

News Release

Texans for Public Justice ** 609 W. 18th Street, Suite E, ** Austin, TX 78701

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Contact: Craig McDonald,
PH: (512) 472-9770

Krusee Control:

TPJ Files Ethics Complaint Against Former State Rep. Mike Krusee

Personal Abuse of \$94,627 in Leftover Campaign Funds Alleged

Austin, TX: Texans for Public Justice filed a [formal complaint](#) with the Texas Ethics Commission today alleging that former State Representative Mike Krusee illegally spent at least \$94,627 in leftover campaign funds for travel, dining and other personal expenses since moving from the legislature into the lobby in 2009.

Texas campaign law prohibits current and former office holders from using political contributions for personal expenses. Former office holders must return leftover contributions to the original donors, contribute them to other political committees or donate them to charity. Krusee, a Williamson County Republican, left the legislature with approximately \$293,000 left in his campaign war chest. His most recent disclosure report filed in January reported that \$184,800 remained in that account.

Since leaving office in January 2009 Krusee has reported some \$108,000 in expenditures, including scores of payments to airlines and upscale restaurants and high-end hotels in locations that include [Boston](#), [Chicago](#), [Denver](#) and [New York](#). For one grueling five-month period, Krusee reimbursed himself \$7,136 for mileage, or close to 13,000 miles of travel at the state-approved rate.¹ Though no longer an office-holder or candidate, Krusee continued to use his campaign funds to pay for administrative office expenses and to pay a former staff member \$23,300 for unspecified consulting services. Krusee did not list any campaign expenditures for legal advice.

While TPJ's analysis of Krusee's expenditures identified \$94,627 that clearly appeared to be for personal use, much of the remaining \$13,692 he spent also appeared questionable.

A partial analysis of Krusee's expenditures between January 13, 2009 and the end of 2011 reveals:

- 146 entries for travel expenses including payments for airfare, mileage reimbursements, taxi and public transportation totaling \$26,306;
- Seven consulting payments totaling \$23,300 to Lindsey Hughes;
- Conference registration and related fees totaling \$16,236;
- Twenty-nine entries for hotel expenses totaling \$15,318;
- 150 payments for food and beverage expenses totaling \$11,419; and
- Dozens of entries for what appear to be personal office items and expenses totaling \$2,047.



Krusee



Hughes

One of Krusee’s largest campaign expenditures since leaving the House has been the \$23,300 he paid for the consulting services of Lindsey Hughes. Hughes worked for Governor Rick Perry’s office and campaign before becoming an aide to House Transportation Committee Chair Krusee in January 2003. Over the next few months, Krusee pushed through HB 3588, which helped pave the way to Perry’s grandiose but aborted [Trans-Texas Corridor](#) toll-road scheme. Krusee later promoted Hughes to be his legislative aide and campaign finance director.

Rep. Krusee reported raising \$825,155 from 2000 through his last contribution in December 2007. Six of his top 10 contributors over that period are either trade groups that promote highway construction or Texas Department of Transportation contractors.

Top Krusee Contributors, 2000 Through 2007

Amount	Contributor	City
\$28,325	Assoc. Gen’l Contractors of TX	Austin
\$20,000	James Pitcock, Jr. (Wms. Bros. Const.)	Houston
\$19,883	TX Assn. of Realtors	Austin
\$18,879	Real Estate Council of Austin	Austin
\$13,500	John Weisman (Hunter Industries Ltd.)	Uvalde
\$13,100	SBC Corp.	Austin
\$13,000	TX Aggregates & Concrete Assn.	Austin
\$11,000	James Dannenbaum (Dannenbaum Engineering)	Houston
\$10,500	Coalition for Better Transpo.	Dallas
\$9,543	HillCo PAC (HillCo Partners lobby firm)	Austin

Financial hardship did not lure Krusee into his campaign account. Krusee landed in the corporate lobby within two months of leaving office on January 13, 2009. From 2009 through 2011 he reported a total lobby income ranging from \$1.2 million to \$2.35 million.²

Top Krusee Lobby Clients, 2009 through 2011

Krusee Client	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
AT&T Corp.	\$150,000	\$300,000	3
Disability Services of the Southwest	\$150,000	\$300,000	3
DISH Network	\$125,000	\$250,000	3
Deputy Sheriff’s Assn. of Bexar Co.	\$75,000	\$150,000	3
TX Restaurant Assn.	\$75,000	\$150,000	3
TX High School Coaches Assn.	\$75,000	\$150,000	3
HCC Insurance Holdings, Inc.	\$75,000	\$150,000	3
General Motors	\$50,000	\$100,000	1
UnitedHealth Group	\$50,000	\$100,000	1
TX Pest Control Assn.	\$45,000	\$100,000	3
TX Assn. of Life & Health Insurers	\$45,000	\$100,000	3
AMERIGROUP Corp.	\$50,000	\$100,000	1

The civil penalty for converting campaign funds to personal use is full repayment plus any applicable legal costs.

¹ The Texas Comptroller currently permits mileage reimbursements of up to 55.5 cents a mile.

² Krusee has reported nine clients in 2012 without listing any income from them so far.