

The Texas Railroad Commission (TRC) is the leading agency training ground for lobbyists. It produced five 1997 revolvers, including two who also served in the Legislature.

Created in the 1890s to control railroad price gouging, the Railroad Commission's main charge now is oil and gas regulation. Railroad commissioners are mostly toothless regulators, however, because they come to office through expensive political campaigns that are bankrolled by the very energy industry that they are supposed to regulate. Too often, the agency is a halfway house where politicians can build war-chests and name recognition

for other campaigns or ingratiate themselves with the energy companies that represent future lobby clients. One of Wallace's top clients, Union Pacific Resources, is in the Railroad Commission-regulated oil and gas industry.

Wallace, a veteran who served most of the 1970s and 1980s on the commission, led Railroad Commission revolvers with 26 clients who paid him up to \$1.6 million in 1997. Wallace's leading client, Electronic Data Systems (EDS), competed with Lockheed Martin for a \$3 billion state contract to run Texas welfare services (see "The Aides Epidemic").



Mary Scott Nabers


No.4 Ex-Officio Lobbyist

21 Clients: \$1.4 million

Top '97 Clients	Max. Value
Cytec Corp.	\$100,000
Electronic Data Systems Corp.	\$100,000
Evins Personnel Consultants	\$100,000
GTECH Corp.	\$100,000
Ipsos Facto Consulting, Inc.	\$100,000
Kerry Tate Communication (Tate Austin)	\$100,000
KPMG Peat Marwick	\$100,000
M.R.S. Datascope, Inc.	\$100,000
National Computers Plus, Inc.	\$100,000
Northrop Grumman Corp.	\$100,000
Southwestern Bell Telephone Co.	\$100,000

Former Railroad Commissioner Mary Scott Nabers, whose husband, Joseph "Lynn" Nabers, is a major ex-legislator revolver, nipped at Mack Wallace's heels with 21 1997 clients who paid her up to \$1.4 million.

Nabers heads Strategic Partnerships, Inc., a firm that specializes in lobbying for companies seeking

government contracts. Her 11 largest clients each paid her up to \$100,000 apiece. These included several computer companies, Texas Lottery contractor GTECH (see "Running Numbers") and the state's leading lobby client, Southwestern Bell Telephone. In her spare time, Nabers writes a business column for the *Austin American-Statesman*. 

Running Numbers

Q: How does a company combat allegations that it improperly spent money to influence government?

A: Spend even more money to influence government.

GTECH's Texas lottery scandal traces roots back to an influence-peddling scandal 25 years earlier.

In the 1971 Sharpstown Scandal, Houston financier Frank Sharp sought sweetheart legislation for his Sharpstown State Bank. The bank made unsecured loans to key state politicians, who used the loans to buy stock in Sharp's National Bankers Life Insurance Co. The day after the Legislature approved Sharp's bill, participating politicians sold their insurance stock to a friend of Sharp's for twice its market value. House Speaker Gus Mutscher and Speaker *Pro Tem* Tommy Shannon were convicted in the scam (which precipitated the turnover of half of Texas' legislative seats between 1971 and 1973).⁴⁵ Though then-Lieutenant Governor Ben Barnes was not personally implicated, the scandal turned his political future to toast and he went into business and revolver lobbying.

On the 20th anniversary of Sharpstown in 1991, Barnes helped push lottery legislation through the Lege. Around this time, GTECH national sales manager David Smith threatened to go into business for himself. To retain him, his employers invited Smith to ignore GTECH conflict-of-interest rules in 1992. The next day, Barnes and Smith struck an unusual deal. Smith would recruit new lobby clients for Barnes in exchange for one-third of Barnes' exorbitant GTECH contract. GTECH agreed to pay Barnes up to \$3.2 million a year (\$300,000 annually plus four percent of its Texas profits).

In October 1996, Smith was convicted of fraud, bribery, conspiracy and money laundering for a scheme in which he persuaded GTECH to hire a lobby firm to convince New Jersey's legislature to expand its gambling operations to video keno games. In exchange for this \$360,000-a-year contract, the firm

kicked back \$169,500 to Smith. A federal judge sentenced Smith to a five-year prison sentence in 1998.

Heightened GTECH scrutiny also uncovered a 1992 contract that Smith arranged for Mike Moeller. At the time, Moeller happened to be the boyfriend of then Texas Lottery Commission Executive Director Nora Linares.⁴⁶

After this scandal, the Lottery Commission fired Linares and rebid the lottery contract. In April 1998, however, the commissioners held their noses and renewed GTECH's contract, saying they received no better bids.⁴⁷

GTECH's staying power reflects its control of 70 percent of the global lottery market, as well as its lobby clout. The company paid six lobbyists up to \$660,000 in 1997. Other GTECH revolvers include ex-legislator Cliff Johnson, Jr. and a former top aide to Governor Bush, Reggie Bashur.

