# **New Disclosure Rules Expose:**

# **Corporate-Funded Campaign Consultants**

- I. Lobbyist-Advised Campaigns
- **II. PAC-Funded Lobbyists**
- III. Endnotes

# I. Lobbyist-Advised Campaigns

Texas passed a <u>reform</u> this year that requires lobbyists to disclose any clients who pay them with campaign or PAC funds.<sup>1</sup> With no grassroots clamor for this reform, lawmakers appear to have drafted it for their own benefit. Nonetheless, because this is such a potentially fertile ground for conflicts, the public benefits from better transparency about which corporate hired guns advise which politicians.

Ten corporate lobbyists have disclosed that political campaigns have retained them since the new reform took effect in September. These hired guns disclosed the politicians they worked for while on the payroll of special interests. Three of these lobbyists work for Ted Delisi's Delisi Communications. For brevity they are analyzed together as the so-called "Delisi Threesi."

### **Corporate Lobbyists Advising Political Campaigns in 2013**

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	Min. Value	Max. Value	No. of Lobby	PACs Paying
Lobbyist	of Contracts	of Contracts	Contracts	Lobbyist
*The Delisi Threesi	\$585,000	\$1,415,000	46	4
Gardner Pate	\$655,000	\$1,350,000	30	9
Trey J. Blocker	\$300,000	\$600,000	8	26
David M. White	\$180,000	\$395,000	9	1
Jason Smith	\$120,000	\$300,000	11	1
Allen E. Blakemore	\$150,000	\$250,000	2	26
Richard H. McBride	\$95,000	\$210,000	5	1
Ricardo Armendariz	\$70,000	\$150,000	4	5

<sup>\*</sup> The 'Delisi Threesi' are lobbyists Ted Delisi, Jarod Alan Love and Travis Richmond.

The lobbyists listed above reported receiving campaign payments from dozens of politicians, with Allen Blakemore and Trey Blocker collecting checks from 26 campaigns apiece. Meanwhile, just the eight campaigns listed below retained more than one registered lobbyist apiece. The new disclosure rule does not require lobbyists to report how much money political campaigns are paying them. The campaigns, for their part, will not disclose expenditures made in late 2013 until January 15, 2014.

### **Campaigns Paying Multiple Lobbyists in 2013**

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Multi-Lobbyist Campaigns	Office Held/Sought	Lobbyists Retained	These Lobbyists' Total 2013 Lobby Income
Jeff Boyd	Supreme Court	*Delisi Threesi	\$585,000 - \$1,415,000
Dan Branch	House/At. Gen'l	*Delisi Threesi	\$585,000 - \$1,415,000
Brandon Creighton	House	*Delisi Threesi, Allen Blakemore	\$735,000 - \$,1,665,000
David Dewhurst	Lt. Gov.	Trey Blocker, Richard McBride	\$395,000 – \$810,000
Dan Huberty	House	Allen Blakemore, Trey Blocker	\$450,000 - \$850,000
Dan Patrick	Senate/Lt. Gov.	Allen Blakemore, Trey Blocker	\$450,000 - \$850,000
Rick Perry	Gov./President?	*Delisi Threesi	\$585,000 - \$1,415,000
Barry Smitherman	Railroad Com.	Blakemore, Gardner Pate, Jason Smith	\$950,000 - \$1,950,000

<sup>\* &#</sup>x27;The Delisi Threesi' are Delisi Communications lobbyists Ted Delisi, Jarod Love & Travis Richmond.

Fourteen other lobbyists reported being paid by general-purpose PACs. This less enlightening data appears at the end of this report. It reveals, for example, that Texans for Lawsuit Reform PAC paid TLR lobbyist Richard Trabulsi.

## No. 1 Corporate-Funded Consultants 'The Delisi Threesi'

The best-paid lobbyists reporting campaign payments are Delisi Communications lobbyists Ted Delisi, Jarod Love and Travis Richmond. The "Delisi Threesi" reported that 38 different clients paid them up to \$1.4 million in 2013. The Delisi Threesi" simultaneously worked for the campaigns of Governor Perry, Supreme Court Justice Jeff Boyd and Reps. Dan Branch and Brandon Creighton.

