Fruits of Fraud:  May 21, 2014

Wyly Securities-Scam Brothers Armed Texas’ Grand Ole Party

This month jurors on Manhattan Island found that the Wyly brothers of Dallas committed massive civil securities fraud by secretly manipulating offshore trusts in the Cayman Islands and the Isle of Man from 1992 to 2005. The U.S. Securities and Exchange Commission is seeking $550 million in allegedly ill-gotten profits from Sam Wyly and the estate of brother Charles, who died in 2011.

Fruits of this investment fraud appear to have trickled down to Texas politicians. The two Wyly brothers contributed $1,247,543 to state PACs and politicians from 2000 through 2009, money that overwhelmingly benefitted the GOP. The Wylys also gave heavily to members of Congress, led by a former Wyly employee: Rep. Jeb Hensarling of Dallas.¹

The favorite state candidates of the fraternal securities defrauders include many candidates for Texas’ top legal and judicial offices. While that might be considered ironic in some locales, it may be fitting in Texas—where the State Securities Board recently reprimanded the front-running attorney general candidate for securities law violations.

Notes