

# LOBBY WATCH



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## Corporate Villains Seem To Like Cornyn's A.G. Slush Fund

Dozens of alleged villains implicated in the current corporate-crime wave have given more than \$5 million to a PAC that launders money for an attorney general slush fund that Texas Attorney General John Cornyn helped found in 1999.

As a U.S. Senate candidate, Cornyn rarely mentions the Republican Attorney General Association (RAGA). But during the bubble economy, he often reminded corporate interests that he helped create RAGA to prevent industry-wide lawsuits like the one that states filed against big tobacco.

This mission—and the fact that RAGA hides the identities of its donors by laundering its money through the Republican National State Election Commission (RNSEC)—has prompted protests that RAGA is a lawsuit-protection racket. “This is absolutely an effort by people with special interests to stop attorneys general from pursuing their traditional role as protectors of the public interest,” said Scott Harshbarger, the former Massachusetts attorney general who heads Common Cause.

Because RAGA refuses to disclose which RNSEC funds were earmarked for RAGA, every RNSEC donation is suspect of being a stealth RAGA contribution. Since RAGA's 1999 founding, RNSEC has received \$5.4 million from the PACs, executives and treasuries of corporations that recently have been accused, convicted or have confessed to serious wrongdoing (see next page). These charges—some of which are being investigated by attorneys general—include accounting fraud, excessive executive perks, insider trades, improper stock promotions, document shredding, breaking

consumer laws and exploiting electric-deregulation loopholes.

Big RNSEC donors include alleged corporate thugs Enron, Worldcom, Adelphia, Tyco, Global Crossing, Qwest and Arthur Andersen. Enron was the No. 1 source of this money, pumping \$721,272 into RNSEC (including \$282,910 from Ken Lay and \$50,000 from Jeff Skilling). While Cornyn returned \$200,000 that he received from Enron, his RAGA will not return—or disclose—what it took from alleged corporate crooks. RNSEC, the top donor to the Republican Party of Texas this election cycle (\$1.1 million), is popular with companies that incorporated off shore to dodge taxes that they otherwise would pay to Uncle Sam.

### RNSEC's Tax-Dodger Money

Unamerican RNSEC Donor	Tax-Dodge Incorporation	RNSEC Amount
Global Crossing	Bermuda	\$366,729
Tyco Internat'l	Bermuda	\$146,715
Accenture	Bermuda	\$127,200
Carnival Corp	Panama	\$40,000
Triton Energy	Cayman Isles	\$25,000
Xoma Corp	Bermuda	\$1,500
<b>TOTAL:</b>		<b>\$707,144</b>

Major RNSEC donors clearly could benefit from RAGA's promises to oppose active attorneys general like Mississippi's Mike Moore (who is going after alleged WorldCom frauds) and Connecticut's Richard Blumenthal (who sued Stanley Works to stop its move to Bermuda). Such stains may explain why RAGA launders its money.

# Donations From Actual & Alleged Corporate Villains To the Republican National State Election Committee

Jan. 1999 Through July 2002

RNSEC Donor	RNSEC Amount	Admitted or Alleged Skulduggery
Enron Corp	\$721,272	Huge accounting frauds; TX/CA electricity gaming charges
El Paso Energy	\$536,432	Round-trip trader; grave accounting concerns
Kmart Corp	\$572,937	SEC accounting probe; changed dubious accounting practices
TXU Corp	\$420,486	TX PUC charges of 'gaming' TX electric system
Citigroup	\$395,909	Did deals hiding Enron debt; NY AG probing stock-pumping charges
*Global Crossing	\$366,729	Insider trading and sham transactions to inflate sales alleged.
Reliant Energy	\$328,940	Round-trip trade admissions prompted federal probes
MCI Worldcom	\$311,077	Executives indicted for \$7.2 billion accounting fraud
Interpublic Group	\$200,000	Improperly accounted for \$69 million in expenses
Merrill Lynch	\$188,525	Settled stock-pumping charges for \$100 million.; Enron deals probed
Dynegy	\$168,982	Round-trip trader. Alleged: accounting/tax fraud, CA gaming charges
Williams Co's	\$161,800	Resold capped CA energy elsewhere; SEC accounting probe
*Tyco International	\$146,715	Improper accounting and executive perks alleged. CEO indicted
AOL Time Warner	\$105,850	Federal accounting probe; ordered to preserve documents
Halliburton	\$88,000	Accounting concerns involving construction-project cost overruns
PG&E Corp	\$82,550	Improper accounting and asset transfers alleged
Qwest Comm.	\$72,059	Restated \$1.1 billion; sham transactions to inflate sales alleged
Duke Energy Corp	\$65,000	Feds probing its admitted round-trip trades
Rite Aid Corp	\$65,000	Executives indicted on fraud charges; restated \$1.6 billion earnings
Arthur Andersen	\$60,966	Obstructing justice conviction; approved many cooked books
Calpine Corp	\$55,800	SEC urged it to revise financial disclosures
Xcel Energy	\$50,000	FERC records show it discussed gaming CA system w/ Mirant
Adelphia	\$43,000	Executives indicted for fraud after receiving \$3.1 billion in loans
Xerox Corp	\$42,300	Paid \$10 million fine after overstating almost \$2 billion in revenue
KPMG	\$36,500	SEC probing role of KPMG partners in Xerox accounting scandal
Charter Comm.	\$35,000	DOJ probe of accounting for capital expenses
Echostar Comm.	\$25,000	10 state AGs probing alleged consumer-protection law violations
PNC Bank	\$25,000	Restated \$155 million after loan-transfer-accounting questions
Lucent Tech.	\$11,250	SEC probing \$679 million revenue restatement
JP Morgan Chase	\$7,500	Crafted deals hiding Enron debt
Avista Corp	\$5,000	FERC probing alleged manipulation of CA energy markets
CMS Energy Corp	\$3,850	Disclosed overstated revenues from round-trip trades
<b>TOTAL: \$5,424,429</b>		

Note: Includes corporate, PAC and executive donations.

\* Reincorporated in Bermuda to dodge U.S. taxes.