Ted Delisi's mom, <u>Dianne Delisi</u>, joined her son's lobby firm after resigning from the Texas House in 2008. In early 2010 she seeded the newly created Delisi Communications PAC with \$132,527 in leftover campaign funds. Ted Delisi's wife, <u>Deirdre Delisi</u>, recently joined the firm after serving as Governor Perry's chief of staff and as the Perry-appointed chair of the Texas Transportation Commission. Perry's ties to the firm are intriguing. After all, many Delisi lobby clients have landed contracts with state agencies that are overseen by appointees of the Delisi-advised governor. A lobbyist for state contractors who simultaneously advises the governor sits in the ultimate catbird seat.

Top 2013 Lobby Clients of 'the Delisi Threesi'\* (Retained by Boyd, Branch, Creighton and Perry)

		Min. Value	Max. Value
Client	Worth Noting	of Contracts	of Contracts
TX Partnership for Job Creation	Run out of Delisi Communications	\$75,000	\$150,000
ConnectEDU, Inc.	TX Education Agency contractor	\$60,000	\$125,000
CHRISTUS Health	TX Medicaid contractor	\$50,000	\$100,000
Doctors Hospital at Renaissance	Doctor-owned hospital	\$50,000	\$110,000
TX Teachers of Tomorrow	Alternative teacher certification	\$50,000	\$100,000
Gila, LLC (Mun'l Services Bureau)	TX DPS contractor	\$25,000	\$60,000
Disposable Supplies Coalition	Medical supply vendors?	\$25,000	\$50,000
Sandata	TX Medicaid contractor	\$25,000	\$50,000
Seniorlink, Inc.	Seeking TX managed care contract	\$25,000	\$50,000
Stonehenge Capital	TX CAPCO tax-credit beneficiary	\$20,000	\$50,000
Teladoc, Inc.	Lobbying for electronic Dr. visits	\$25,000	\$50,000
TX Assn. for Home Care	Medicare-dependent members	\$25,000	\$50,000
Waste Control Specialists, LLC	TX nuclear dump monopolist	\$25,000	\$50,000
Unisys Corp.	Dept. of Info. Resources contract	\$25,000	\$50,000
Acadian Companies, Inc.	County ambulance contracts	\$10,000	\$25,000
AT&T	C.I.A. wiretapping vendor	\$10,000	\$25,000
Citigroup Global Markets, Inc.	TX Comptroller contractor	\$10,000	\$25,000
H.E. Butt Grocery Co.		\$10,000	\$25,000
Lone Star Transmission (NextEra Energy)	Public Utility Commission contract	\$10,000	\$25,000
Port of Corpus Christi	Exports Eagle-Ford-Shale oil	\$10,000	\$25,000
Reagan National Advertising, Inc.	Billboards	\$10,000	\$25,000
TX Independent ER Assn.	ERs with controversial fees	\$10,000	\$25,000
TX Capital Land Co., LLC	Based in Las Vegas	\$0	\$20,000

Note: 'The Delisi Threesi' are Ted Delisi, Jarod Love and Travis Richmond.

Delisi clients CHRISTUS Health and Sandata have been Texas Medicaid contractors, while Seniorlink seeks state managed-care contracts. The Texas Education Agency awarded ConnectEdu a contract to guide college applicants. Unisys has been a Department of Information Resources contractor. The Public Utility Commission awarded a unit of Florida's Next Era Energy a \$564 million contract to build electric power lines. Gila, which owns the Municipal Services Bureau, has debt-collection contracts with the Department of Public Safety, the Central Texas Regional Mobility Authority and with Texas courts through the Department of Information Resources.

Delisi Communications runs its top client, the Texas Partnership for Job Creation, out of its own office. This shadowy group surfaced after the 2011 legislature stopped funding a boondoggle that it created in 2001. The so-called "capital companies" program used insurance company tax credits to pay venture capital firms to invest in corporate start-ups. Since 2001 Louisiana-based Stonehenge Capital has paid up to \$780,000 to Delisi and other Texas lobbyists, helping it secure \$51 million from the program. After the legislature killed this costly program in 2011, some lawmakers tried to revive a variant. Stonehenge promoted 2013's failed HB 2061, which would have paid financial firms to invest in companies in disadvantaged areas. Delisi's Texas House clients—Reps. Dan Branch and Brandon Creighton—voted for the bill, which only four House members opposed. The Senate never put this boondoggle-revival bill to a vote.

