

LOBBY WATCH

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Trojan Gift Horse:

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Gambling Interests Bet \$7.6 Million On Texas Politicians In 2008 Cycle

As they consider expanding Texas' gambling hoof print, Texas politicians are awash in \$7.6 million that gambling interests spent on the state's 2008 elections. Texas' horse-racing industry led the charge, supplying almost \$6 million (78 percent). This included \$841,214 from Texas' top gambling PAC, Texans for Economic Development (TED PAC).¹

This horseracing money includes political contributions by wealthy people whose investments in racetracks or racehorses are sidelines from their primary business interests. Houston Texans owner Robert McNair owns thoroughbred stables,² for example, and Peter Holt, a Caterpillar equipment dealer in San Antonio, is an investor in Retama Park (see the table "Top Gambling Contributors"). These men are major Republican underwriters whose primary interests are not horseracing. Just as they invested a fraction of their fortunes in gambling, however, they can use some of their political capital to push slot machines for racetracks.

Casino and slots interests paid out nine percent of the political gambling money. This sector's top donor was Austin's Gordon Graves. Grand juries indicted Graves and his Aces Wired, Inc. last November for allegedly operating illegal gambling machines in several Texas cities. The top casino interests feeding Texas politicians were Houston's Landry's Restaurants PAC and Landry's CEO Tilman Fertitta—who would like to expand his Vegas casinos into Texas. Dallas' Jack Pratt, who founded Hollywood Casino Corp., and Pratt's Texas Gaming Association PAC also made plays to legalize casinos in Texas.

Indian tribes accounted for 7 percent of gambling money, led by the Oklahoma-based Chickasaw and Choctaw nations. These flush tribes collectively spent \$477,508 on Texas elections. The Oklahoma tribes have opposed Texas gambling expansions that would compete with their casinos across the Red River.³

The entrepreneurial Chickasaw own Solara Healthcare LLC, which operates long-term care hospitals in Oklahoma and Texas. Choctaw Chief Gregory Pyle also contributed \$11,000 to the Associated Republicans of Texas PAC in late 2008.

The Texas-based Kickapoo and Alabama-Coushatta tribes collectively spent a paltry \$43,250 on Texas' 2008 election cycle. No state PAC or candidate reported a contribution from the Tigua's Ysleta del Sur Pueblo near El Paso.

Texas' two troubled greyhound tracks accounted for 6 percent of the gambling money. This sector's top dogs were Robert and Gordon Johnson, who run Austin's Johnson & Johnson lobby firm. The Johnsons own stakes in Gulf Greyhound, lobby for that track and oversee its Gulf Greyhound Partners PAC (which contributed another \$75,000).

Contributions By Interest

Gambling Interest	Donations ('07 & '08)	Share of Total
Horse Racing	\$5,952,947	78%
Casinos/Slots	\$675,615	9%
Indian Tribes	\$533,758	7%
Dog Racing	\$478,689	6%
Other	\$5,000	<1%
TOTAL:	\$7,646,009	100%

Top Recipients of Oklahoma Tribal Money

Amount ('07 - '08)	Recipient (Party)	Tribe
\$35,000	Lt. Governor David Dewhurst(R)	Choctaw
\$25,000	Stars Over Texas PAC(R)	Choctaw
\$20,000	Lt. Governor David Dewhurst(R)	Chickasaw
\$15,000	TX Repub. Legislative Caucus(R)	Chickasaw
\$10,000	Attorney General Greg Abbott(R)	Choctaw
\$10,000	Sen. Kip Averitt(R)	Choctaw
\$10,000	Sen. Kim Brimer(R)*	Choctaw
\$10,000	Rep. Tom Craddick(R)	Chickasaw
\$10,000	Sen. Bob Deuell(R)	Choctaw
\$10,000	Sen. Kevin Eltife(R)	Choctaw
\$10,000	Sen. Chris Harris(R)	Choctaw
\$10,000	House Dem. Campaign Com.(D)	Chickasaw
\$10,000	Sen. Jane Nelson(R)	Choctaw
\$10,000	Sen. Tommy Williams(R)	Choctaw

*Lost 2008 election.

