

LOBBY WATCH



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Usual Suspects:

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25 Texans Lobbied In 2002 For Multiple TAB Donors

- **TAB's Corporate Donors Spent Up To \$6 Million on 182 Lobby Contracts.**

Recent criminal indictments accuse the Texas Association of Business (TAB) of illegally influencing Texas' 2002 elections with almost \$1.7 million in corporate funds. Of the 30 corporations that funded this alleged crime, 25 spent up to \$6.3 million that year to take out 182 Texas lobby contracts.

These lobby contracts demonstrate that the out-of-state insurers that supplied most of TAB's corporate funds had a Texas legislative agenda. After most of TAB's slate got elected in 2002, TAB's No. 1 donor, AT&T, successfully opposed a 2003 bill that would have unplugged it from Texas' high-speed Internet market. The other six donors in the TAB \$100,000 club (four health benefits corporations, a nursing home trade group and the U.S. Chamber) all backed the caps that the legislature put on medical malpractice damages in 2003. TAB's alleged crime paid handsomely for its corporate sponsors.

TAB's lobby contracts also are significant since TAB, like Texans for a Republican Majority (TRMPAC), appears to have relied on lobbyists to help raise money from clients and for political advice. Small wonder that the grand jury has subpoenaed several lobbyists and mentions others in its indictments.

This *Lobby Watch* identifies 31 Texas lobbyists that represented more than one corporate TAB donor in 2002 (an earlier edition [HYPER](#) did this for TRMPAC). These

31 lobbyists reported billing up to \$2.8 million in 2002 for 113 contracts with TAB donors. These same lobbyists reported 33 lobby contracts with TRMPAC donors. (Three corporations—AT&T, PacifiCare and the Alliance for Quality Nursing Home Care—gave to both TAB and TRMPAC).

The elite firms HillCo Partners, Akin Gump, Toomey & Associates and Public Strategies account for much of this lobby activity. If all of their lobbyists that represented even one TAB-donor client are included, these firms lay claim to:

- 23 TAB-donor lobbyists;
- 69 TAB-donor contracts worth up to \$1.9 million; and
- 27 TRMPAC-donor contracts.

These numbers suggest that some of these lobbyists may know about—or may have participated in—TAB's alleged crimes.

Corporate TAB Donors Without '02 Texas Lobbyists

Corporation	TAB Amount
U.S. Chamber of Commerce	\$131,573
Dannenbaum Engineering	\$50,000
J.F. Thompson engineering	\$50,000
Royal & Sun Alliance	\$5,000
Quality Data Imaging (IET&R)	\$100
TOTAL:	\$236,673

TAB Corporate Donors in Texas' 2002 Lobby

Corporation	'02 TX Lobby Contracts	Max. Value of Contracts	Min. Value of Contracts	TAB Amount
AT&T Corp.	30	\$1,355,000	\$630,000	\$300,000
PacifiCare	13	\$540,001	\$325,000	\$100,000
Metropolitan Insurance Co.	13	\$130,000	\$0	\$10,000
Aetna, Inc	10	\$405,000	\$185,000	\$100,000
CIGNA Corp. (Connecticut Gen'l)	10	\$140,000	\$25,000	\$80,000
United Services Auto. Assn. USAA	9	\$355,000	\$160,000	\$5,000
United HealthCare Corp.	9	\$180,000	\$50,000	\$100,000
Boeing	8	\$700,000	\$350,000	\$5,000
Liberty Mutual Insurance Co.	8	\$200,000	\$70,000	\$25,000
Mariner Post Acute Network	9	\$250,000	\$100,000	*
WellPoint, Inc. (Blue Shield of CA)	9	\$105,000	\$10,000	\$100,000
Humana	7	\$700,000	\$400,000	\$100,000
Nat'l Assn. of Indepen't Insurers	7	\$255,000	\$110,000	\$2,000
Nationwide Mutual Insurance Co.	6	\$165,000	\$60,000	\$5,000
Kemper Lloyds Insurance Co.	6	\$60,000	\$0	\$5,000
ACE USA	5	\$50,000	\$0	\$10,000
Allstate Insurance Co.	3	\$85,000	\$35,000	\$20,000
Corrections Corp. of America	3	\$110,000	\$50,000	\$12,000
Health Insurance Assn. of America	3	\$45,000	\$10,000	\$25,000
Travelers Insurance	3	\$30,000	\$0	\$25,000
Great-West Life & Annuity	2	\$200,000	\$100,000	\$50,000
Integrated Health Services, Inc.	2	\$60,000	\$25,000	*
Nat'l Fed. of Indep't Business	2	\$100,000	\$50,000	\$1,000
USA Managed Care	2	\$60,000	\$25,000	\$25,000
State Farm Mutual Auto Insur.	1	\$50,000	\$25,000	\$25,000
Fortis	1	\$10,000	\$0	\$25,000
TOTALS:	182	\$6,340,001	\$2,795,000	\$1,155,000†

* Member of TAB-donor Alliance for Quality Nursing Home Care.