### No. 2 Corporate-Funded Consultant Gardner Pate

Locke Lord lobbyist Gardner Pate's top client is the parent of car-title lender Loan Max. Predatory lenders paid 89 Texas lobbyists up to \$4.4 million in 2013 to kill proposed reforms of the industry. Loan sharks also gave Texas politicians \$3.7 million in the 2010 and 2012 elections.

Pate client Gulf States Toyota accounts for 13 percent of all Toyotas sold in USA. Car dealers totaled a 2013 Tesla bill that would have allowed direct sales of electric cars to Texans. Eight Pate lobby clients helped bankroll the Pate-advised Water Texas PAC, which helped sell 2013 voters on \$2 billion in water projects.

# **Campaigns Paying Gardner Pate**

	Office Held	Predatory
Campaign	or Sought	Cash
Greg Abbott	At Gen'l/Gov	\$158,500
Greg Bonnen	H-24	\$6,750
Susan Combs	Comptroller	\$20,050
Ted Cruz	U.S. Senate	NA
Richard Price	DJ-285	NA
John Raney	H-14	\$3,150
Barry Smitherman	Rail Com/At Gen'l	\$0
Ed Thompson	H-29	\$7,000
Water TX PAC	Pass Prop. 6	\$0

All Gardner Pate 2013 Lobby Clients

		Min. Value	Max. Value
Client	Worth Noting	of Contracts	of Contracts
Select Management Resources	Predatory lender	\$50,000	\$100,000
*AT&T	C.I.A. wiretapping vendor	\$25,000	\$50,000
*BNSF Railway Co.		\$25,000	\$50,000
CITGO Petroleum Corp.	Got \$5 million TX taxpayer funds	\$25,000	\$50,000
Crown Imports, LLC	Beer importer	\$25,000	\$50,000
Dallas Police & Fire Pension		\$25,000	\$50,000
EOG Resources, Inc.	Oil & gas fracker	\$25,000	\$50,000
*GS Administrators, Inc.	Affiliate of Gulf States Toyota below	\$25,000	\$50,000
*Gulf States Toyota, Inc.	Supplies car dealers who nailed Tesla	\$25,000	\$50,000
Houston Community College		\$25,000	\$50,000
Hou. Firefighters Relief & Retire.		\$25,000	\$50,000
Houston Livestock Show/Rodeo		\$25,000	\$50,000
Hou. Mun'l Employees Pension		\$25,000	\$50,000
Hou. Police Officers Pension		\$25,000	\$50,000
Kinnser Software, Inc.	Home healthcare software	\$25,000	\$50,000
*Landry's, Inc.	Restaurant and casino interests	\$25,000	\$50,000
Methodist Hospital		\$25,000	\$50,000
*Phillips 66 Co.	Chemicals, refining and natural gas	\$25,000	\$50,000
*Reliant (NRG Energy)	Seeking power plant subsidies	\$25,000	\$50,000
Silver Eagle Distributors, LP	<u>Distributor tolerant of microbrewers</u>	\$25,000	\$50,000
TX Building Owners/Mgrs. Assn.		\$25,000	\$50,000
TX Medical Center		\$25,000	\$50,000
American Traffic Solutions	Red-light-camera voyeur	\$10,000	\$25,000
B. Braun Medical, Inc.	German medical-device maker	\$10,000	\$25,000
Bonner Carrington, LLC	State-funded multi-family housing	\$10,000	\$25,000
Greater Houston Partnership		\$10,000	\$25,000
Locke Lord, LLP	Lobbyist Gardner Pate's firm	\$10,000	\$25,000
RediClinic, LLC	Runs health clinics in retail stores	\$10,000	\$25,000
Remington College	Non-profit technical schools	\$10,000	\$25,000
*Waste Control Specialists	TX nuclear dump monopolist	\$10,000	\$25,000
	TOTALS:	\$655,000	\$1,350,000

<sup>\*</sup>An arm of this company funded the Pate-advised Water Texas PAC.

### No. 3 Corporate-Funded Consultant Trey Blocker

Trey Blocker advised many lawmakers while lobbying for companies that fought 2013 legislative battles. Tobacco companies divided in 2013 over HB 3536, which now forces all tobacco companies to pay the health care fees that industry leaders accepted to settle state lawsuits in the 1990s. Several Blocker clients sponsored the tobacco-fee bill, which Blocker client Commonweath Brands backed. Eleven Blocker clients voted for the fee; seven opposed it.