Houston trial lawyer Michael Gallagher was the top donor who owns stakes in the indefinitely suspended Corpus Christi Greyhound track. Gallagher also is trading lawsuits with Dallas dental-clinic mogul David Alameel, alleging that Alameel defrauded him out of his stakes in the dormant Longhorn Downs horse license.⁴

Gambling interests awarded 58 percent of their spoils in the 2008 cycle to Republican PACs and candidates. Democrats settled for just 24 percent of the gambling purse. The remaining 18 percent of all gambling funds went to political committees that give at least some of their money to members of both parties.

With Republicans controlling every statewide office, some of the top recipients of gambling money were Lieutenant Governor David Dewhurst (\$851,350), Governor Rick Perry (\$793,356), Comptroller Susan Combs (\$157,800) and Attorney General Greg Abbott (\$155,174), whose office assisted in the Aces Wired bust.

Once viewed as a conservative gambling foe, Governor Perry endorsed installing slot machines at race tracks and Indian reservations in 2004 and then let the proposal die. Among Perry's recent gambling contributors is Sheldon Adelson, founder of Las Vegas Sands Corp. Perry reported that the casino kingpin paid \$1,856 for a Perry campaign event in early December 2007. On New Year's Eve that month, Governor Perry received three \$5,000 checks from Adelson, his daughter Shelley and Adelson assistant Yasmin Lukatz.

Just two lawmakers received more than \$100,000 from gambling interests. Houston Senator Joan Huffman, who won an expensive special election for an open seat in December, took in \$225,000 from gambling interests. Her top gambling donors were Robert McNair and Odessa nightclub owner and horse breeder Herbert Graham.

Dallas Rep. Dan Branch received almost \$150,000 from gambling interests. Branch's top donor is Dallas developer Harlan Crow. The Crow family sold its interest in Grand Prairie-based Lone Star Park to the now-bankrupt Magna Entertainment Corp. in 2002. Yet the Crows retained a 10 percent stake in future track gaming revenues if the state legalizes slot machines at Lone Star Park.

Other top recipients of gambling money include Rep. Tom Craddick, the former House Speaker recently toppled by Rep. Joe Straus, and Rep. Kino Flores, who chaired the House Licensing Committee under Craddick. Travis County prosecutors are investigating allegations that the LaMantia family, which owns a South Texas Budweiser distributorship, improperly flew Flores around the state in 2007.⁵ At the end of the 2007 session, Flores sponsored a provision that raised Texas racetrack ownership caps from two to three tracks per owner.⁶ The main beneficiaries of the change were Maxxam, Inc., which now owns three track licenses,⁷ and the LaMantias, who boast two.⁸

Apart from the absolute amount of gambling money that officials received, this report analyzes which politicians relied on gambling interests for the largest *share* of money that they raised in the 2008 cycle. Democrat Bob Romano, who made a failed challenge to Irving Republican Rep. Linda Harper-Brown, topped this list (see the table "Politicians Most Dependent On Gambling Money"). Gambling interests led by Alameel's North Texas Leadership PAC and TED PAC supplied 65 percent of Romano's war chest.