† Excludes \$300,000 from Alliance for Quality Nursing Home Care.

Texas Lobbyists Who Represented Multiple TAB Donors in 2002

Lobby Firm	Top Dog	Lobbyists W/ Multiple TAB-Donor Clients	TAB-Donor Contracts	Max. Value of Contracts	TRM-Donor Contracts
HillCo Partners	'Buddy' Jones	4	12	\$710,000	9
Akin Gump	Thomas Bond	7	34	\$470,000	4
Toomey & Assoc.	Mike Toomey	2	9	\$315,000	4
Public Strategies	'Rusty' Kelley	4	8	\$170,000	4
Schlueter Group	Stan Schlueter	1	2	\$150,000	1
Gardere	Kimberly Yelkin	6	13	\$130,000	7
State Issue Mgmt.	'Nub' Donaldson	3	7	\$125,000	2
Solo Practices	Jonna Hogeland	1	14	\$425,000	1
	William Siebert	1	2	\$110,000	1
	Lee A. Alexander	1	9	\$105,000	0
	Jackson Floyd Jr.	1	3	\$60,000	0
TOTALS:		31	113	\$2,770,000	33

Toomey & Associates TAB-Donor Clients

Lobbyist	No. of TAB-Donor Contracts	Max. Value of TAB-Donor Contracts	Min. Value of TAB-Donor Contracts	No. of TRM-Donor Contracts
Michael Toomey	5	\$275,000	\$135,000	2
Ellen Williams	4	\$40,000	\$0	2
M. Edward Lopez	1	\$50,000	\$25,000	2
TOTAL:	10	\$365,000	\$160,000	6

Mike Toomey, subpoenaed partner Ellen Williams and M. Edward Lopez represented five TAB-donor clients: Aetna, AT&T, CIGNA, Liberty and USA Managed Care.

Toomey is a central figure in the TAB-TRMPAC probe. A TAB indictment repeatedly mentions him and then-TAB lobbyist Lara Laneri Keel—who now lobbies for Toomey’s firm. The indictment lists this duo among the TAB employees, board members and contracted professionals who:

- Solicited and accepted allegedly illegal corporate funds;
- Identified target legislative races; and
- Influenced these races through the design and distribution of attack ads.

In late 2002 Governor Rick Perry, who roomed with Toomey when they served in the House in the 1980s, appointed his lobbyist pal to be his chief of staff. Suddenly the man who helped marshal this allegedly illegal corporate money was in a position to reward the donors.

HillCo’s TAB-Donor Clients

Lobbyist	No. of TAB-Donor Contracts	Max. Value of TAB-Donor Contracts	Min. Value of TAB-Donor Contracts	No. of TRM-Donor Contracts
Neal ‘Buddy’ Jones	4	\$210,000	\$100,000	4
J. McCartt	3	\$200,000	\$100,000	2
R. Clint Smith	3	\$200,000	\$100,000	2
Frank R. Santos	2	\$100,000	\$50,000	1
Hector Gutierrez Jr.	1	\$50,000	\$25,000	1
Marc Samuels	1	\$100,000	\$50,000	0
TOTAL:	14	\$860,000	\$425,000	10

Six HillCo Partners lobbyists led by Neal “Buddy” Jones collectively reported a total of 14 contracts with essentially the same three TAB-donor clients: Aetna, AT&T and Mariner.¹ Jones founded HillCo with Bill Miller, who, served on Tom Craddick’s transition team the 2002 election made Craddick House Speaker-Elect.

Miller doubled at that time as a spokesman for Farmer’s Insurance as it settled a 2002 state lawsuit accusing it of discriminatory and deceptive practices. Settlement documents—which Farmers unsuccessfully tried to keep secret—revealed that HillCo’s ‘Buddy’ Jones brokered the settlement behind the scenes.

Farmers has not been identified as a source of the allegedly illegal corporate funds that influenced the 2002 elections. Nonetheless its PAC legally contributed \$150,000 to TRMPAC.

