

Tony Sanchez's War Chest: Who Gives To A \$600 Million Man?

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Tony Sanchez's War Chest: Who Gives To A \$600 Million Man?

I. Key Findings

- Gubernatorial candidate Tony Sanchez reported raising almost \$32 million from August 2001 through June 2002. Sanchez self-financed 89 percent of this money (\$27.9 million) through \$10.1 million in contributions and \$17.8 million in bank loans that he personally guaranteed.
- Sanchez raised almost \$3.6 million from donors outside of his own family circle. This *external* financing accounts for just 11 percent of his total war chest.
- Sanchez's top 25 overall sources of external money contributed more than \$1.2 million, or 36 percent of this outside financing. Outside of his own family, Sanchez received contributions of more than \$100,000 from three sources. Two of these were Houston plaintiff firms that gave him \$200,000 apiece (the Gallagher Law Firm and Jamail & Kolius). The PAC and executives of the Sanchez family's International Bank of Commerce were the third major source of external donations (\$103,774).
- When Sanchez's external money is broken down by industry, Lawyers & Lobbyists are the single largest source, supplying \$829,783, or 24 percent of his external funding. Plaintiff attorneys supplied \$541,000 (65 percent of this sector's money), compared with \$98,000 from business defense attorneys (12 percent). Another \$115,783 (14 percent) came from other attorneys whose specialty was not identified or who did not fit this plaintiff-defense dichotomy.
- Houstonians were Sanchez's largest geographical source of external money, contributing \$823,539. Laredo donors came next (\$684,153), followed by Dallas contributors (\$440,999). Donors in cities near the Mexican border accounted for 33 percent of Sanchez's outside money.

II. Introduction

Gubernatorial candidate Tony Sanchez is the money man behind the “Dream Team,” the Texas Democratic Party’s multi-ethnic ticket to reclaim some of Texas’ top statewide political offices—which are all controlled by Republicans. Indeed, the Sanchez campaign *is* dreamlike, though not always in the way that it intends.

The Dream Team dreams of awakening the slumbering potential of the minority vote by pitching to shifting demographics with a multi-ethnic slate. Yet Sanchez himself did not vote in the last three Democratic primaries that preceded his own.¹

The Dream Team dreams of wooing back one-time Democratic voters who strayed from the party in recent years. Yet Sanchez himself not only defected to George W. Bush but was his No. 2 career donor—surpassed only by Enron.²

The Dream Team dreams of capitalizing on the Enron-led corporate-crime wave. Yet Sanchez’s energy and banking concerns did business with Enron, his campaign took \$10,000 from Enron lobbyist George Strong and, as a University of Texas Regent, Sanchez unsuccessfully promoted Enron for a mega-contract to supply UT’s utility needs.³ The reckless growth, risky loans and conflicts that fed the current corporate crisis also eerily mirror the 1988 failure of Sanchez’s Tesoro S&L (see “Financial Industry Money”).

Sanchez belatedly sought the ethical high ground in June 2002, when he proposed a series of ethics reforms and accused his opponent of turning the Governor’s Office “into little more than a checkout line” for special interests.⁴ Yet Sanchez, along with the business empire and campaign that he controls, has been repeatedly hamstrung by ethical pitfalls.

After Sanchez completed a stint on the Texas Parks and Wildlife Commission, that agency granted him a 1993 permit to drill gas wells in Falcon State Park.⁵ Sanchez said of the controversial windfall, “There would be no greater joy than to see a beautiful park that our children and adults can go to and learn about the oil and gas industry.”

About the time that a scandal broke over the University of Texas’ endowment awarding lucrative investment contracts to firms with close ties to then-Governor Bush, Sanchez joined the endowment’s board as a Bush-appointed UT Regent. Oft-outspoken Sanchez then fumbled that opportunity to demand a full public airing of this affair (see “Financial Industry Money”).

Watergate-style plumbers working for Sanchez’s personal attorney in 2001 conducted a bizarre sexual smear campaign against then-Secretary of State nominee Henry Cuellar (see “Lawyers & Lobbyists Money”). A Sanchez campaign worker got sacked the following year for issuing a casting call for actors of specific races to appear in ads attacking Governor Rick Perry’s attack ads.⁶

The Texas Ethics Commission levied a record—albeit miniscule—fine against the political action committee of Sanchez’s International Bank of Commerce (IBC) in 2002 for failing to disclose its political activity for the previous two years. Sanchez’s campaign said that he had nothing to do with the PAC, despite the fact that it and Sanchez made similar contributions to the same candidates on the same days.⁷

Against this backdrop, Sanchez's vast personal fortune would create a Texas-sized ethical thicket if he were governor. Sanchez has not revealed his net worth, which is impossible to calculate from the ludicrous disclosures that Texas politicians file (their largest asset category is "\$25,000 or more").⁸ Estimates of Sanchez's worth range as high as \$600 million, though so far Sanchez has flown below the radar of *Forbes'* estimated list of the 400 richest Americans (the cut-off point for *Forbes'* 2001 list was an estimated net worth of \$600 million).