The Texas Brewer's Institute shares an address with Austin's Live Oak Brewing Co. In 2013 lawmakers loosened archaic marketing restrictions that benefited big breweries at the expense of microbrewers. After the Wholesale Beer Distributors Association and Senator John Carona failed to preserve the drinking status quo, the legislature passed a four-pack of microbrew reforms with negligible resistance. Blocker client Jason Isaac sponsored the four-pack bills, which Blocker's other legislative clients backed.

Predatory lenders (including Blocker client the Texas Loan Corp.) strangled efforts to reform the industry. Two of Blocker's three **Campaigns Paying Trey Blocker** 

	Office Held	Tob.	Predatory
Campaign	or Sought	Vote	Cash
Carol Alvarado	H-145/S-6	Υ	\$4,750
Trent Ashby	H-57	Α	\$6,750
Jimmie Aycock	H-54	Υ	\$5,750
George P. Bush	Land Com		\$0
Myra Crownover	H-64	Υ	\$9,500
Tony Dale	H-136	Ν	\$9,750
<u>Drew Darby</u>	H-72	Υ	\$24,500
David Dewhurst	Lt Gov.		\$232,500
James Frank	H-69	N	\$1,750
John Frullo	H-84	Ν	\$4,500
Helen Giddings	H-109	Α	\$5,600
Glenn Hegar	S-18	Υ	\$33,500
Dan Huberty	H-127	Υ	\$10,000
Jason Isaac	H-45	Ν	\$9,500
Kyle Kacal	H-12	Ν	\$1,000
Ken King	H-88	Υ	\$1,500
Oscar Longoria	H-35	Υ	\$1,750
Rob Orr	H-58	Υ	\$16,3000
John Otto	H-18	Υ	\$15,500
Chris Paddie	H-9	Α	\$7,750
Dan Patrick	S-7	Ν	\$29,500
Charles Schwertner	S-5	Ν	\$24,250
Todd Staples	Ag Com/ Lt Gov		\$16,250
Joe Straus	H-121/Speaker	Р	\$311,516
Jason Villalba	H-114	Υ	\$6,250
Chart Westcott	H-108		

Vote Kev: A = Absent: P = Present.

Senate clients voted for a <u>weak 2013 reform bill.</u> But the House run by Blocker client Joe Straus never put it to a vote. Predatory lenders invested \$3.7 million in Texas' 2010 and 2012 elections, giving 10 cents of every dollar to Straus. The table above shows predatory-lender donations to Blocker's clients in that period.

All Trey Blocker 2013 Lobby Clients

Client	Worth Noting	Min. Value of Contracts	Max. Value of Contracts
Commonwealth Brands, Inc.	Tobacco company backing 2013 fee	\$50,000	\$100,000
Monsanto Co.	Frankenfood progenitor	\$50,000	\$100,000
TX Assn. of Nurse Anesthetists	For <u>law expanding nurse Rxs</u>	\$50,000	\$100,000
TX Loan Corp.	Predatory lender	\$50,000	\$100,000
Balanced Energy for TX	Pushes coal-fueled electric power	\$25,000	\$50,000
State Firemen's/Marshals' Assn.	Mourned fertilizer explosion victims	\$25,000	\$50,000
TX Brewers' Institute	Address = Live Oak Brewing Co.	\$25,000	\$50,000
TX Water Conservation Assn.	For Prop. 6 H2O-project funding	\$25,000	\$50,000
	TOTALS:	\$300,000	\$850,000

#### No. 4 Corporate-Funded Consultant David M. White

David White lobby client Altria-Philip Morris advocated <u>HB 3536</u>, which now forces all tobacco companies to pay the health care fees that Altria and other industry leaders accepted to settle state claims in the 1990s. Glenn Hegar, who retains White as a political consultant, voted to impose the fee on Altria's smaller competitors.