G-Men & Women

'97 GTECH Lobbyist	Max. Value
Reginald "Reggie" Bashur	\$ 200,000
John C. "Cliff" Johnson Jr.	\$150,000
Dick G. Ingram	\$100,000
Mignon McGarry	\$100,000
Mary Scott Nabers	\$100,000
Sherri E. Brudner	\$10,000
Total	\$660,000

Suspicions about GTECH have been exasperated by the company's refusal to publicly disclose information related to its Texas contracts. The company initially refused to disclose its state lottery profits as well as the amount that it paid Nora Linares to settle her claim that the company caused her to lose her lottery commission post. This hefty settlement (eventually revealed to be \$725,000) was overshadowed by the \$23 million that GTECH paid Ben Barnes and his partner, Ricky Knox, to buy them out of their fat GTECH contract.⁴⁸

John W. Fainter

No.5 Ex-Officio Lobbyist

22 Clients: \$1.1 million

<u>Top '97 Clients</u>	<u>Max. Value</u>
McGinnis, Lochridge & Kilgore	\$200,000
Chevron	\$150,000
Exxon	\$150,000
Investment Co. Institute	\$100,000
Southwestern Bell	\$100,000
AMBAC Connect, Inc.	\$50,000
Metro. National Corp	\$50,000
Texas Instruments, Inc.	\$50,000
Texas Turnpike Authority	\$50,000

Two former Secretaries of State are among the highest ex-officials in the 1997 lobby. John Fainter was Secretary of State from 1983 to 1984 and was a chief of staff to former Governor Ann Richards. Fainter, represented 22 clients in 1997 for up to \$1.1 million as a McGinnis, Lochridge & Kilgore lobbyist. The Association of Electric Companies of Texas made Fainter its president in November 1997. He replaced Curtis Seidlits, an ex-

legislator revolver who became a vice president of Texas Utilities. Seidlits was a major back-room player in the Legislature's deregulation of Texas' wholesale electricity market.

Another former Secretary of State, George S. Bayoud, Jr., directed Austin's Public Strategies Inc. public relations shop before becoming president of First Southwest investment bank in 1996. ↪

John L. Hall

8 Clients: \$800,000

No. 6 Ex-Officio Lobbyist

<u>Top '97 Clients</u>	<u>Max. Value</u>
Assoc. of Electric Companies of TX*	\$100,000
City of Houston	\$100,000
Diamond Shamrock*	\$100,000
Entex*	\$100,000
Fina Oil & Chemical Co.*	\$100,000
Lower Colorado River Authority*	\$100,000
Pedernales Electric Cooperative	\$100,000
Waste Management of TX	\$100,000

* "Grandfathered" polluter (or linked to one).

Although the Texas Natural Resources Conservation Commission (TNRCC) just formed in 1993, a couple of its top officials have already recycled themselves as lobbyists.

Chief among them is former TNRCC Commissioner John L. Hall, who quickly turned himself into a lobbyist who caters to polluting clients.

The Legislature and the TNRCC have come under increasing pressure in recent years to close the so-called "grandfather" loophole in the 1971 Texas Clean Air Act. This loophole exempts industrial plants built before the law was enacted from the legal obligation to install modern pollution-control technologies. The rationale for the grandfather loophole was that the older plants would eventually be replaced with new, cleaner plants.

A recent Sierra Club report, however, revealed that a quarter century after the law was passed, 1,070 dirty, old grandfathered plants were still in operation. These grandfathered plants accounted for 37

percent of all industrial emissions in Texas in 1995.

The belated response to this problem by Governor George W. Bush, legislative environmental committees and the TNRCC has been to invite grandfathered polluters to voluntarily reduce pollution—even though they squandered the 28 years that they have already had to tackle the problem voluntarily.

Hall's top 1997 clients include major grandfather polluters, including Fina and Diamond Shamrock oil companies and the Lower Colorado River Authority. They also include clients that are closely tied to major grandfather polluters, such as the Association of Electric Companies of Texas and Entex, which is owned by a major grandfathered polluter, Houston Industries.

In addition to Hall, two ex-TNRCC directors have gone into the lobby. These two revolvers are Anthony Grigsby (see ex-officio lobbyist No. 8) and Dan Pearson (see "Rule of Capture.")

Lena Guerrero

No.7 Ex-Officio Lobbyist

13 Clients: \$605,000

Top '97 Clients	Max. Value
El Paso Electric Co.	\$150,000
Texas Conference For Homeowners' Rights	\$100,000
Gulf Greyhound Partners	\$50,000
Johnson & Johnson	\$50,000
National Assoc. of Dental Plans	\$50,000
Safety-Kleen Corp.	\$50,000
TX Assoc. of Community Action Agencies	\$50,000
Philip Morris Management Corp.	\$25,000

Ex-legislator Lena Guerrero lost her Railroad Commission seat in 1992 after the public learned that she had lied about her educational credentials. Guerrero has since added lobbying to her notorious resumé, with 13 clients paying her up to \$605,000 in 1997. Guerrero's top cli-

ents were the El Paso Electric Company and the Texas Conference for Homeowners' Rights, the bank lobby group that got the Texas Legislature to repeal the state's prohibition on home equity loans in 1997 (see "Banking on the Lobby"). ↪

Of Special Interest

Plugging Tobacco

Lena Guerrero was one of seven revolvers who represented tobacco company clients in 1997. Six of these revolvers signed on for a total of up to \$225,000 from Philip Morris Management Corp. The seventh, James Clark, took up to \$10,000

from the U.S. Tobacco Company. During the 1997 session, tobacco lobbyists worked to kill bills to increase tobacco taxes, mandate disclosure of all tobacco ingredients and crack down on tobacco sales to kids. ↪