The initial font of Sanchez's wealth is the gusher Sanchez-O'Brien Oil and Gas Corp., which he and his father built with petroleum geologist Brian O'Brien (\$25,000 to Sanchez campaign). Sanchez has deep ties to energy companies and industry groups that often clash with environmentalists.⁹ Sanchez has greatly diversified this fortune, buying major stakes in banking (see "Financial Industry Money"), media (Viacom) and high-tech interests (the short-lived Sanchez Venture Capital Corp. and Internet security firm Zix Corp.). Given that Sanchez cites his business acumen as a major qualification for office, it is interesting that, apart from companies that he controls, Sanchez's campaign has received little financial support from industries in which he made a killing.

These business tentacles already have interfered with Sanchez's attempts to seize the high ground on such campaign issues as the Enron scandal and insurance reform. These conflicts would only intensify if he is elected governor. Indeed, Sanchez legally could use the "late-train" weeks separating his election from his inauguration to squeeze special interests to help him repay his campaign's huge bank loans (as Perry did after his 1998 lieutenant governor election). Dogged by Public Citizen's Tom Smith, Sanchez pledged in June 2002 not to use late-train money to retire the millions of dollars of campaign loans that he has personally guaranteed.¹⁰ While this pledge neutralizes immediate post-election concerns, Sanchez still would move into the Governor's Mansion with the baggage of hundreds of millions of dollars in personal economic interests. If Sanchez put these assets in a blind trust, as some ex-governors did, problems would persist, according to Smith. Sanchez would still know, for example, that he has enormous energy and banking interests.¹¹

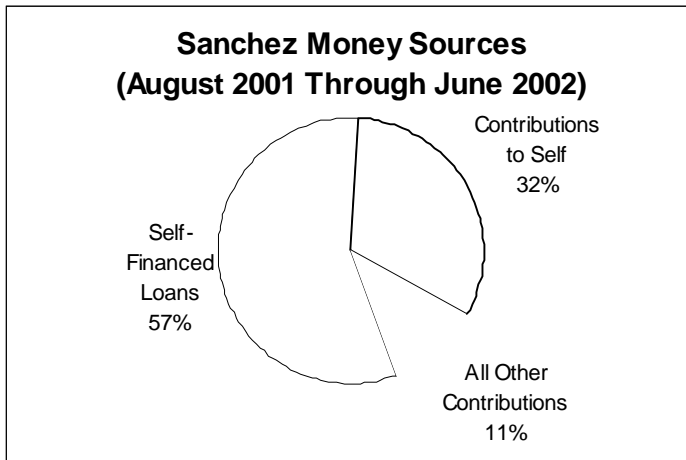
Much has been written about Sanchez's vast personal fortune, which undoubtedly would trigger a recurring series of ethical problems if he is elected governor. While Sanchez's fortune has provided the vast majority of the money fueling his campaign (through contributions and loan guarantees), this report analyzes the remainder of Sanchez's campaign money, which originated outside of his own family circle.

III. Contributions At A Glance

Money influences who attains political power, who has access to that power and how that power is exercised. Sanchez reported raising almost \$32 million from August 2001 through June of 2002 (the most recent available data). Sanchez obtained an astonishing 89 percent of this money (\$27,934,070) from *self-financed* loans and contributions. As his own biggest fan, Sanchez donated \$10,172,407 to his campaign. In addition, the campaign obtained another \$17,761,663 in bank loans that the candidate personally secured with his prodigious assets (Sanchez's own bank is not the lender).¹²

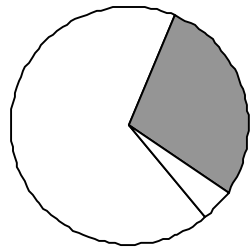
Self-Financing Sanchez

Source	Amount	Percent
Self-Financed Loans	\$17,761,663	57%
Contributions to Self	\$10,172,407	32%
All Other Contributions	\$3,573,748	11%
TOTAL:	\$31,507,818	100%



Having discussed the origins of Sanchez's personal money in the introduction, the body of this report focuses on the relatively modest \$3.6 million that Sanchez obtained beyond his own wealthy family circle. In particular, this study analyzes the \$3.4 million that Sanchez obtained from outside donors of \$500 or more. These big donors supplied 96 percent of Sanchez's outside money. By tracking the employer and occupation of these high rollers, researchers identified the interests behind 71 percent (\$2,411,484) of Sanchez's big-donor, external money.

