

# LOBBY WATCH



★ TEXANS FOR PUBLIC JUSTICE 609 W. 18TH ST., SUITE E, AUSTIN, TX 78701 PH: (512)472-9770 FAX: (512)472-9830

Draft Season:

May 4, 2017

## Is Joe Straus' House a Lobby Farm Club?

Five Speaker lieutenants become lobbyists, as House panel guts revolving-door reform.

Just four months after 19 House members left the legislature, five already have registered as hired-gun lobbyists (26 percent). They are reporting 31 contracts worth up to \$1.7 million. In the previous session Speaker Joe Straus had appointed all five of these future revolving-door lobbyists to be committee chairs or vice chairs. Another Straus committee recently gutted a bill that sought to impose a two-year moratorium before ex-lawmakers can make fortunes in the lobby.

Leading the revolver charge, former House Natural Resources Committee Chair Jim Keffer reports six contracts worth up to \$600,000. His most intriguing client is [COPSync](#), Inc., which aggregates criminal records from multiple law-enforcement jurisdictions. Attorney General Ken Paxton is under criminal indictment for securities fraud that he allegedly committed in

persuading Rep. Byron Cook and businessman Joel Hochberg to invest in the computer company Servery. The same three men also invested in COPSync (ex-Sen. Leticia Van de Putte also is lobbying for COPSync).

In 2014 COPSync borrowed \$475,000 in taxpayer-funds from the Pharr Economic Development Corp to open up a local call center. COPSync intended to repay the debt through a [failed effort](#) to secure \$1.5 million from the controversial federal [EB-5 immigration program](#). EB-5 awards U.S. residency “green cards” to the families of rich foreigners who invest \$500,000 or more in selected U.S. ventures.<sup>1</sup> COPSync just repaid \$187,539. After deducting expenses, which Pharr has objected to, COPSync is repaying the rest through in-kind services.<sup>2</sup>

### Five House Members Went Straight to Lobby Already This Year

New Revolver	Min. Value of Contracts	Max. Value of Contracts	Contract Count	Last Straus-Leadership Post
Jim Keffer (R)	\$325,000	\$600,000	6	Nat'l Resources (C)
Wayne Smith (R)	\$175,000	\$420,000	12	Licensing/Admin Procedures (C)
John Otto (R)	\$175,000	\$350,000	6	Appropriations (C)
Marisa Marquez (D)	\$70,000	\$200,000	3	House Administration (VC)
Jimmie Aycock (R)	\$30,000	\$80,000	4	Public Education (C)
<b>TOTALS</b>	<b>\$775,000</b>	<b>\$1,650,000</b>	<b>31</b>	

Note: C = Chair; VC = Vice Chair.

## James Keffer Lobby Clients

Client	Min. Value of Contracts	Max. Value of Contracts
Martin Marietta	\$100,000	\$150,000
Coal. for Afford. Responsible Insuring	\$50,000	\$100,000
COPSync, Inc.	\$50,000	\$100,000
Pharr San Juan ISD	\$50,000	\$100,000
Southwest Business Corp.	\$50,000	\$100,000
TX Assn. of Business	\$25,000	\$50,000
<b>TOTALS</b>	<b>\$325,000</b>	<b>\$600,000</b>

Paxton and Cook, who report COPSync holdings in their most recent financial disclosures,<sup>3</sup> have taken harder lines on immigrants who don't have \$500,000 to boost the investments of politicians. "I oppose amnesty," Paxton's campaign [website](#) proclaims, and "voted to prohibit sanctuary cities, filed bills to stop illegal immigrants from receiving in-state tuition, and voted against providing driver's licenses to illegal immigrants." Rep. Cook co-sponsored [SB 4](#) to crack down on "sanctuary cities," where local police do not routinely assist federal immigration authorities. To his credit, Cook [opposed](#) an amendment that Straus's House passed to make certain *personas* show immigration papers to police on demand.

Another top Keffer client is the low-profile Coalition for Affordable Responsible Insuring, which is run out of an [Imperium Public Affairs](#) postal box. Imperium partner Trent Townsend says the Coalition, which supported this session's [HB 915](#), represents health care practitioners and attorneys who believe that

Texas auto insurers inadequately cover claims by injured drivers.

