

News Release

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Are Bush's Big Bankers Fixing To BBQ Eliot Spitzer?

Carpetbagger 'Rangers' Could Be Gunning for Empire State Lawman.

Austin, TX: As the East Coast bankers and financiers who dominate President Bush's 2004 elite fundraising team jet toward Crawford, some probably would rather chuck New York Attorney General Eliot Spitzer on the coals than the cattle that these Pioneers and Rangers will be served first.

"Why would Big-Apple bankers travel 1,700 miles to nosh barbecue under a hot Texas sun?" asked Texans for Public Justice Director Craig McDonald. "Are they recruiting help for their showdown with New York's top cop? Are the New York bankers who dominate Bush's Pioneer and Ranger team paying tribute in hopes the Administration will help take Spitzer off the beat?"

Hounded by Spitzer, top investment bankers--including new Bush Ranger Stanley O'Neal of Merrill Lynch and new Pioneer James Cayne of Bear Stearns--hosted Bush's most lucrative fundraiser in New York in June. Then 18 financiers made their industry Bush's No. 1 financial supporter last month when Bush disclosed the first 68 elite fundraisers of his reelection campaign. A Texans for Public Justice analysis reveals that the finance industry accounts for one-third of Bush's 32 all-new Pioneers and Rangers who were not part of this elite team in 2000.

Bush's All-New 'Pioneer' Financiers

Pioneer or Ranger	State	Company	Title	Company Notes
Catherine T. Bailey	KY	Chrysalis Ventures	<i>Mng Dir.'s Spouse</i>	Spouse pioneered maxed-out credit at Providian
James E. Cayne	NY	Bear Stearns	<i>Chair, CEO</i>	A Bear analyst broke Spitzer accord on day one
Michael J. Egan	MA	Carruth Mgmt	<i>Founder</i>	Father's EMC Corp paid Carruth's rent
*Christopher Egan	MA	Carruth Mgmt	<i>President</i>	Father's EMC Corp paid Carruth's rent
John "Jay" C. Kern	OH	Reynolds DeWitt	<i>Ex- Mng Director</i>	Kern was CEO of dot-com bomb st3
Stephen Lessing	NY	Lehman Brothers	<i>Mng Director</i>	Home of rogue trader Frank Gruttadauria
John Mack	NY	CSFB	<i>CEO</i>	Hired IPO-kickback king Frank Quattrone
Fernando Mateo	NY	Mateo Express	<i>President</i>	Money-wire service for Dominican immigrants
*E. Stanley O'Neal	NY	Merrill Lynch	<i>Chair, CEO</i>	Kept Henry Blodget; fired Enron-critic John Olson
Thomas A. Renyi	NJ	Bank of New York	<i>Chair, CEO</i>	Top launderer of Russian mob money in 1990s
Steve Schwarzman	NY	Blackstone Group	<i>President, CEO</i>	Parent of cooked-book Cendant Corp.

*Ranger

Lawyers and lobbyists surpassed financiers during Bush’s 2000 Pioneer stampede. But this time the bankers have serious issues with Attorney General Spitzer, who released internal documents last year that reveal that analysts publicly promoted stocks that they privately scorned in order to land investment-banking business for their firms. Bush’s failed first pick to head the Securities and Exchange Commission (SEC), Harvey Pitt, belatedly joined Spitzer’s probe, which yielded a record \$1.4 billion settlement with 10 top investment banks in December. Since 1999, 14 executives affiliated with eight of these banks have answered Bush’s Pioneer cattle call.

Federal prosecutors and the SEC recently announced that J.P. Morgan Chase and Citigroup agreed to pay \$300 million to settle charges that they helped hoodwink investors by manipulating \$6.4 billion in loans to Enron to disguise this *debt* as energy-trading *earnings*. But that settlement, which the banks can deduct from future class-action lawsuit settlements, excluded other banks involved in dubious Enron deals such as Merrill Lynch and Credit Suisse First Boston (CSFB). Bush’s Justice Department recently boasted that it obtained more than 250 corporate-fraud convictions or guilty pleas in the past year. Yet, except for ImClone’s Sam Waksal, the corporate crooks are still walking the streets.

With officials in other states investigating bankers’ roles in recent corporate scandals, the finance industry wants to take state cops off the beat. On the day that Bush unveiled his bank-heavy list of new Pioneers, Massachusetts Secretary of State William Galvin charged Morgan Stanley with misleading investors about the pressure it put on its brokers to sell the firm’s own mutual funds. This state probe irked new Bush SEC Chair William Donaldson, who said, “I do not believe that we can have 50 state regulators coming up with remedies organizing the marketplace.” Donaldson then endorsed federal legislation to slash the states’ securities powers by centralizing such enforcement in the hands of this former investment banker. The powerful Securities Industry Association (SIA) denied responsibility for this legislation—even as it endorsed it. New Bush Pioneer Stephen Lessing of Lehman Brothers took control of SIA’s political action committee late last year.

Two other volunteers for Bush’s first Pioneer effort in 2000 come from banks that reportedly have lobbied the Bush administration for a contract to issue letters of credit on billions of dollars of Iraqi oil deals (J.P. Morgan Chase’s Alan Buckwalter and Deutsche Bank’s Jeff Amling). The administration is expected to award this lucrative contract soon.

Spitzer Settlement Stung Firms Tied To 14 Pioneers

Pioneer or Ranger	State	Pioneer Year	Current/Recent Affiliation	Company Notes
James E. Cayne	NY	'04	Bear Stearns	A Bear analyst broke Spitzer accord on day one
Theodore H. Strauss	TX	'00	Bear Stearns	See above
John Mack	NY	'04	Credit Suisse First Boston	Hired IPO-kickback king Frank Quattrone
Patrick J. Durkin	CT	'00	Credit Suisse First Boston	See above
John M. Hennessy	NY	'00	Credit Suisse First Boston	See above
David V. Hedley	NJ	'00	†Donaldson Lufkin Jenrette	Set up off-books trust for Enron water debt
Peter Coneway	TX	'00/'04	Goldman Sachs	Rewarded Ken Lay with hot IPOs
Dan Cook	TX	'00/'04	Goldman Sachs	See above
Jose Fourquet	NY	'00	Goldman Sachs	See above
Alan R. Buckwalter	TX	'00	JPMorgan Chase	Disguised Enron loan debt as income
Stephen M. Lessina	NY	'04	Lehman Brothers	Home of roque trader Frank Gruttadauria

*E. Stanley O'Neal	NY	'04	Merrill Lynch	Kept Henry Blodget; fired Enron-critic John Olson
Palmer N. Murray	CA	'00	Morgan Stanley	Pressured brokers to favor its own mutual funds
Francois de Saint Phalle	NY	'00	UBS Warburg	Fired analyst Chung Wu when he panned Enron

*Ranger; † now CSFB

Bush brands supporters “Pioneers” if they raise at least \$100,000 for his campaign. He dubs those who raise twice this amount “Rangers,” evoking the name of the Texas baseball team that personally made him a millionaire 15 times over.

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[Texans for Public Justice](#) is a non-profit, non-partisan research and advocacy organization that tracks the role of money in Texas politics.