'97 Revolver Tobacco Lobbyist	Max. Tobacco Income
Michael Toomey	\$100,000
Lena Guerrero	\$25,000
Clinton Hackney	\$25,000
Albert Luna III	\$25,000
Nolan "Buzz" Robnett	\$25,000
Stan Schlueter	\$25,000
James Clark	\$10,000

Anthony Grigsby

6 Clients: \$550,000

No.8 Ex-Officio Lobbyist

<u>Top '97 Clients</u>	<u>Max. Value</u>
Texas Civil Justice League	\$150,000
Texas Business Law Foundation	\$150,000
Boating Trades Assoc. of Metropolitan Houston	\$100,000
Tasek Management, Inc.	\$50,000
Travelers Express Company, Inc.	\$50,000
Upper Kirby Dist. Municipal Management	\$50,000

Former TNRCC Executive Director Anthony Grigsby reported up to \$550,000 in 1997 lobby income on behalf of six clients. His leading clients included the Texas Business Law Foundation and the Texas Civil Justice League, which promotes laws that make it harder to hold polluters and other corporations responsible for misdeeds in court (for more on the tort lobby, see "Unrefined Oil Interests" and "Tobacco and Tort Reform").

Recently, a Grigsby successor at the TNRCC joined the lobby. In early 1998, as TNRCC Executive Director Dan Pearson and his staff were preparing a staff recommendation on whether or not to approve Garwood Irrigation's \$16 million sale of Colorado River water to Corpus Christi, Pearson announced his resignation. Pearson joined revolver Neal "Buddy" Jones, whose top client was Garwood Irrigation (see "Rule of Capture").

Marta Greytok

No.9 Ex-Officio Lobbyist


16 Clients: \$595,000

<u>Top '97 Clients</u>	<u>Max. Value</u>
Aluminum Co. Of America (ALCOA)	\$100,000
Portland General Electric Corp. (PGE)	\$100,000
Brittan Communications International Corp.	\$50,000
Mid-South Tele Communications	\$50,000
Teleport Communications Group	\$50,000
World Com. Inc.	\$50,000
CoGen Technologies	\$25,000
Fast Connections	\$25,000
Gulf Coast Power Connect, Inc.	\$25,000

Three ex-Public Utility Commissioners appeared in the 1997 lobby, led by Marta Greytok. After then-Land Commissioner Garry Mauro narrowly fended off a challenge from Greytok in 1994, she took refuge in the lobby. Sixteen clients paid Greytok up to \$595,000 in 1997, many of them in industries regulated by Greytok's old agency.

Greytok's top 1997 clients were the Aluminum Company of America (a huge consumer of electricity) and Portland General Electric Corp. (PGE). Houston's Enron Corp. successfully sought regulatory approval to take over PGE during 1996 and 1997. In addition to regulating electric companies, the PUC also regulates telecommunications com-

panies. As it happens, Greytok's next four largest clients all hail from that industry.

In January 1999 Governor Bush appointed Brett Perlman to the Public Utility Commission (PUC). When Bush picked him, Perlman was working for a leading management consulting firm. Citing McKinsey & Company's confidentiality policy, Perlman not only refused to disclose the names of his McKinsey clients but even refused to say whether or not any of them were in PUC-regulated industries.⁴⁹ Had it been a priority, the governor could have found a qualified appointee who is more responsive to the public's right to know about potential conflicts of interest. 

Kent Hance

11 Clients: \$310,000

No. 10 Ex-Officio Lobbyist

<u>Top '97 Clients</u>	<u>Max. Value</u>
Southwestern Bell	\$100,000
Silverleaf Vacation Club	\$50,000
Union Pacific Corp.	\$50,000
Comunidad Corp.	\$25,000
Pilgrim's Pride Corp.	\$25,000
Bobby Ross Group, Inc.	\$10,000
Central & South West Services, Inc.	\$10,000
M. Myers Development, Inc.	\$10,000
Waste Control Specialists, LLC	\$10,000

Kent Hance is another revolver who served in the Legislature and on the Railroad Commission. Hance reported 11 1997 clients who paid him up to \$310,000, led by the 800-pound lobbying gorilla, Southwestern Bell. Southwestern Bell is seeking regulatory authority to sell long-distance

phone service, even as it fights efforts by other companies to break into its monopoly on local phone service. Hance is also an investor in Waste Control Services, Inc., the private firm that is finagling to dump large volumes of radioactive waste in Andrews County Texas (see "Radioactivities").

The Aides Epidemic and Corporate Welfare

The provocateurs of one of the greatest revolving-door controversies of recent years were not dominated by former legislators, legislative officers or top government officials. Instead, most of them were recently departed aides of top governmental officials.

Texas' 1995 welfare privatization law promised to save taxpayer money and improve welfare services by jobbing out these services to private contractors. But the humongous size of Texas' welfare-services contract (up to \$3 billion a year) attracted a weapons contractor that—far from saving public money—has a reputation for bilking taxpayers.