Keffer's son, Christopher, has been a registered lobbyist since 2011. One of his top clients is his father's company: [EBAA Iron](#).<sup>4</sup> Two units of EBAA, which makes water pipe connectors, are paying the younger Keffer up to \$175,000 this year. He is billing the same amount to four units of [Vortex Infrastructure](#),<sup>5</sup> which specializes in no-dig replacements of aging water pipelines.

Richard Wayne Smith is the only new revolver knocked out of office by a challenger. During a primary runoff, Smith consultant Allen Blakemore circulated a nasty [gay-baiting flier](#) that said Smith's opponent, Briscoe Cain, "is well known to those who frequent Montrose area night clubs and gay bars." Denying the insinuation, Cain won by 23 votes. Smith, the ex-chair of the Licensing Committee that oversees the alcohol industry, now represents two alcohol distributor interests whose products may be served by a gay bar near you.

## Richard Wayne Smith Lobby Clients

Client	Min. Value of Contracts	Max. Value of Contracts
Southern Crushed Concrete, LLC	\$50,000	\$100,000
*Webber, LLC	\$50,000	\$100,000
Beer Alliance of Texas LLC	\$25,000	\$50,000
Houston Products Processing, Inc.	\$25,000	\$50,000
HPP Materials, Inc.	\$25,000	\$50,000
Hance Scarborough, LLP	\$0	\$10,000
Harris Co. Emerg. Services Dist. #2	\$0	\$10,000
Harris Co. Emerg. Services Dist. #6	\$0	\$10,000
Harris Co. Emerg. Services Dist. #12	\$0	\$10,000
Harris Co. Emerg. Services Dist. #50	\$0	\$10,000
Harris Co. Emerg. Services Dist. #60	\$0	\$10,000
Southern Glazer's of TX	\$0	\$10,000
<b>TOTALS</b>	<b>\$175,000</b>	<b>\$420,000</b>

## John Otto Lobby Clients

Client	Min. Value of Contracts	Max. Value of Contracts
*TX Assn. of Realtors	\$50,000	\$100,000
TX Society of CPAs	\$50,000	\$100,000
J. Ancira Strategies, LLC	\$25,000	\$50,000
TX Retired Teachers Assn.	\$25,000	\$50,000
TX Taxpayer & Research Assn.	\$25,000	\$50,000
*Textile Rental Svcs. Assn. of Am.	\$0	\$0
<b>TOTALS</b>	<b>\$175,000</b>	<b>\$350,000</b>

\*Also a client of former Straus Chief of Staff Jesse Ancira, Jr.

Ex-Rep. Fred Bosse (revolver class of 2003) appears to be mentoring Smith. Bosse reported signing four construction industry clients and five Harris County emergency services districts three weeks before Smith did. Smith also represents the Hance Scarborough lobby firm. Its revolving-door partner, Kent Hance, is the longtime Waste Control Specialists investor who lobbies to send the nation's high-level nuclear waste to Waste Control's Texas dump.

Accountant John Otto headed the powerful House Appropriations Committee and worked for Dallas-based [Ryan, LLC](#), which helps clients obtain state incentives and settle state tax disputes. Now Otto lobbies for the firm of former Straus Chief of Staff Jesse Ancira, Jr.<sup>6</sup> He and Ancira share two clients in common: the state's most powerful trade group, the Texas Association of Realtors, and a trade group for

companies that provide workplace uniforms. Otto also represents his own profession's trade group: the Texas Society of CPAs. And he lobbies for retired teachers and a group pushing business-friendly [tax policies](#).

Rep. Marisa Marquez vice-chaired the House Administration Committee before reporting a lobby income of up to \$200,000. Her top client is the Tigua tribe's Ysleta del Sur Pueblo, which perpetually lobbies and [litigates](#) to expand its gambling operations. Marquez also now represents her campaign's top lifetime contributor. Texans for Lawsuit Reform (TLR) gave her \$263,065, or 27 cents of every dollar she ever raised (TLR also [hired](#) ex-Rep. Kenneth Sheets to its outside legal team).<sup>7</sup> Marquez also represents Taser International (now called Axon), which sells electric-shock weapons and body cameras.

