



★ TEXAS SUPREME COURT ★ DOLLAR DOCKET

In Texas, 48% of judges and 79% of lawyers say contributions significantly influence judicial decisions. - Texas Supreme Court poll

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June 4, 2004

With Perry's Picks:

Do Two Gramms Tip the Scales?

Having recently unveiled a tentative \$86.5 million settlement to claims that she and other Enron directors were asleep at the wheel of *that* \$60 billion fraud, GOP VIP Wendy Gramm is facing claims that another company ran amok on her watch.

State Farm Mutual Auto and Wendy Gramm v. Lopez is intriguing because of Gramm's close ties to men with huge Texas Supreme Court clout: James Leininger and Rick Perry.

Wendy Gramm chairs Leininger's Texas Public Policy Foundation (TPPF) think tank, which shapes many state GOP policies (current justices took \$52,700 from Leininger's family and corporate PAC). Gramm also sat on the boards of Enron and State Farm Mutual Auto from 1994 through 2001. Mutual insurers ostensibly are owned by policyholders, who have stakes in company dividends. A pending policyholder lawsuit alleges that Gramm and other board members stiffed them on dividends after State Farm Mutual reported a \$37 billion surplus in 1997.

After a Corpus Christi appeals court affirmed the certification of a class action on behalf of the company's Texas policyholders (including three high-court justices), the Supremes ruled in 2002 that they lacked jurisdiction to hear appeals of the issue. In a 2003 reversal, the court agreed to hear the State Farm-Gramm appeal, after all.

Meanwhile Governor Perry appointed Gramm to the Texas A&M Board of Regents in 2001,

The Dollar Docket

Cases heard by the Texas Supreme Court in May and the corresponding contributions to justices from the parties and/or attorneys.

Note: The court did not hear any cases in May. Following a summer recess it will resume doing so in September.

a year before spouse Phil Gramm gave Perry's campaign \$612,000 from his Senate war chest.

After he names retiring Chief Justice Tom Phillips' successor, Perry—who recently took a Bahamas policy junket with Leininger and TPPF's director—will have appointed four of the high court's nine justices.

Perry Insurance Commissioner Jose Montemayor also filed two amicus briefs on behalf of State Farm. The second brief came after justices asked in April oral arguments what remedies policyholders have if a mutual insurer stiffes them on dividends. "While individual policyholders do not have an avenue in the courts for relief," Montemayor responded, "the market and the regulatory environment work together to keep the surplus from being too large."

This from a commissioner who approves some of the nation's highest insurance rates and whose predecessor is getting paid more than \$200,000 this year to lobby for State Farm.

The lawyers who drafted these Texas Department of Insurance briefs worked for current and former Texas Attorneys General Greg Abbott and John Cornyn. These ex-Texas justices got more than \$100,000 apiece for their attorney general campaigns from hospital-bed magnate James Leininger. •