The top contractors gunning for the welfare contract were Electronic Data Systems and Lockheed Martin Information Management Systems, a division of America's largest weapons maker. Lockheed's qualifications for saving Texas money include a rich history of huge cost overruns on civilian and military projects that fail, selling the Pentagon the notorious \$640 toilet seats and a penchant for bribery that helped prompt Congress to pass the Foreign Corrupt Practices Act.⁵⁰


Certain state employees who promoted the welfare reform promised that it would save taxpayers money by privatizing welfare services. What they did not say was that they themselves would become the law's first privatizations when they abandoned their state jobs to work for Lockheed.

A year after Texas' 1995 welfare overhaul, four state employees who helped enact that legislation resurfaced on Lockheed's payroll. Former legislator Dan Shelley abandoned his last state post as head of Governor Bush's Legislative Office to become a lobbyist. Shelley reported up to \$675,000 in 1997 contracts, a huge amount for a first-year rookie. Lockheed was one of Shelley's 16 clients, paying him up to \$50,000.

To help juggle these contracts, Shelley brought along Richard Evans, a Shelley aide who had gone on to help set up the bidding system for welfare contracts at the Texas Workforce Commission, the state's main welfare-to-work agency. Lockheed also snapped up William Grossenbacher, a Workforce Commission administrator who helped create the new state welfare program, the Texas Integrated Enrollment System (TIES).⁵¹

Lest it lack Democratic clout, Lockheed hired lobbyist Steve Bresnen, who was a welfare reform point man for then-Lieutenant Governor Bob Bullock. The revolvers from the offices of Bush and Bullock were significant, since both men sit on the Council of Competitive Government, the body that awards Texas welfare contracts. Bresnen was even more successful than Shelley in sprinting through the revolving door. He reported that 10 diverse clients paid him up to \$925,000 in 1997.

In 1996 the Texas State Employees Union filed a complaint with the Travis County Attorney against former state officials that Lockheed helped privatize. The complaint charges that the revolvers violated Texas' 1991 revolving-door law, which prohibits some high-level state officials from lobbying their agencies on behalf of private interests within two years of leaving office. Sources familiar with the Travis County Attorney's investigation say the existing state revolving-door law is too weak to press charges in that case.

In response to this scandal in 1996, Bush and Bullock both announced new ethics policies that prohibit senior staff members from lobbying their respective offices for one year after leaving their service. Violations of the voluntary policies carry no criminal penalties and need not succeed these leaders' terms in office (Lieutenant Governor Rick Perry's staff say they are devising their own revolver policy). 

REVOLVER CLIENTS

The 110 revolving-door lobbyists reported contracts worth a total of up to \$43.7 million. Who paid the average revolver up to \$397,047 in 1997 lobby contracts?

This report classifies revolver clients into 13 primary economic or ideological categories, to show

where the money is coming from. It then reveals the companies and trade groups that spent the most money on revolving-door lobbyists in 1997.

The five largest interest categories account for 70 percent of the money that the 1997 revolvers reported.

1997 REVOLVER CONTRACTS

Lobby Contracts by Interest	Max. Value	% of Total
Finance, Insurance & Real Estate	\$9,930,000	23%
Energy & Natural Resources	\$7,445,000	17%
Communications & Electronics	\$4,570,000	10%
Miscellaneous Business	\$4,440,000	10%
Health	\$4,100,138	9%
Local Governments & Non-profits	\$3,335,000	8%
Transportation	\$2,395,000	5%
Ideological & Single-Interest	\$2,170,000	5%
Lawyers & Lobbyists	\$2,035,000	5%
Agriculture	\$1,240,000	3%
Construction	\$1,160,000	3%
Unclassified	\$475,000	1%
Labor	\$380,000	1%
TOTAL	\$43,675,138	100%

FINANCE, INSURANCE & REAL ESTATE

Almost one-fourth of all revolver money (\$9.9 million) came from finance, insurance and real estate interests (the so-called "FIRE" sector). The insurance industry (\$6 million) ruled the FIRE sector. Two former Texas Insurance Commissioners, partners "Woody" Pogue and Thomas Bond, dominated insurance lobbying, each reporting more than \$2 million in 1997 insurance contracts. Revolvers took another \$2.5 million from financial interests, led by the banking industry, which made a successful push in 1997 to repeal Texas' prohibition against home equity loans. Finally, the real estate industry spent \$930,000 on revolvers, led by Ross Perot, Jr.'s Hillwood Development Corp.

ENERGY & NATURAL RESOURCES

Energy and natural resource interests paid 1997 revolvers up to \$7.4 million (17 percent of their total haul). Utility and oil and gas interests dominated this sector, paying 1997 revolvers \$5.3 million. Revolvers received up to \$2.4 million from the top five energy and power clients (the Association of Electric Companies, Texas Utilities, Enron, Houston Industries and Exxon) which each paid revolvers between \$300,000 and \$450,000. Waste companies paid revolvers another \$1.4 million, with \$330,000 coming from the recently merged USA Waste Services and Waste Management, Inc.

COMMUNICATIONS & ELECTRONICS

Communications and electronics interests paid revolvers \$4.6 million in 1997. The computer industry led this sector, paying revolvers \$1.9 million. The revolvers' leading computer clients were Electronic Data Systems (\$300,000) and Lockheed Martin Information Management Services (\$125,000), which were competing for a multi-billion-dollar contract to privatize Texas welfare services (see "The Aides Epidemic and Corporate Welfare").