## Marisa Marquez Lobby Clients

Client	Min. Value of Contracts	Max. Value of Contracts
Ysleta del Sur Pueblo	\$50,000	\$100,000
Taser International	\$10,000	\$25,000
Texans for Lawsuit Reform	\$10,000	\$25,000
<b>TOTALS</b>	<b>\$70,000</b>	<b>\$200,000</b>

## Jimmie Aycock Lobby Clients

Client	Min. Value of Contracts	Max. Value of Contracts
Austin ISD	\$10,000	\$25,000
Dallas ISD	\$10,000	\$25,000
Houston ISD	\$10,000	\$25,000
Spring Br. ISD	\$0	\$10,000
<b>TOTALS</b>	<b>\$30,000</b>	<b>\$85,000</b>

When Rep. Jimmie Aycock chaired the House Public Education Committee in 2015, conservative Empower Texans excoriated the conflict presented by his daughter simultaneously lobbying for the anti-voucher group Raise Your Hand Texas. Under fire early that session, Aycock's daughter, Michelle Smith, [terminated](#) her Raise Your Hand contract. One session later, Michelle Smith is again lobbying for Raise Your Hand and a host of other public school interests. She is joined in the lobby by her father, who is billing up to \$85,000 to four school districts, including Austin ISD—which retains both father and daughter.

A panel of the revolving-door training ground also known as “the Straus House” recently gutted a bill to impose a two-year moratorium before outgoing legislators can lobby ([HB 504](#)). The House General Investigating & Ethics

Committee disemboweled the bill, replacing it with a hard-to-enforce [provision](#) to prohibit revolving-door lawmakers from capitalizing on insider information.

Some revolvers boost their lobby influence—and value—by doling out leftover campaign funds to their former colleagues.<sup>8</sup> The new revolver with the biggest war chest is ex-Rep. John Otto, who ended last year with \$431,943 in his campaign coffers. The House recently passed reform bill [HB 505](#), which would restrict the ability of revolving-door lobbyists to distribute leftover campaign funds to their former colleagues. HB 505 makes no mention of any penalties for violators.

Rodney Ellis, Kevin Eltife and Troy Fraser left the Texas Senate in 2017. None of them have resurfaced in the lobby—yet. •

## Campaign Cash Leftovers

New Revolver	Campaign Cash on 12/31/2016
John Otto (R)	\$431,943
Jim Keffer (R)	\$42,914
Wayne Smith (R)	\$41,947
Marisa Marquez (D)	\$0
Jimmie Aycock (R)	\$0
<b>TOTALS</b>	<b>\$516,804</b>

## Notes

<sup>1</sup> In another controversy, an attorney for a Hearne city council member [wrote](#) early this year that the FBI was investigating allegations that COPSync offered its now-[troubled](#) stock at a discount rate to Robertson County officials as they weighed a CopSync contract.<sup>1</sup>

<sup>2</sup> Pharr City Manager Juan Guerra did not return calls. COPSync discusses the loan and the EB-5 scheme in this annual report [filed](#) in March 2016.

<sup>3</sup> Paxton's latest personal financial statement, covering 2015, [reports](#) just two stock holdings: COPSync and Servery (more than 10,000 shares of each). Cook disclosed that his family partnership maintained two COPSync holdings in 2016 (one worth more than \$5,000 and another worth more than \$25,000). He reports that he and his wife each held more than 10,000 shares of Servery and the family partnership has a Servery stake worth more than \$25,000. Paxton and Cook also both reported holdings in Enforcement Video, which landed a \$10,000 Department of Public Safety contract to [supply](#) video cameras for trooper patrol cars.

<sup>4</sup> Jim Keffer has served as president of EBAA, which his father-in-law started.

<sup>5</sup> Including also Vortex Turnkey, Vaught Services and Quadex.

<sup>6</sup> Before one of the world's savviest investors visited Austin last month seeking a fast-track special [exemption](#) to let him invest in both auto manufacturing and auto dealerships, Warren Buffett's Berkshire Hathaway retained former Speaker Chief of Staff Jesse Ancira.

<sup>7</sup> By comparison, Marquez's No. 2 donor, El Paso developer Woody Hunt, gave her just \$28,500.

<sup>8</sup> Former lawmakers can legally dispose of leftover campaign funds by: 1. Giving them to a charity; 2. Returning them to the original donors; or 3. Contributing them to a political committee.