Texas Gambling Money By Party

Party	Contributions (2007 & 2008)	Share of Total
Republicans	\$4,418,483	58%
Democrats	\$1,854,444	24%
Bipartisan PACs	\$1,372,182	18%
TOTAL:	\$7,646,009	100%

Politicians Receiving the Most Gambling Money

Amount ('07 & '08)	Recipient	Party	Office Held Or Sought	Top Gambling Contributor(s)
\$851,350	David Dewhurst	R	Lt. Governor	David Alameel
\$793,356	Rick Perry	R	Governor	Peter Holt
\$225,000	Joan Huffman	R	S-17	Robert McNair
\$157,800	Susan Combs	R	Comptroller	Peter Holt
\$155,174	Greg Abbott	R	Attorney General	David Alameel
\$146,935	Dan Branch	R	H-108	Harlan Crow
\$80,300	Elizabeth Ames Jones	R	Railroad Com.	Peter Holt
\$73,250	Kim Brimer*	R	S-10	Joe LaMantia
\$71,100	Tom Craddick ⁹	R	H-82	Peter Holt
\$66,650	Kino Flores	D	H-36	TED PAC
\$60,055	Doug Miller	R	H-73	TED PAC
\$53,500	Joseph Moody	D	H-78	TED PAC
\$53,018	Chris Harris	R	S-9	Johnson & Johnson
\$52,075	Michael Williams	R	Railroad Com.	David Alameel
\$48,500	Charlie Geren	R	H-99	TED PAC
\$47,650	Judith Zaffirini	D	S-21	Johnson & Johnson /TED PAC
\$45,500	John Carona	R	S-16	Jack Pratt
\$45,250	Kip Averitt	R	S-22	Choctaw/Johnson & Johnson/TED
\$44,000	John Whitmire	D	S-15	TED PAC
\$43,000	Kirk Watson	D	S-14	TED PAC
\$42,750	Juan Hinojosa	D	S-20	TED PAC
\$42,611	Carlos Uresti	D	S-19	Kickapoo/TED PAC
\$42,000	Juan Escobar*	D	H-43	TED PAC
\$40,000	Jon Cole*	R	H-67	David Alameel/TED PAC
\$40,000	Pete Gallego	D	H-74	Joe LaMantia/TED PAC
\$38,750	Jim Dunning	D	H-57	Gerald Ford/Joe LaMantia/TED
\$38,150	Jeff Wentworth	R	S-25	TED PAC
\$38,000	James 'Mike' Jackson	R	S-11	Robert McNair/TED PAC
\$37,900	Trey Martinez Fischer	D	H-116	Joe LaMantia/TED PAC
\$37,200	Aaron Pena	D	H-40	TED PAC
\$35,101	Joe Straus III	R	H-121	George Hixon
\$34,500	Rodney Ellis	D	S-13	Jack Pratt/TED PAC
\$33,851	Dawnna Dukes	D	H-46	TED PAC
\$33,558	Bob Romano*	D	H-105	North Texas Leadership PAC
\$32,000	Chris Turner	D	H-96	TED PAC
\$31,615	Abel Herrero	D	H-34	TED PAC
\$31,300	Wendy Davis	D	S-10	North Texas Leadership PAC
\$30,185	Juan Garcia*	D	H-32	Anthony LaMantia
\$29,500	Kel G. Seliger	R	S-31	Joe LaMantia
\$29,075	Wallace Jefferson	R	Supreme Court	Harlan Crow/Peter Holt
\$28,404	Craig Eiland	D	H-23	Gerald Ford
\$28,250	Joe Jaworski*	D	S-11	Trammell Crow
\$27,850	Leticia Van De Putte	D	S-26	TED PAC
\$27,600	Diana Maldonado	D	H-52	TED PAC
\$27,000	Kevin Bailey*	D	H-140	TED PAC
\$27,000	Allen Vaught	D	H-107	TED PAC
\$26,500	Kirk England	D	H-106	TED PAC
\$26,500	Rene Oliveira	D	H-37	Jack Pratt
\$25,500	Tommy Williams	R	S-4	Choctaw

* Lost 2008 Election.

Two failed GOP House candidates got at least a third of their funds from gambling interests. Led by TED PAC, gamblers supplied 46 percent of the money raised by Lee Jackson—who lost a primary challenge to then-Rep. Bill Zedler of Arlington. Gamblers also anted up

one-third of the money raised by Jon Cole, who lost a primary challenge to Richardson Rep. Jerry Madden. Cole’s top gambling donors were North Texas Leadership and TED PAC, which sponsored candidates challenging incumbent gambling foes.