Southwestern Bell Calls its Revolvers

Lobbyist	Former Life	Max. Value
Kent A. Caperton	Senate	\$100,000
Eddie Cavazos	House	\$100,000
John W. Fainter Jr.	Secretary of State	\$100,000
Kent R. Hance	Sen./Railroad Com.	\$100,000
Mary Scott Nabers	Railroad Com.	\$100,000

Telecommunications interests paid revolvers another \$1.7 million. Southwestern Bell—which is urging regulators to let it break into long-distance service even as it clings to its monopoly on local phone service—paid revolvers \$650,000 in 1997. Five revolvers reported up to \$100,000 each from the overgrown "Baby Bell."

MISCELLANEOUS BUSINESS

Miscellaneous business interests paid revolvers up to \$4.4 million in 1997, with more than half of this money coming from miscellaneous service companies. The gambling industry (\$795,000) dominated the service sector, led by Texas Lottery contractor GTECH Corp (\$250,000) and the Sam Houston Race Park (\$200,000). The food and beverage industry paid revolvers up to \$835,000, most of which came from alcohol interests, led by the Wholesale Beer Distributors.

HEALTH

Health industry interests paid 1997 revolvers up to \$4.1 million. Health Maintenance Organizations (HMOs) led the charge, paying revolvers up to \$1.6 million. Six revolvers reported \$100,000 contracts with HMOs. Hospital interests paid revolvers another \$845,000. HMOs and managed-care hospitals frequently clash with health care professionals over fees and services. Health professional groups paid revolvers \$470,145.

HMOs Buy Coverage

'97 Revolver	Top HMO Client	Max. Value
Thomas Bond	TX HMO Assoc.	\$100,000
Richard Geiger	Kaiser Fdn. Health	\$100,000
Russell Kelley	USA Health Network	\$100,000
"Gib" Lewis	Sierra Health & Life Ins.	\$100,000
A. W. Pogue	TX HMO Assoc.	\$100,000
Mack Wallace	Phycor	\$100,000



TOP CLIENTS SPINNING THE REVOLVING DOORS

The 36 top revolver clients each spent a maximum of between \$200,000 and \$650,000 on the 1997 revolvers. Revolvers reported that these mega-clients paid them up to \$9.6 million, or 22 percent of the value of all 1997 revolver contracts.



'97 Lobby Client	Max. Value	Contracts
Southwestern Bell	\$650,000	10
Assoc. of Electric Companies of Texas	\$450,000	5
Texas Utilities	\$410,000	8
Enron Corp.	\$400,000	4
Texas Civil Justice League	\$400,000	3
Houston Industries	\$360,000	5
McGinnis, Lochridge & Kilgore	\$350,000	2
Philip Morris Management Corp.	\$310,000	7
Electronic Data Systems Corp.	\$300,000	2
Exxon Co. U. S. A.	\$300,000	2
Nat'l Council on Compensation Insurance	\$300,000	2
State & County Mutual Fire Insurance Co.	\$300,000	2
Lower Colorado River Authority	\$285,000	6
Texans For Lawsuit Reform	\$260,000	5
GTECH Corp.	\$250,000	2
Texas Bankers Assoc.	\$225,000	3
National Assoc. of Independent Insurers	\$220,000	4
State Farm Mutual Automobile Insurance	\$210,000	3
Wholesale Beer Distributors of Texas	\$210,000	3
Continental Casualty Co.	\$200,000	2
City of Austin Electric Utility Dept.	\$200,000	1
Entex (of NorAm Energy Corp.)	\$200,000	2
Garwood Irrigation Co.	\$200,000	1
Harris County Commissioner's Court	\$200,000	2
Liberty Mutual Insurance Co.	\$200,000	2
Metro. Transit Authority of Harris County	\$200,000	2
Millers Mutual Fire Insurance Co.	\$200,000	2
Outdoor Advertising Assoc.	\$200,000	1
Philadelphia Insurance Companies	\$200,000	2
Prudential Insurance Co. of America	\$200,000	2
Sam Houston Race Park, Ltd.	\$200,000	3
Some Partnerships	\$200,000	2
Texas Chiropractic College	\$200,000	2
Texas HMO Assoc.	\$200,000	2
Texas Soft Drink Assoc.	\$200,000	1
USA Waste Services, Inc.	\$200,000	2
Total	\$9,590,000	109

IV. RECOMMENDATIONS

This report merely scratches the surface of Texas' go-go revolving door industry (not even attempting to identify the ex-aides of top public officials who haunt the lobby). Nonetheless, it does demonstrate that the hefty premium that revolvers command in the influence-peddling market is irresistible for a significant minority of former public officials. Many of these revolvers collect generous state pensions, even as they sell out the influence they obtained at public expense to special interests. It is time for Texas to put the public's interests above the self-interests of former public officials by applying the brakes to the state's revolving doors.

The federal government and 25 states impose restrictions that either slow or close the revolving door for various former public officials. Under current Texas law, a former member of the governing body or a former executive head of a regulatory agency may not lobby that agency for two years after leaving office. Senior employees or former officers of state regulatory agencies are barred from ever lobbying any government entity on matters in which they were involved as government servants.