Last year Miller urged Craddick to make lobbyists “part of the Speaker’s Team” if they supported him with research, organizing and fundraising. Miller told the *Dallas Morning News* that he never discussed the plan with the speaker. Calling Miller’s account “a lie,” Craddick’s office said the speaker rejected the proposal when Miller presented it to him in person.

Akin Gump's TAB-Donor Clients

Lobbyist	No. of TAB-Donor Contracts	Max. Value of TAB-Donor Contracts	Min. Value of TAB-Donor Contracts	No. of TRM-Donor Contracts
Demetrius McDaniel	2	\$150,000	\$75,000	2
Thomas J. Bond	6	\$60,000	\$0	0
Karen S. Haywood	6	\$60,000	\$0	0
Melissa Irion	6	\$60,000	\$0	0
Susan Marin	6	\$60,000	\$0	0
Barry Senterfitt	6	\$60,000	\$0	0
Helen Gonzalez	2	\$20,000	\$0	2
Alexander B. Kress	1	\$10,000	\$0	1
John R. Pitts	1	\$10,000	\$0	1
Jody Richardson	1	\$10,000	\$0	1
TOTAL:	37	\$500,000	\$75,000	7

Ten Akin Gump Strauss Hauer & Feld lobbyists, including ex-Texas Insurance Commissioner Thomas Bond, reported 37 TAB-donor contracts, primarily with AT&T and six insurers: ACE, CIGNA, Kemper, Liberty, Metropolitan and United HealthCare. Akin lobbyists Demetrius McDaniel, Karen

Haywood and Helen Gonzalez also reported contracts with TAB donor Corrections Corp. The Travis County Grand Jury subpoenaed McDaniel last year. This summons reportedly responded to allegations that McDaniel had been told to direct his clients to financially support Craddick's speaker race.

Public Strategies' TAB-Donor Clients

Lobbyist	No. of TAB-Donor Contracts	Max. Value of TAB-Donor Contracts	Min. Value of TAB-Donor Contracts	No. of TRM-Donor Contracts
Russell T. Kelley	2	\$110,000	\$50,000	1
Brenda Eschberger	2	\$20,000	\$0	1
Joey Bennett	2	\$20,000	\$0	1
Carol McGarah	2	\$20,000	\$0	1
TOTAL:	8	\$170,000	\$50,000	4

Four Public Strategies lobbyists headed by Rusty Kelley reported eight contracts with two TAB donors: USAA and Mariner (Mariner gave to TAB through the Alliance for Quality Nursing Home Care).

As part of its defensive lobbying blitz in 2002, the insurance industry formed the deceptively

named Texas Coalition for Affordable Insurance Solutions to head off any restrictions on credit scoring or insurance rates. Bankrolled by five top insurers (including TAB donors USAA, Nationwide, Allstate and State Farm), this group hired Public Strategies to press its agenda.

Schlueter Group TAB-Donor Clients

Lobbyist	No. of TAB-Donor Contracts	Max. Value of TAB-Donor Contracts	Min. Value of TAB-Donor Contracts	No. of TRM-Donor Contracts
Stan Schlueter	2	\$150,000	\$75,000	1

Another lobby firm merits mention because of special TAB ties. The Schlueter Group’s Stan Schlueter reported that TAB donors Humana and USAA paid him up to \$150,000 in 2002. Today the Schlueter Group also employs Eric Glenn, whom the TAB indictment identifies as an individual who conducted TAB’s allegedly illegal acts.

TAB employed Glenn as its governmental affairs manager from 1998 through 2000. Glenn then was a staff lobbyist for TAB-donor Humana before he became a hired gun. Glenn reports that 25 clients are paying him up \$435,000 this year—including four TAB or TRMPAC donors (AT&T, Humana, Nationwide and Philip Morris).

After TAB, TRMPAC and their corporate donors helped engineer the 2002 Republican takeover of the Texas House, their insurance clients did well in Austin. With help from Buddy Jones, Texas settled its lawsuit against Farmers Insurance a month after the election. To get the state to drop a lawsuit that originally sought up to \$190 million in refunds and fines, Farmers agreed to refund \$117 million to customers—but paid no fines.

Insurance reform—including proposals to mandate homeowner rate cuts—died in 2003. Meanwhile, Governor Rick Perry signed into law insurer-backed caps on medical malpractice damages.

¹ Jones reported one contract with AT&T Wireless and another with AT&T itself. Marc Samuels also represented TAB-donor United HealthCare.