Politicians Most Dependent On Gambling Money

Gambling Money As Share of '08 Cycle Total	Recipient (Party)	Office	Itemized Donations In '08 Cycle	Gambling Donations In '08 Cycle	Top Gambling Contributor(s)
64.9%	Bob Romano*(D)	H-105	\$51,721	\$33,558	North Texas Leadership PAC
46.2%	Lee Jackson*(R)	H-96	\$27,045	\$12,500	TED PAC
32.7%	Jon Cole *(R)	H-67	\$122,204	\$40,000	David Alameel/TED PAC
16.0%	Jim Dunnam(D)	H-57	\$241,854	\$38,750	Gerald Ford/Joe LaMantia/TED PAC
15.9%	Juan Escobar*(D)	H-43	\$264,354	\$42,000	TED PAC
13.5%	Paul Moreno*(D)	H-77	\$155,681	\$21,000	Johnson & Johnson/Val Peisen
12.9%	Scott Hochberg(D)	H-137	\$139,201	\$18,000	Joe LaMantia
12.5%	Craig Eiland(D)	H-23	\$227,250	\$28,404	Gerald Ford
12.1%	Trey Martinez Fischer(D)	H-116	\$311,988	\$37,900	Joe LaMantia/TED PAC
11.1%	David Leibowitz(D)	H-117	\$31,450	\$3,500	Johnson & Johnson
11.1%	James M. Young*(R)	H-45	\$45,130	\$5,000	Gallagher Law Firm
10.9%	Joe Farias(D)	H-118	\$176,080	\$19,150	TED PAC
10.3%	Borris Miles*(D)	H-146	\$97,510	\$10,000	TED PAC
10.2%	Eddie Rodriguez(D)	H-51	\$88,010	\$9,000	Verna Peisen
10.1%	Jessica Farrar(D)	H-148	\$217,057	\$22,000	TED PAC
10.1%	Joan Huffman(R)	S-17	\$2,227,507	\$225,000	Robert McNair
10.0%	Joaquin Castro(D)	H-125	\$100,181	\$10,000	Joe LaMantia
9.8%	Joe Straus III(R)	H-121	\$357,510	\$35,101	George Hixon
9.5%	Dan Branch(R)	H-108	\$1,541,464	\$146,935	Harlan Crow
9.3%	Robert Alonzo(D)	H-104	\$150,225	\$14,000	Val Peisen/TED PAC
9.1%	David Dewhurst(R)	Lt. Gov.	\$9,370,120	\$851,350	David Alameel
9.0%	Edmund Kuempel(R)	H-44	\$204,519	\$18,400	TED PAC
8.9%	Pete Gallego(D)	H-74	\$449,092	\$40,000	Joe LaMantia/TED PAC
8.8%	Yvonne Gonzalez(D)	H-35	\$108,313	\$9,500	Johnson & Johnson
8.7%	Rene Oliveira(D)	H-37	\$303,523	\$26,500	Jack Pratt
8.2%	Doug Miller(R)	H-73	\$728,168	\$60,055	TED PAC
8.1%	Carlos Uresti(D)	S-19	\$525,633	\$42,611	Kickapoo/TED PAC
8.1%	'Chente' Quintanilla(D)	H-75	\$105,345	\$8,500	Joe LaMantia
8.0%	Kino Flores(D)	H-36	\$830,076	\$66,650	TED PAC
7.9%	Rodney Ellis(D)	S-13	\$436,098	\$34,500	Jack Pratt/TED PAC
7.9%	Dawanna Dukes(D)	H-46	\$430,511	\$33,851	TED PAC
7.8%	Rick Perry(R)	Gov.	\$10,150,529	\$793,356	Peter Holt
7.8%	Elliot Naishtat(D)	H-49	\$123,127	\$9,600	Joe LaMantia
7.6%	Kirk England(D)	H-106	\$347,080	\$26,500	TED PAC
7.6%	Frank Corte(R)	H-122	\$285,927	\$21,700	Peter Holt
7.6%	Joseph Moody(D)	H-78	\$708,478	\$53,500	TED PAC
7.4%	Kevin Bailey*(D)	H-140	\$363,126	\$27,000	TED PAC
7.4%	Jeff Wentworth(R)	S-25	\$514,000	\$38,150	TED PAC
7.4%	Eliot Shapleigh(D)	S-29	\$273,560	\$20,300	TED PAC
7.3%	Leo Berman(R)	H-6	\$68,734	\$5,008	Choctaw Nation
7.2%	Aaron Pena(D)	H-40	\$515,397	\$37,200	TED PAC
7.0%	Alma Allen(D)	H-131	\$50,013	\$3,500	Chickasaw/TED PAC