Current revolving-door restrictions, adopted by the legislature in 1991, do not apply to the state's governor, lieutenant governor or legislators, nor do they apply to the aides of any of these officials. To elevate public interests above the self-interests of former government employees, the Texas Legislature should enact tough revolving-door restrictions. These should include the following provisions:

Legislative Branch:

- Lifetime ban on paid lobbying for former members of the Legislature;
- Lifetime ban on paid lobbying for legislative

aides and officers on particular matters that the individual personally participated in while in public service or before members or committees which they personally served;

- A two-year "cooling off" prohibition on all paid lobbying for senior aides and officers; and
- Prohibit left over campaign funds from being donated to other political campaigns.

Executive Offices and Regulatory Agencies:

- Lifetime ban on paid lobbying for Governor and Lt. Governor.
- Lifetime ban on paid lobbying of one's former agency for staff and officials of executive offices and regulatory agencies;
- Lifetime ban on paid lobbying for senior staff and officials on particular matters that the individual personally participated in while in public service or before individuals whom they personally served;
- A two-year "cooling off" prohibition on all paid lobbying for senior staff and officials.

Texas disclosure rules for registered lobbyists must also be improved. These rules should require:

- Disclosure of the dates and titles of any state jobs ever held by the lobbyist;
- Lobbyists with contracts shared by lobby partners or multiple members of a firm should report both the full value of the contract as well as the prorated amount associated with each individual lobbyist (current reports confuse this distinction); and
- Complete and accurate disclosure of each issue that each lobbyist is hired to work for each contract (many lobbyists now disclose dozens of vague topic areas that might apply to any one client or to all of them collectively). ↻

V. APPENDIX

TEXAS REVOLVERS 1997 Contracts

Revolver Lobbyist	Max. Value	Number	Past Life
Donald G. "Don" Adams	\$1,225,000	21	Senator
Joe B. Allen	\$35,000	3	Representative
Gordon D. "Doc" Arnold	\$345,000	15	Representative
Hamp Atkinson	\$100,000	1	Representative
Bill W. Barton	\$150,000	1	Representative
Steve Bickerstaff	\$160,000	16	Senate Parliamentarian
Thomas J. Bond	\$2,810,000	136	Insurance Commission
Chet Brooks	\$180,000	7	Senator
V. Neil Caldwell	\$50,000	1	Representative
Frank W. Calhoun	\$685,000	9	Representative
Kent A. Caperton	\$600,000	12	Senator
Phil Cates	\$620,000	21	Representative
Eddie Cavazos	\$475,000	9	Representative
Bill Ceverha	\$50,000	2	Representative
James M. Clark	\$140,000	5	Representative
Jerry L. Clark	\$25,000	1	Representative
Bill Clayton	\$895,000	29	Speaker/Representative
L. Dean Cobb	\$150,000	3	Representative
Paul M. Colbert	\$200,000	9	Representative
Frank Collazo Jr.	\$50,000	1	Representative
John R. Cook	\$20,000	2	Representative
Richard P. Daly	\$50,000	1	Lottery Commission
Robert E. "Bob" Davis	\$50,000	1	Representative
Betty Denton	\$25,000	1	Representative
Jerry "Nub" Donaldson	\$995,000	20	Representative
Hilary B. Doran Jr.	\$260,000	5	Representative
William L. Ehrle Sr.	\$25,000	1	Representative
Alan R. Erwin	\$10,000	1	Public Utility Commission
Charles W. Evans	\$575,000	13	Representative
John W. Fainter Jr.	\$1,100,000	22	Secretary of State
Gene Fondren	\$50,000	1	Representative
Richard S. "Dick" Geiger	\$240,000	8	Representative
Benjamin "Bruce" Gibson	\$150,000	1	Representative
Robert J. "Bob" Glasgow	\$130,144	4	Senator
Marta Greytok	\$595,000	16	Public Utility Commission
Anthony C. Grigsby	\$550,000	6	Nat'l Res. Conservation Commission
Lena Guerrero	\$605,000	13	Representative/Railroad Commission
Clinton P. "Clint" Hackney	\$560,000	10	Representative
James W. "Bill" Haley	\$430,000	22	Senator
John L. Hall	\$800,000	8	Nat'l Res. Conservation Commission