**Sanchez Raised \$3.6 Million
From Sources Outside His Family**



- Identified big donors (>\$500)
- Unidentified big donors (>\$500)
- Unstudied small donors (<\$500)

Contribution Size

Donor Category	Total Given	Donor Count
>=\$1,000	\$3,301,198	897
>=\$5,000	\$2,369,860	211
>=\$10,000	\$1,696,232	82
>=\$25,000	\$962,500	18
>=\$50,000	\$675,000	7
>=\$100,000	\$400,000	2

The top-10 city list of external contributions to this Laredo native is striking in that it includes four Texas-Mexico border cities that provided just over \$1 million, or 30 percent of Sanchez’s big-donor, external money. Altogether, 33 percent of Sanchez’s external money came from border cities. This substantial share of border money may be unprecedented for a major statewide campaign in Texas. By comparison, border cities accounted for 10 percent of the Texas Railroad Commission money that Brownsville native Tony Garza raised from 1997 through 2001.

Top-10 Cities

City	Amount
Houston	\$823,539
*Laredo	\$684,153
Dallas	\$440,999
Austin	\$295,750
*McAllen	\$176,500
San Antonio	\$135,918
*Brownsville	\$113,200
Corpus Christi	\$92,600
*El Paso	\$63,706
Amarillo	\$55,520
TOTAL:	\$2,881,885

*Texas-Mexico border city.

Top-10 Zip Codes

Zip	City	Amount
77002	Houston	\$459,000
78041	Laredo	\$246,952
78040	Laredo	\$129,274
78045	Laredo	\$107,775
75219	Dallas	\$104,643
78044	Laredo	\$91,000
75201	Dallas	\$89,000
75230	Dallas	\$78,500
78703	Austin	\$75,500
78504	McAllen	\$73,500
TOTAL:	\$1,455,144	

IV. Top 25 Overall Sources of Sanchez Contributions

Employer	Interest Code	City	Amount
Gallagher Law Firm	Lawyers	Houston	\$200,000
Jamail & Kolius	Lawyers	Houston	\$200,000
*International Bank Of Commerce	Banks	Laredo	\$103,774
*Zix Corp.	Computers	Dallas	\$75,000
White Rock Capital	Finance	Dallas	\$70,000
Armadillo Construction Co.	Construction	Laredo	\$50,000
Hicks Muse Tate & Furst	Finance	Dallas	\$50,000
Myers Financial Group	Real Estate	Dallas	\$50,000
Nick Kralj	Lobbyist	Austin	\$50,000
Q Funding, LP	Finance	Fort Worth	\$40,000
La Paloma, Ltd.	???	Laredo	\$35,000
American General Land Development	Construction	Houston	\$30,000
Flournoy Production/Drilling Co.	Energy	Alice	\$25,000
Hall Financial Group, Inc.	Real Estate	Frisco	\$25,000
J. Santiago Gutierrez	Health	Laredo	\$25,000
*Sanchez O'Brien Oil & Gas	Energy	Houston	\$25,000
Schechter Mcelwee & Shaffer	Lawyers	Houston	\$25,000
TX Automobile Dealers Assoc.	Transportation	Austin	\$25,000
Andrews & Kurth	Lawyers	Houston	\$20,000
Landow Companies	Real Estate	Bethesda MD	\$20,000
Madison Financial	Banks	Dallas	\$19,004
Vinson & Elkins	Lawyers	Houston	\$18,000
Freeman & Castillon	Lawyers	Laredo	\$17,500
Gillman Companies	Transportation	Houston	\$16,000
Maund Automotive Group	Transportation	Austin	\$16,000
TOTAL:			\$1,230,278

*Sanchez business interest.

Note: Table includes money from affiliated PACs and employees.

The top 25 overall sources of Sanchez's campaign money (counting contributions by affiliated PAC and executives of these businesses) kicked in \$1.2 million, or 36 percent of all the external money that Sanchez raised. Topping the list are two major plaintiff law firms, followed by two of Sanchez's own businesses interests: the International Bank of Commerce and the Internet security firm Zix Corp. As illustrated by the list of Sanchez's top *individual* donors on the next page, all or most of the money from many of the donor sources listed above comes from a single company executive. The 32 top individual donors on the next page delivered \$991,236, or 29 percent of Sanchez's external money.

