

LOBBY WATCH

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Armstrong Scandal:

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Lobbyist's Loan-Shark "Loan" Suggests the Insanity Defense

Austin lobbyist Gaylord Armstrong's political judgment clearly had left him by the time McGinnis Lochridge & Kilgore asked him to clean out his desk this summer. In an apparent personal financial pinch, Armstrong wrote himself \$125,500 in checks—drawn as unauthorized "loans" from the political committee of one of his clients.

Lobby Watch is no stranger to lobbyists' situational ethics. The shocking part of the *Austin American-Statesman's* report was not that a lobbyist helped himself to a client's funds.¹ It was that the lobbyist exercised such horrendous judgment choosing his victim.

With nine clients paying up to \$1.4 million for his services, Armstrong took out his "loan" from a trade group for loan sharks! This is the political acumen that corporations spend good money on?

Texas Consumer Finance Association members make small installment loans. Texas lets them charge amounts that surpass effective annual interest rates of 80 percent.² If Armstrong missed a payment on such a loan, the rollover charges could spiral into rates that would strip the flesh off his bones.

In contrast, geologic time might pass before ExxonMobil noticed a lobbyist's \$125,500 "loan." Better yet, client Gaylord Entertainment (which runs the Grand Ole Opry) might just commission a song about this hard-luck lobbyist and the Alliance of Theatrical Stage Employees might option screen rights for a Jeff Bridges movie.

The client that Armstrong targeted clearly opens the door to a slam-dunk insanity defense.

Gaylord Armstrong's Client List When the Bottom Fell Out

Clients	Min. Value of Contract	Max. Value of Contract
McGinnis, Lochridge & Kilgore	\$450,000	\$500,000
ExxonMobil Corp.	\$100,000	\$150,000
Gaylord Entertainment	\$100,000	\$150,000
Int'l Alliance of Theatrical Stage Employees	\$100,000	\$150,000
Pet Industry Joint Advisory Council	\$100,000	\$150,000
Wholesale Beer Distributors of Texas	\$100,000	\$150,000
Texas Consumer Finance Association	\$50,000	\$100,000
Pew Charitable Trusts	\$25,000	\$50,000
Solutia, Inc	\$10,000	\$25,000
TOTALS:	\$1,035,000	\$1,425,000

**The Victims:
Top Contributors to Texas Consumer Finance Association PAC
(Jan. 2009 – Dec. 2010)**

Amount	Contributor	Location	Lending Company
\$35,000	Thomas A. Young	Tyler	Atlas Credit Co.
\$11,200	Mark Silence	Austin	Worth Finance Corp.
\$10,300	D.W. Bixel	Dallas	Justice Finance Co.
\$10,000	Leon Radinsky, Jr.	Gonzales	Holiday Finance Corp.
\$10,000	World Acceptance Corp. PAC	Greenville, SC	World Acceptance Corp.

For more on this industry's political agenda, see TPJ's [Loan Shark Financed Campaigns Threaten Payday-Loan Reform](#).

NOTES

¹ "Lobbyist Who Wrote Checks From Client's Account To Himself Resigns," *Austin American-Statesman*, August 18, 2011.

² "[Small Dollar Loan Product Scorecard—Updated](#)," National Consumer Law Center, Consumer's Union and Consumer Federation of America, May 2010.