TEXAS REVOLVERS
1997 Contracts

Revolver Lobbyist	Max. Value	Number	Past Life
Kent R. Hance	\$310,000	11	Senator/Railroad Commission
Orland Harold "Ike" Harris	\$325,000	12	Senator
Don B. Henderson	\$460,000	8	Senator
Jack E. Hightower	\$110,000	3	Senator/Supreme Court
Ed Howard	\$705,000	22	Senator
M. Cordell Hull	\$125,000	2	Representative
Todd A. Hunter	\$700,000	22	Representative
Tommy James	\$10,000	1	Representative
Clark Jobe	\$10,000	1	Railroad Commission
John C. "Cliff" Johnson Jr.	\$1,095,000	16	Representative
Neal T. "Buddy" Jones Jr.	\$1,825,000	50	Representative
Russell T. "Rusty" Kelley	\$2,680,000	48	Senate Sergeant-at-Arms
Don C. Kennard	\$50,000	2	Senator
Jeffrey C. Kloster	\$50,000	1	House Reading Clerk
Tony Koriath	\$200,000	2	Representative/Workers Comp. Com.
Donald C. Lee	\$100,000	1	Representative
Bob Leonard Jr.	\$75,000	2	Representative
Gibson D. "Gib" Lewis	\$1,485,000	37	Speaker/Representative
Albert Luna III	\$275,000	6	Representative
J. Parker McCollough	\$10,000	1	Representative
Huey McCoulskey	\$20,000	2	Representative
Myra A. McDaniel	\$265,000	9	Secretary of State
Bob McFarland	\$510,000	7	Senator
Michael W. McKinney	\$100,000	1	Representative
William A. "Bill" Messer III	\$695,000	18	Representative
Sergio Munoz	\$125,000	3	Representative
Joseph Lynn Nabers	\$600,000	12	Representative
Mary Scott Nabers	\$1,445,000	21	Railroad Commission
Jack C. Ogg	\$75,000	2	Senator
Carl A. Parker	\$485,000	9	Senator
Randy Pendleton	\$25,000	1	Representative
Franklin "Ace" Pickens	\$30,000	3	Representative
A. W. "Woody" Pogue	\$2,820,000	137	Insurance Commission
Pike Powers	\$25,000	2	Representative
Rayford Price	\$70,000	7	Speaker/Representative
Joseph N. Ratcliff	\$50,000	1	Representative
James R. Reynolds	\$20,000	2	House Committee Coordinator
Wesley B. Roberts	\$275,000	4	Representative
Nolan J. "Buzz" Robnett	\$475,000	9	Representative
Jim D. Rudd	\$310,000	8	Representative

TEXAS REVOLVERS
1997 Contracts

Revolver Lobbyist	Max. Value	Number	Past Life
Sam W. Russell	\$100,000	1	Representative
Froy Salinas	\$235,000	9	Representative
Robert M. Saunders	\$490,000	13	Representative
Stan Schlueter	\$1,035,000	34	Representative
Charlie Schnabel Jr.	\$250,000	6	Senate Secretary
Gerhardt Schulle Jr.	\$85,000	3	Representative
A. R. "Babe" Schwartz	\$385,000	13	Senator
Curtis L. Seidlits Jr.	\$300,000	3	Representative
Chris V. Semos	\$125,000	3	Representative
Daniel O. "Dan" Shelley	\$675,000	16	Senator
Robert D. Simpson	\$250,000	2	Representative
Bill Sims	\$145,000	5	Senator
W. E. "Pete" Snelson	\$75,000	2	Senator
Wade Spilman	\$500,000	4	Representative
Vernon J. Stewart	\$30,000	3	Representative
Jack B. Strong	\$100,000	3	Senator
Dennis L. Thomas	\$100,000	4	Public Utility Commission
Russ Tidwell	\$10,000	1	Representative/House Com. Coord.
Michael "Mike" Toomey	\$1,405,000	31	Representative
Tommy Townsend	\$50,000	1	Senate Sergeant-at-Arms
Charles "Chase" Untermeyer	\$50,000	1	Representative
Robert "Bob" Valles	\$100,000	1	Representative
Tim Von Dohlen	\$50,000	1	Representative
Jack Vowell	\$60,000	3	Representative
Mack Wallace	\$1,630,000	26	Railroad Commission
Ralph Wayne	\$150,000	1	Representative
Sarah Weddington	\$25,000	1	Representative
Jack Welch	\$50,000	1	Representative
Leroy J. Wieting	\$20,000	2	Representative
James P. "J.P." Word	\$10,000	1	Senator
TOTAL	\$43,675,138	1,159	

VI. END NOTES

¹ Collins later parlayed his management acumen—demonstrated at the prison system, VitaPro and through his two personal bankruptcies—into a job with Andersen Consulting.

² See “Two indicted in VitaPro inquiry,” *Austin American-Statesman*, April 1 [no joke], 1998.

³ There were 857 registered lobbyists in 1987 (“Lobbying: Austin’s Growth Industry,” *Austin Business Journal*, August 17, 1987).

⁴ This appears to be the most comprehensive accounting of revolver legislators. A 1996 study counted 68 ex-legislators in the lobby.

⁵ This total excludes these former agency heads who served in the Legislature, such as ex-Railroad Commissioners Lena Guerrero and Kent Hance, because they are counted in the ex-legislator head count.

⁶ The largest contracts (reported as “\$200,000 or more”) are counted conservatively here at a maximum value of just \$200,000.

⁷ See “Shattered Icon,” *Austin Chronicle*, October 24, 1997.

⁸ This excludes \$13,440 in *per diem* pay (\$96/day), a travel allowance and \$8,500 a month office account.

⁹ Texas law defines these benefits as confidential personnel records.

¹⁰ The Employees Retirement System even tried to deny access to aggregate pension data before being overruled by the Attorney General’s Office.

¹¹ “Check out lawmaker pensions,” *San Antonio Express-News*, August 14, 1994.

¹² “Pensions are plums for state lawmakers,” *Austin American-Statesman*, December 6, 1998.

¹³ Pension recipients receive an amount equal to 2.25 percent of a district judge’s salary multiplied by the number of years a legislator has served.

¹⁴ Jones also is a former aide to Rep. Ron Lewis, D-Mauriceville. Lewis belittled criticism of trips he took at the expense of interests with bills before a committee he sat on in 1989, saying it was “so ridiculous, I think it’s funny.” Lewis called lobby freebies “one of the things about this job that’s fun.”