The lists of Sanchez's top overall and top individual donors each include three auto dealer interests. Auto dealers were angered in 2001 when Perry vetoed their two priority bills in his so-called Father's Day Massacre.¹³ Both bills, HB 1994 and HB 2139, merited vetoes. The Consumers Union testified that the bills, authorizing dealers to increase vehicle documentation fees and to assess unregulated debt-insurance policies on car loans, would gouge consumers. Prior to the vetoes, Perry received \$463,841 from auto dealers; afterwards he received \$124,900. In contrast, Sanchez received no auto-dealer money prior to the vetoes but received \$120,500 afterwards.¹⁴ The principal donors who defected from Perry to the Sanchez camp were the powerful Texas Automobile Dealers Association and Austin's Maund Automotive.

V. Top 32 Individual Sanchez Donors

Donor	Company	Amount
Joseph D. Jamail	Jamail & Kolius (law)	\$200,000
David P. Cook	*Zix Corp. (software)	\$75,000
Joseph Barton	White Rock Capital	\$50,000
Robert Gutierrez	Armadillo Construction Co.	\$50,000
Thomas O. Hicks	Hicks Muse Tate & Furst	\$50,000
Nicholas Kralj	Nick Kralj (lobbyist)	\$50,000
Mike A. Myers	Myers Financial Group (real estate)	\$50,000
Charles S. Leyendecker	American General Land Development	\$30,000
Lucien Flournoy	Flournoy Production Co. (oil)	\$25,000
J. Santiago Gutierrez	Self (Healthcare Alliance of Laredo)	\$25,000
Craig Hall	Hall Financial Group, Inc.	\$25,000
Dennis Nixon	*International Bank of Commerce	\$25,000
Brian O'Brien	*Sanchez O'Brien Oil & Gas	\$25,000
Renato Ramirez	*International Bank of Commerce	\$25,000
Arthur Louis Schechter	Schechter Mcelwee & Shaffer (law)	\$25,000
Arthur & Ellen Temple	Exeter Investment Co.	\$22,089
Thomas U. Barton	White Rock Capital	\$20,000
Dillon Ferguson	Andrews & Kurth (law)	\$20,000
Nathan Landow	Landow Companies (real estate)	\$20,000
Gerald J. Ford	Madison Financial (bank)	\$19,004
Ramsey H. Gillman	Gillman Companies (auto)	\$16,000
Barry Gerard Andrews	Miller of Dallas, Inc. (beer)	\$15,000
Adelfa & William Callejo	Callejo & Callejo (law)	\$15,000
R. David Guerra	*International Bank Of Commerce	\$15,000
Richard E. Haynes	Richard E. Haynes Properties	\$15,000
William H. White	Wedge Group, Inc. (oil)	\$15,000
Patrick Farrell	Farco Mining	\$12,500
Geoffrey Raynor	Q Funding, LP (finance)	\$12,500
Gary J. Fernandes	Electronic Data Systems	\$11,143
Roger K. Beasley	Roger Beasley Automotive Group	\$11,000
Irving Greenblum	Muebleria Mexico (furniture)	\$11,000
Doug Maund	Maund Automotive Group	\$11,000
TOTAL:		\$991,236