*Lost 2008 election.

Top Gambling Contributors

Amount ('07 & '08)	Contributor	City	Gambling Interest
\$1,061,500	Robert C. McNair	Houston	Horse breeding
\$841,214	Texans for Econ. Development	Austin	Biggest gambling PAC
\$466,430	Peter & Julianna Holt	Blanco	Retama Park
\$458,611	Harlan & Katherine Crow	Dallas	Lone Star Park
\$307,659	Robert & Gordon Johnson	Austin	Gulf Greyhound
\$270,805	Michael T. Gallagher	Houston	Longhorn Downs
\$265,750	Trammell S. Crow	Dallas	Lone Star Park
\$259,500	Chickasaw Nation	Ada, OK	Tribe
\$258,060	Joe LaMantia	McAllen	Laredo Downs/Tesoros
\$239,204	B.J. 'Red' McCombs	San Antonio	Retama Park
\$232,782	MAXXAM Inc. PAC	Houston	Sam Houston Race Park
\$232,500	David & Martha Alameel	Dallas	Longhorn Downs
\$218,008	Choctaw Nation	Durant, OK	Tribe
\$181,502	Gordon T. Graves	Austin	Slot machines
\$137,000	Gallagher Law Firm	Houston	Longhorn Downs
\$132,650	Landry's Restaurants PAC	Houston	Casinos
\$129,710	Tilman J. Fertitta	Houston	Casinos
\$111,992	Greg LaMantia	McAllen	Laredo Downs/Tesoros
\$101,500	Herbert Graham	Odessa	Horse breeding
\$95,650	Anthony & Jennifer LaMantia	Corpus	Laredo Downs/Tesoros
\$92,000	Jack E. Pratt	Dallas	Casinos
\$84,147	Phil D. Adams	Bryan	Longhorn Downs
\$76,000	Bobby D. & Leona Cox	Ft. Worth	Horse breeding
\$75,000	Gulf Greyhound Partners PAC	La Marque	Gulf Greyhound
\$74,250	Verna Peisen	McAllen	Laredo Downs/Tesoros
\$72,750	Steve LaMantia	Laredo	Laredo Downs/Tesoros
\$65,000	TX Gaming Assn.	Austin	Casinos
\$61,551	George C. Hixon	San Antonio	Retama Park
\$54,750	Larry Martin	Houston	Laredo Downs/Tesoros
\$52,900	Helen Kleberg Groves	San Antonio	Retama Park
\$52,483	North TX Leadership PAC†	Dallas	Longhorn Downs
\$50,000	Alameel Family Partners LTD†	Dallas	Longhorn Downs

†Controlled by David Alameel.