¹⁵ “Lobbying Texas: The State’s ‘Third House,’” *Dallas Morning News*, March 29, 1987.

¹⁶ “Property tax plan evolving from Bush blueprint,” *Dallas Morning News*, April 14, 1997.

¹⁷ The LCRA paid a total of up to \$185,000 to revolvers Mike Toomey, Robert Saunders, Joseph Lynn

Nabers, Jerry Donaldson and Stan Schlueter.

¹⁸ One-third of Texas’ \$1 billion-a-year rice crop comes from 65,000 acres in Colorado, Wharton and Matagorda counties. Each year, this rice crop consumes 163 billion gallons of Colorado River water.

¹⁹ See “The War for the Colorado,” *Texas Monthly*, May 1997.

²⁰ Lewis, who reported up to \$100,000 in 1997 income from gun groups, helped this lobby blast through 1993 legislation that allows Texans to carry concealed weapons.

²¹ “Lewis announces he’s hanging up the speaker’s gavel,” *Houston Chronicle*, January 9, 1992.

²² Candidate accounts are not required to disclose cash on hand. This total was calculated by the *Austin American-Statesman*, which did not tally accrued interest on the 11-year-old account.

²³ “Lewis coffers total \$1 million,” *Austin American-Statesman*, January 22, 1992.

²⁴ “Lewis announces he’s hanging up the speaker’s gavel,” *Houston Chronicle*, January 9, 1992.

²⁵ The actual jury award of \$92 million was reduced under new Texas punitive damage caps. These caps reward corporate and business contributors, who account for most of the money Texas legislators raise.

²⁶ See “Jury decides nursing home was neglectful,” *Dallas Morning News*, November 8, 1997.

²⁷ “Texas group targeting consumer organizations,” *Dallas Morning News*, October 17, 1998.

²⁸ “Second-hand smoke! ‘Rolling Papers’ expose Texas business lobbies as Philip Morris puppets,” *Lobby Watch*, Texans for Public Justice, May 24, 1997.

²⁹ “Dumping on Hudspeth County,” *Austin Chronicle*, July 3, 1992.

³⁰ “Lobby spending studied by IRS,” *Austin American-Statesman*, August 31, 1990.

³¹ The other two lobbyists are Mark Harkrider and William J. Miller.

³² “Nagging response to racetrack,” *Houston Chronicle*, June 27, 1992; “Racetrack progress applauded,” *Houston Chronicle*, August 24, 1993.

³³ “Racetrack insiders got \$36 million,” *Houston Chronicle*, February 12, 1995.

³⁴ “New ethics law reveals legislator-lobbyist deals,” *Austin American-Statesman*, March 28, 1992.

³⁵ See the company's March 20, 1997 annual report; asbestos litigation documents at www.brown.edu/Courses/Bio_Community_Health_168C/index.html; and "Venue fix: Killing a flea with a mallet," *Texas Lawyer*, March 17, 1997.

³⁶ "Envirocare owner ordered to pay fine," Associated Press, December 16, 1998.

³⁷ From 1995 through 1998, the Bush campaign took \$35,000 from Simmons and \$30,000 from fellow Waste Control investor and lobbyist Kent Hance. The two men also contributed \$78,000 to Perry.

³⁸ "Environmentalists join anglers protesting use of herbicides," *San Antonio Express-News*, March 1, 1998.

³⁹ "The war for the Colorado," *Texas Monthly*, May 1997.

⁴⁰ "TNRCC approves changes to water-release agreement," Associated Press, November 23, 1998.

⁴¹ *Dishonorable Discharge: Toxic Polluters of Texas Waters*, Environmental Working Group (see www.ewg.org).

⁴² *Grandfathered Air Pollution: The Dirty Secret of Texas Industries*, Sierra Club et. al, April 1998.

⁴³ *Dirty Air, Dirty Money*, Texans for Public Justice, June 1998.

⁴⁴ "Charles, David Koch linked to \$1 million push to

help fund GOP ads," Associated Press, June 3, 1998; *Washington's Other Scandal*, PBS' Frontline, October 6, 1998 [transcript at www.pbs.org].

⁴⁵ Smith and the legislators got off with probated sentences; former Insurance Commissioner John Osorio did three years for embezzling \$641,250 from the National Bankers Life Employees Pension Fund.

⁴⁶ Separately, Moeller was convicted of steering state contracts to political contributors as deputy commissioner of the Texas Department of Agriculture.

⁴⁷ GTECH's subsidiary, Transactive Corp., also operates the state's electronic systems that issue welfare benefits (the Lone Star Card) and hunting and fishing licenses.

⁴⁸ "GTECH settled Linares suit with \$725,000," *Austin American-Statesman*, September 18, 1998.

⁴⁹ "Perlman picked for utility panel," *Austin American-Statesman*, January 12, 1999.

⁵⁰ See "Lockheed Martin: From warfare to welfare," *The Nation*, March 2, 1998.

⁵¹ Governor Bush's first Workforce Commission chair, Bill Hammond, a former legislator, became a revolver in April 1998, when he abandoned ship to replace Dane Harris as president of the Texas Association of Business and Chambers of Commerce. ↵