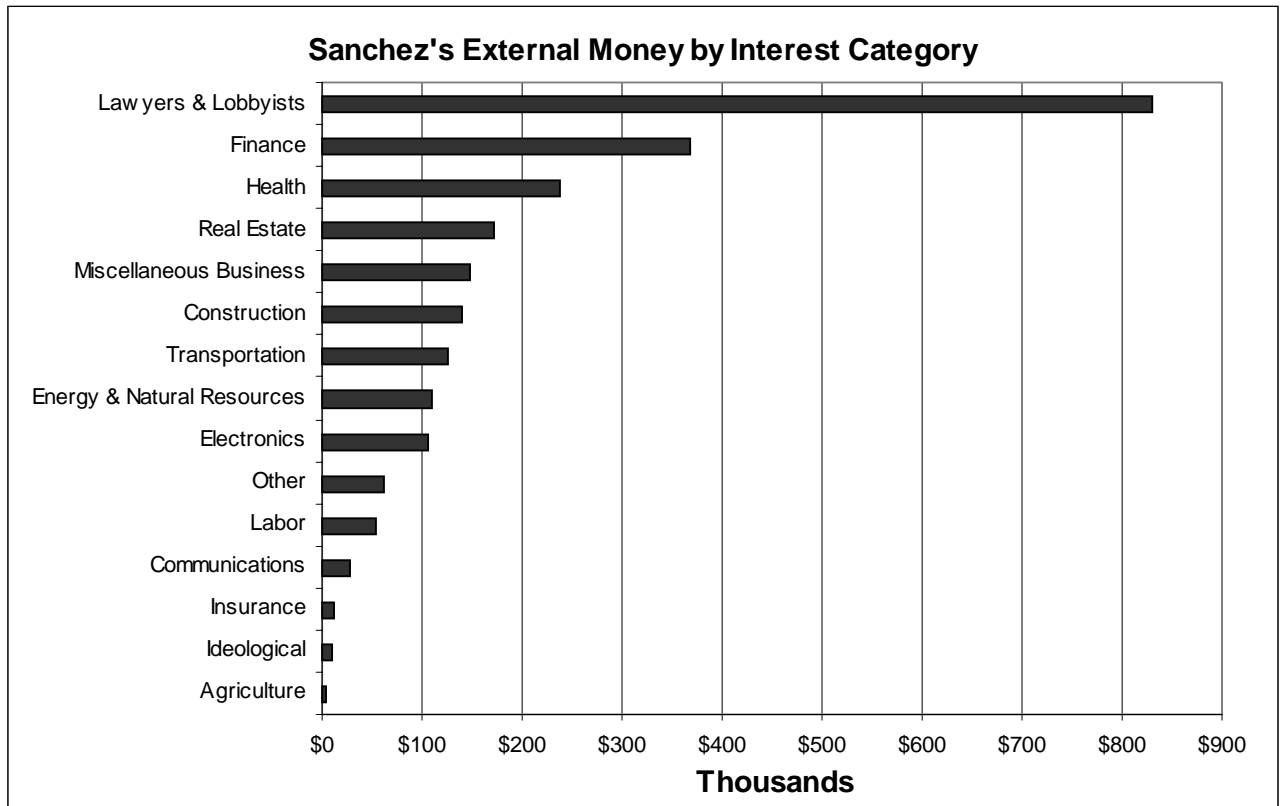
*Sanchez business interest.

Sanchez's No. 2 individual donor is David Cook, one of Sanchez's principal business associates. Sanchez was an early investor in a Cook venture that analyzed oil data and in Cook's Blockbuster Video brainchild (now owned by Viacom). More recently, Cook founded the predecessor to Zix Corp., an Internet security firm struggling to survive the bursting of the high-tech bubble.¹⁵ Zix stock has plunged from \$73 to \$5 a share, hammering big investors like the Teachers Retirement System of Texas and Sanchez, who sits on the company's board.¹⁶

VI. Contributions By Interest Category

The accompanying charts reveal that Sanchez obtained 67 percent of the external money studied in this report (more than \$2.2 million) from business interests. Most of the remainder of his external money came from donors whose interests were not identified (29 percent) with negligible amounts coming from Labor, Ideological and Other sources. In reality, of course, the *total* money that Sanchez has raised is overwhelmingly business money, since 89 percent of his total war chest is derived from the huge fortune that Sanchez made in energy, banking and other ventures. The remainder of this report takes a closer look at the three business sectors that contributed the largest share's of Sanchez's external campaign money.

Interest Group	Amount	Percent
Lawyers & Lobbyists	\$829,783	24%
Finance	\$367,719	11%
Health	\$238,910	7%
Real Estate	\$171,791	5%
Miscellaneous Business	\$147,500	4%
Construction	\$140,500	4%
Transportation	\$125,500	4%
Energy & Natural Resources	\$110,500	3%
Electronics	\$106,643	3%
Other	\$62,000	2%
Labor	\$54,500	2%
Communications	\$28,139	1%
Insurance	\$13,000	0%
Ideological	\$10,000	0%
Agriculture	\$5,000	0%
Unknown	\$1,005,971	29%
TOTAL:	\$3,417,455	100%



Lawyers & Lobbyists Money

Subsector	Amount	Percent
Plaintiff Lawyers	\$541,000	65%
Other Lawyers	\$115,783	14%
Defense Lawyers	\$98,000	12%
Lobbyists	\$75,000	9%
TOTAL:	\$829,783	100%

Sector's Top Donors	Interest	Amount
Gallagher Law Firm	Plaintiff firm	\$200,000
Jamail & Kolius	Plaintiff firm	\$200,000
Nick Kralj	Lobby firm	\$50,000
Schechter Mcelwee & Shaffer	Plaintiff firm	\$25,000
Andrews & Kurth	Defense firm	\$20,000
Vinson & Elkins	Defense firm	\$18,000
Freeman & Castillon	Defense firm	\$17,500
Watts & Heard	Plaintiff firm	\$15,000
Callejo & Callejo	Plaintiff firm	\$15,000
Canales & Simonson	Other law firm	\$13,600

Lawyers and lobbyists were by far Sanchez's largest source of external money. Plaintiff attorneys dominated, accounting for two-thirds of this sector's money. Three of the sector's top five donors were plaintiff firms. A fourth, Nick Kralj, is a lobbyist whose clients include the Texas Trial Lawyers Association.¹⁷