Non-Gambling PACs Receiving the Most Gambling Money

Amount ('07 & '08)	Political Committee	Top Gambling Contributor
\$665,500	Texans For Lawsuit Reform	Robert McNair
\$200,000	Texans for Insurance Reform	Michael Gallagher
\$195,000	Stars Over TX	Robert McNair
\$173,600	Republican Party of TX	Robert McNair
\$164,900	Associated Republicans of TX	Robert McNair
\$155,000	TX Business for Clean Air	Trammell Crow
\$107,500	House Democratic Campaign Committee	Gulf Greyhound Partners
\$91,700	TX 2020 PAC	Johnson & Johnson
\$35,000	Brown McCarroll PAC	Joe LaMantia
\$25,000	Rio Grande Valley Business PAC	Greg LaMantia/Joe LaMantia
\$22,497	Wholesale Beer Distributors of TX	Greg LaMantia/Joe LaMantia
\$21,000	TX Republican Legislative Caucus	Chickasaw Nation

Republicans accounted for 58 percent of all gambling dollars, due in part to their lock on statewide offices. Yet the current lawmakers who received the greatest *share* of their campaign funds from gambling interests overwhelmingly hail from the Democratic Party. Gambling interests filled 16 percent of the war chest of Waco Rep. Jim Dunning, who helped swing the House's Democratic minority behind new Speaker Straus.

Of the 11 other current lawmakers who relied on gambling interests for 10 percent or more of their war chests, just three are Republicans: Senator Joan Huffman, Rep. Dan Branch and Speaker Straus. The top gambling donor to Straus is San Antonio developer George Hixon. Hixon is an investor in Retama Park's

owner company—which is chaired by the father of Speaker Straus.

Speaker Straus and Dallas Democratic Rep. Yvonne Davis are the only lawmakers known to have racetrack investments of their own. David Alameel sold a 5 percent stake in his Longhorn Downs track claim to Rep. Davis (whose top gambling donor was now-indicted Aces Wired executive Knowles Cornwell). Alameel bought the Longhorn Downs license from the Retama-tied Austin Jockey Club, which counts Speaker Straus among its investors. The Texas Racing Commission has not approved Alameel's pending request to transfer the license from Austin Jockey Club to Alameel. •

Notes

¹ Headed by Tommy Azopardi of the Texas Horsemen's Partnership, TED PAC collected the vast majority of its money from horseracing interests. To avoid counting the same gambling dollars twice, this report counts contributions that gambling PACs give to candidates but does not count donations that gambling interests give to gambling PACs. This prevents the double-counting problems that arise when Tommy Azopardi gives \$5,000 to TED PAC, for example, and TED PAC gives that same \$5,000 to Rep. Roberto Seabiscuit.

² One beneficiary of McNair's political largess is the pro-gambling Texas Thoroughbred Breeders' Association PAC. McNair owns Stonerside Stables.

³ If the Texas Legislature moves to expand gambling, these tribes will likely remain at the table to promote policies that are as favorable as possible to their interests.

⁴ See "Lawmaker Runs Inside Track at Racing Commission," TPJ's *Lobby Watch*, January 8, 2009.

http://info.tpj.org/Lobby_Watch/01-08-09_yvonedavistrack.html In the last election-cycle, the top beneficiaries of Gallagher's political funds were the trial-lawyer Texans for Insurance Reform PAC (\$200,000) and Governor Rick Perry (\$50,000). Gallagher spent \$270,805 on the 2008 elections; the Gallagher Law Firm spent another \$137,000.

⁵ "Flores Focus of Inquiry Into Travel Payments," *Austin American-Statesman*, November 8, 2008. "Lawmaker in the Middle of Power Struggles," *Austin American-Statesman*, December 14, 2008.

⁶ "Law Change May Benefit Racing Industry," *Houston Chronicle*, January 21, 2008.

⁷ Maxxam operates Houston's Sam Houston Race Park and also holds the licenses of Laredo Race Park and Harlingen's Valley Race Park.

⁸ Laredo Downs and Valle de los Tesoros, which both forfeited Texas Racing Commission security deposits after failing to open their tracks on time.

⁹ The Craddick-aligned Stars Over Texas PAC received another \$195,000 from gambling interests.