

News Release

Texans for Public Justice ** Common Cause Texas ** Public Citizen Texas

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Prosecutors Urged to Investigate Ralph Reed's Covert Lobbying

Reed Reportedly Received Millions to Lobby In Texas—But He Never Registered With State as Required

Austin, Texas - Texans for Public Justice, Common Cause Texas and Public Citizen today petitioned Travis County Attorney David Escamilla to investigate the Texas lobby activities of Ralph Reed.

According to state records, Reed did not register as a Texas lobbyist in 2001 or 2002, when he reportedly received \$4.2 million to lobby Texas state officials to shut down two Indian casinos in Texas. Embattled gambling lobbyists Jack Abramoff and Michael Scanlon—working for a tribe that operated a competing casino in Louisiana—reportedly paid Reed to pressure Texas officials to close the Texas casinos. The watchdog groups contend that available evidence, including Reed's own electronic correspondence, indicates that Reed was engaged in lobbying activities that would have required him to register as a Texas lobbyist.

With Abramoff's aid, Reed helped convert the remains of televangelist Pat Robertson's 1988 presidential campaign into the fundamentalist Christian Coalition. Nine years later, Reed started his own lobby firm in Georgia called Century Strategies. A U.S. Senate probe into Abramoff's Indian gambling activities has documented that Abramoff hired Reed in 2001 to:

- Kill a 2001 Texas bill (HB 514) that sought to keep the El Paso-based Tigua tribe's Speaking Rock Casino open; and
- Ensure that then-Attorney General John Cornyn shut down Speaking Rock (in part by generating support for such a policy).

The ultimate source of Reed's multimillion-dollar fees for this lobby work appears to be a casino operated by the Coshatta Tribe of Louisiana, which wanted to eliminate competition from Speaking Rock and a small Alabama Coshatta casino in East Texas. The Louisiana tribe hired Abramoff and Scanlon in April 2001, ultimately paying them \$32 million.

As soon as Cornyn shut down Speaking Rock in February 2002, team Abramoff pulled off an extraordinary double play. Playing on their close ties to indicted former House Majority Leader Tom DeLay (who once had employed Scanlon as a press secretary), the same lobbyists who had

worked behind the scenes to shutter Speaking Rock sold themselves to the Tigua tribe as the lobbyists who could press Congress to reopen that casino. The Tiguas—who hired Abramoff’s team for an initial fee of \$4.2 million—have since accused Abramoff, Scanlon and Reed of fraud.

“Apart from abandoning every scintilla of ethical behavior, Mr. Reed’s Texas lobbying activity also appears to have broken Texas law,” said Craig McDonald, director of Texans for Public Justice. “If Mr. Reed crossed the legal line when he crossed the Texas border to lobby for gambling interests, he must be held fully accountable.”

Under Texas law, Reed was required to register as a lobbyist and disclose his client and his fees if he was compensated more than \$1,000 in a calendar quarter for lobbying Texas officials. Reed was reportedly paid many times that amount. Failure to register is a Class A misdemeanor and can bring a civil fine of up to three times the amount of unreported compensation.

“Mr. Reed’s own correspondence appears to indict him,” said Suzy Woodford, director of Common Cause Texas. “At a minimum, Mr. Reed should return to Texas to disclose all communications that he had with state officials and to explain why he was not required to register like other lobbyists.”

In electronic correspondence released by the U.S. Senate, Reed repeatedly told Abramoff that he was in direct contact with Cornyn’s office, including the head of Cornyn’s criminal division, over the casino closure battle. Reed’s correspondence also indicates that he was in direct contact with Gov. Rick Perry’s office and with unnamed state lawmakers who were willing to introduce helpful legislation.

The Texas Observer has reported that a 2003 Abramoff memo credits Reed with persuading then-Lt. Gov. Bill Ratliff to kill a 2001 bill that would have kept the Tigua casino in business. Ratliff acknowledged speaking with Reed but said that they discussed redistricting rather than gambling legislation.

The media have reported that internal Abramoff and Scanlon documents reveal that Reed received up to \$4.2 million for his lobbying work in Texas in 2001 and 2002. Such compensation would rank Reed’s lobby contract among the largest to ever come to light in Texas.

“This case connotes the closing chapter of a corrupt crusader,” said Tom “Smitty” Smith, director of Public Citizen’s Texas office. “This case reveals how the public and press have been conned by this cover-up of Reed’s corrupt contracts. Who knows how many others there are?”

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