Conspicuously absent from this list are Texas' "Big Five" trial lawyers, who collectively won an astonishing \$3.3 billion in fees after they settled the state's anti-tobacco lawsuit for \$17.3 billion.¹⁸ (The Texas Democratic Party, a major recipient of the Big Five's money, gave Sanchez a comparatively modest \$10,000). Still, the Big Five have signaled their support for Sanchez and still have ample time to influence the gubernatorial race.¹⁹ The Big Five have been at odds with fellow trial lawyer Joe Jamail of **Jamail & Kolius** in a dispute over whether or not ex-Attorney General Dan Morales sought payments from law firms that he interviewed for the historic tobacco lawsuit (Sanchez trounced Morales in the 2002 Democratic primary).

Several business defense firms also made this sector's top-donor list, including **Andrews & Kurth** and **Vinson & Elkins**. The partners at a smaller Laredo business firm, **Freeman & Castillon**, include Sanchez cousin Robert Freeman and banking attorney Carlos Castillon.

Finally, two top law-firm donors, **Watts & Heard** and **Canales & Simonson**, were major backers of Barbara Canales-Black, who recently lost a costly Democratic primary bid for a Texas Senate seat. While Barbara belongs to the Texas Trial Lawyers Association, her Canales Simonson family firm has a big criminal law practice. Her father, Tony Canales (\$10,000 to Sanchez), is Sanchez's private attorney. In that capacity in 2001, he directed two former FBI agents in a political dirty trick worthy of the Watergate plumbers. Targeting Henry Cuellar, whom Governor Perry had nominated as secretary of state, the private dicks told Cuellar's friends and some state senators that Cuellar was the suspected author of an anonymous death threat against Sanchez. Under the guise of investigating the threat, the agents insinuated that Cuellar was a homosexual who enjoys group sex. The senators targeted with this disinformation said it appeared to be a bizarre attempt to smear Governor Perry by association.²⁰

Financial Industry Money

Subsector	Amount	Percent
Securities & Investment	\$219,046	60%
Banks	\$138,278	38%
Other	\$10,395	3%
TOTAL:	\$367,719	100%

Sector's Top Donors	Interest	Amount
International Bank of Commerce	Bank	\$103,774
White Rock Capital	Securities	\$70,000
Hicks Muse Tate & Furst	Corporate takeovers	\$50,000
Q Funding	Investments	\$40,000
Exeter Investment Co.	Investments	\$22,089
Madison Financial	Bank	\$19,004
Sandlers O'Neill & Partners	Investments	\$10,000
Principal Wingate Partners	Corporate takeovers	\$6,000

Finance interests were Sanchez's next-largest source of external money, led by Securities & Investment firms. The takeover firm **Hicks Muse Tate & Furst** is a top investment donor to both Sanchez and Perry. Pragmatist Tom Hicks gave \$50,000 to Sanchez and \$93,981 to Perry.²¹ Sanchez and Hicks, who rank among George W. Bush's top 5 "career patrons"²² boosted Bush's squeaker ascent to the White House. As a Bush-appointed University of Texas (UT) regent, Sanchez sat on the board of the UT Investment Management Co. (UTIMCO), which Hicks masterminded to oversee billions of dollars of UT endowment investments.²³ The *Houston Chronicle* revealed in 1999 that big Bush donors on UTIMCO's board awarded fat investment contracts to firms close to Bush and then-UTIMCO Chair Tom Hicks. Oft-outspoken Sanchez, who joined UTIMCO's board the year of this expose, missed an opportunity to demand a public airing of this affair (even if it would have been awkward for Bush's presidential bid). When the *Chronicle* reported renewed UTIMCO attempts to dodge public disclosure of its investments in 2002, however, Perry and Sanchez joined the critics who urged UTIMCO to back down.²⁴ One UTIMCO contract benefited the oil-rich Bass family, a top supporter of Bush and Perry.²⁵ Geoffrey Raynor, the founder of Sanchez-backer **Q Funding**, previously managed Bass wealth.

Sanchez's No. 2 Finance donors—Banks—surfaced in Perry attack ads that remind voters that Sanchez's Tesoro Savings & Loan laundered \$25 million in drug money and cost taxpayers \$161 million when it failed in 1988. Sanchez says he was unaware of the drug-money and that a federal probe cleared him of wrongdoing (yet he will not authorize the government to release related records).²⁶ Sanchez defends Tesoro's failure—which regulators blamed on risky loans, reckless growth and conflicts of interest (hallmarks of the recently burst economic bubble)—by saying that Tesoro behaved like other S&Ls and was confused by conflicting federal regulations.²⁷ This explanation ignores how financial institutions forcefully lobbied for the regulatory loopholes that they exploited. As recently as 2000, Sanchez's **International Bank of Commerce** (IBC) lobbied to defeat a federal bill to discourage money laundering.²⁸ IBC's insurance subsidiary also has weakened Sanchez's efforts to capitalize on Texas' insurance crisis.²⁹ While Sanchez backer Gerald J. Ford of **Madison Financial** made a fortune reviving five failed Texas S&Ls, it is remarkable how little money Sanchez raised from banks other than his own.

Ex-Railroad Commissioner Arthur Temple III, of **Exeter Investment Co.**, sits on Temple-Inland's board. It dropped plans to put a golf course on a sensitive San Antonio aquifer in 2002.³⁰

Health Money

Subsector	Amount	Percent
Physicians	\$223,910	94%
Other	\$15,000	6%
TOTAL:	\$238,910	100%

Sector's Top Donors	Amount
Dr. J. Santiago Gutierrez	\$25,000
Health Care Alliance of Laredo	\$8,650
Texas Medical Association	\$5,750

The signature act of Governor Perry's administration was the 2001 Father's Day Massacre, when he vetoed a record 78 bills. Perry's single most-controversial veto was the "prompt-pay" bill (HB 1682), which would have strengthened a health insurer's legal obligation to pay health-care providers quickly. This veto stunned and enraged the powerful **Texas Medical Association** (TMA), which said that the Governor's Office offered no pre-Massacre indication of impending veto. TMA suggested that the veto was a giveaway to HMOs and TMA's former ally, Texans for Lawsuit Reform (TLR). (Although TLR and TMA previously worked to reduce the legal liabilities of doctors who commit medical malpractice, TLR objected to "prompt-pay" provisions that would have interfered with HMOs imposing binding arbitration on medical billing disputes.)³¹

After the veto, TMA President Tom Hancher said doctors would "withhold their support of Governor Perry pending their review of these issues and how they're addressed in the coming year and a half."³² TMA then endorsed Sanchez "by an overwhelming majority" in April 2002.³³ Since the veto, physicians have contributed \$349,312 to the campaigns of the gubernatorial frontrunners, with Sanchez receiving 64 percent of this money. Sanchez's post-veto donors include the TMA PAC and Longview surgeon John Coppedge, who was the TMA's point man on the prompt-pay bill.

Nonetheless, given the extent of outrage among doctors over the prompt-pay veto, the Sanchez contributions made to date by TMA (\$5,750) and Coppedge (\$1,435) seem puny, as does the relative share of doctor money flowing to Sanchez. This could suggest that Perry placated doctors to some degree with post-veto regulatory rules and enforcement actions.³⁴ Or it could suggest that doctors want to cover their bases in the event that Sanchez loses.

Most of Sanchez's doctor money came from relatively small donations by individual physicians. His top Health donor was ob-gyn **J. Santiago Gutierrez**. Dr. Gutierrez belongs to the **Healthcare Alliance of Laredo** (Sanchez's No. 2 Health donor), a group of physicians who operate independently of health insurance interests. Dr. Gutierrez supported a one-day strike by South Texas physician in April 2002 to protest soaring medical malpractice rates. Business tort groups and some physicians have singled out lawsuits filed by trial lawyers (the principal source of Sanchez's external money) as the cause of this problem. Dr. Gutierrez attributed the problem to both litigation costs and to money that insurance companies lost in the stock market. "Health insurance companies had a bad year for investments (such as those that invested in Enron)," he said, "and they will pass it on to doctors and let them pay for it."³⁵

VII. End Notes

- ¹ GOP Goes After Sanchez Over S&L, Voting Record,” *Dallas Morning News*, August 31, 2001; “Democrats Spar Over Loyalty,” *Dallas Morning News*, January 20, 2002.
- ² *The Buying of the President 2000*,” Center for Public Integrity, 2000.
- ³ “Enron Shoe Placed on Sanchez’s Foot,” *Houston Chronicle*, July 17, 2002; “Enron Had Account At Sanchez Bank,” *Dallas Morning News*, August 28, 2002.
- ⁴ “State Facing Ethics Crisis Sanchez Tells Democrats,” *Austin American-Statesman*, June 15, 2002.
- ⁵ Moarles Questions Sanchez’s Motives,” *Austin American-Statesman*, March 20, 2002.
- ⁶ The proposed ad apparently envisioned African-American actors as background customers in a repair shop and mostly Caucasian actors as the talking heads attacking Perry’s attack ads. “Sanchez Campaigner Fired Over Proposed Ad,” *Austin American-Statesman*, August 3, 2002.
- ⁷ The PAC’s fine was \$7,500. “Sanchez-Controlled Bank Is Fined,” *Dallas Morning News*, April 14, 2002.
- ⁸ See the *Austin American-Statesman*: “Sanchez, Perry Swap Charges on Finances,” April 17, 2002; “Sanchez’s Wealth in Political Spotlight,” April 14, 2002.
- ⁹ He recently held memberships in the American Petroleum Institute, the Independent Petroleum Association, the National Petroleum Council and the Texas Water Foundation. He also sits on the board of Conoco.
- ¹⁰ “Sanchez: Money Raised After Nov. 5 Won’t Go To Loans,” *Austin American-Statesman*, June 28, 2002.
- ¹¹ “Sanchez Says He’ll Consider Blind Trust,” *Dallas Morning News*, April 12, 2002. “Sanchez’s Wealth in Political Spotlight,” *Austin American-Statesman*, April 14, 2002.
- ¹² “Loans Fuel 37 Percent Of Texas Campaign Spending,” TPJ’s *Lobby Watch*, March 28, 2002.
- ¹³ “Car Dealers Shift Gears, Back Sanchez,” *Dallas Morning News*, July 18, 2002.
- ¹⁴ Early in his career, Sanchez diversified his oil wealth by investing in auto dealerships.
- ¹⁵ “Candidate Often Uses Hand-On Style of Management With His Investments,” *Austin American-Statesman*, March 3, 2002.
- ¹⁶ “The Trouble With Zixit,” *Austin American-Statesman*, March 11, 2002. “Dallas Firm Accuses Sanchez of Lying,” *Dallas Morning News*, September 26, 2002.
- ¹⁷ In a curious twist of fate, Kralj defaulted on a \$3 million loan from Sanchez’s Tesoro S&L in the 1980s. A Tesoro successor sued Kralj to recover the funds; he countersued, alleging usury. The U.S. Federal Fifth Circuit ruled for the bank in 1992 (*Federal Savings & Loan v. Nicholas K. Kralj*, Case No. 91-2841).
- ¹⁸ The Big Five are: Harold Nix, John O’Quinn, Wayne Reaud, Walter Umphrey and John Eddie Williams.
- ¹⁹ “Lawyers in Tobacco Suit Back Sanchez,” *Dallas Morning News*, January 11, 2002.
- ²⁰ “Secretary of State Cites Smear Attack,” *Houston Chronicle*, March 27, 2001.
- ²¹ Brother R. Steven Hicks gave \$138,516 exclusively to Perry.
- ²² *Buying of the President 2000*, Center for Public Integrity, 2000.
- ²³ Current UTIMCO board member John McStay gave Perry \$117,000 and Sanchez \$5,000.
- ²⁴ See the *Houston Chronicle*’s: “Return To Secrecy,” September 16, 2002; and “Secrecy Cloaks \$1.7 Billion in UT Investments,” March 21, 1999.
- ²⁵ The Bass family also made the list of Bush’s top five “career patrons.” Lee Bass gave Perry \$127,592.
- ²⁶ Sanchez also failed to come clean about federal Tesoro probes on his application to be a UT regent. See “Sanchez Q&A: Fact or Fiction,” *Austin American-Statesman*, December 18, 2001.
- ²⁷ See the *Dallas Morning News*: “Sanchez Expects Scrutiny of Money Laundering Case,” August 5, 2001; “For \$1 Million, Sanchez Settled Years of Scrutiny,” December 16, 2001; and “Sanchez Won’t Approve Release of Federal Files,” August 9, 2002.
- ²⁸ “Banking On Secrecy,” *Time Magazine*, October 14, 2001.
- ²⁹ “Sanchez Panned Industry But Has Ties To Insurance,” *Austin American-Statesman*, February 16, 2002.
- ³⁰ “Golf Group Drops Plan for Resort Atop Aquifer Near San Antonio,” *New York Times*, August 2, 2002.
- ³¹ “Dr. Issues Killer Post-Mortem On Perry’s Prompt-Pay Veto,” TPJ’s *Lobby Watch*, October 8, 2001.
- ³² “Perry tries to placate doctors,” *Fort Worth Star-Telegram*, June 26, 2001.
- ³³ “Statewide Medical Association Endorses Sanchez,” Texas Medical Association release, April 19, 2002.
- ³⁴ See *Austin American-Statesman*: “Rules May Help Doctors Get Paid,” July 25, 2001; “Insurers Settle With State Over Tardy Doctor Payments,” August 2, 2001.
- ³⁵ “South Texas Doctors Eye Walkout,” *Laredo Morning News*, April 8, 2002.