White lobbies for Oncor, an electricity delivery company controlled by Energy Future Holdings Corp. As this electricity giant teeters on the edge of bankruptcy, Texas Public Utility Commissioners have been promoting policies that would increase what consumers pay electricity generators.<sup>5</sup>

Predatory lenders paid White and 88 other lobbyists up to \$\frac{\$4.4 \text{ million}}{\$4.4 \text{ million}}\$ in 2013 to kill proposed industry reforms. The loan sharks gave Texas politicians \$\frac{\$3.7 \text{ million}}{\$3.7 \text{ million}}\$ in the 2010 and 2012 elections. The industry's No. 1 contributor was Trevor Ahlberg, who heads White client Cottonwood Financial, owner of the Cash Store chain. From 2009 through 2012, Ahlberg personally invested \$904,200 in Texas elections. During that period, Senator Hegar collected \$33,500 from the industry. Ahlberg was Hegar's top predatory contributor. Hegar voted for \$\frac{\subsetent{SB 1247}}{\subsetent{SB 1247}}\$, which would have imposed baby-step reforms on predatory lenders. The House declined to put even that modest reform to a vote.

White lobbies for the <u>Texas Beverage Association</u>, a trade group for makers of non-alcoholic drinks. In 2013 the Texas Legislature passed <u>HB 217</u> to ban sales of sugar-added drinks in public schools in Texas, where more than a third of the student body is obese. The beverage industry testified in <u>support</u> of the bill, which only the Texas Conservative Coalition openly opposed. White's client Glenn Hegar voted against the ban on sugar drinks in schools. Governor Perry vetoed the ban on selling corn syrup to school kids.

White and Ted Delisi lobby for Louisiana-based Stonehenge Capital. Stonehenge has paid Texas lobbyists up to \$780,000 since 2001, when the Texas Legislature created a <u>boondoggle</u> that pays venture capital companies to create jobs by investing in corporate start-ups. Stonehenge was a top beneficiary of this mismanaged program, which the legislature killed in 2011. Encouraged by <u>Stonehenge</u>, some lawmakers tried to create a similar program to pay financial firms to invest in companies operating in disadvantaged areas. House members overwhelmingly passed 2013's <u>HB 2061</u>, which died in the Senate.

All David M. White 2013 Lobby Clients (Retained by Glenn Hegar)

Client	Worth Noting	Min. Value of Contracts	Max. Value of Contracts
Altria-Philip Morris-UST	Tobacco giant	\$50,000	\$100,000
Oncor Electric Delivery Co.	<b>Energy Future Holdings controlled</b>	\$50,000	\$100,000
AT&T	C.I.A. wiretapping vendor	\$25,000	\$50,000
Cottonwood Financial, Ltd.	Owns predatory <u>Cash Stores</u>	\$25,000	\$50,000
Mike Ellis	Founded <u>Alta Mesa</u> oil company	\$10,000	\$25,000
Texas Beverage Association	Non-alcoholic beverage group	\$10,000	\$25,000
Lee M. Bass, Inc.	Inherited oil fortune	\$10,000	\$25,000
Stonehenge Capital	TX CAPCO tax credit beneficiary	\$0	\$10,000
Doctors Hospital at Renaissance	Doctor-owned hospital	\$0	\$10,000
	TOTALS:	\$180,000	\$395,000

#### No. 5 Corporate-Funded Consultant Jason Smith

Lobbyist Jason Smith was deputy political director of Rick Perry's presidential campaign. After that campaign imploded in January 2012, Smith formed a <u>dark-money non-profit</u> called "<u>It's Now or Never</u>." That shady group paid \$140,000 to Karl Rove's Crossroads Media for ads attacking the primary opponent of successful Utah attorney general candidate John Swallow. Attorney General Swallow resigned in November 2013 as <u>a state probe</u> found evidence that he deliberately failed to disclose income that he received from a fraudulent businessman, a lobbyist and a predatory lender. By then Smith was working for Texas attorney general candidate Barry Smitherman and 11 lobby clients.

Smith lobbies for <u>Madhouse Development</u>, a Houston-based provider of multi-family housing. Such housing is funded with federal dollars <u>administered</u> by the Texas Department of Housing and Community Affairs. Governor Ann Richards appointed Madhouse President <u>Enrique "Henry" Flores</u> as the executive director of that state agency in the 1990s.

The Texas Legislature created Smith's client the Riverbend Water Resources District in 2009. It was supposed to help local governments in northeastern Texas manage water. The district's two largest municipal members, New Boston and Texarkana, resigned from the district in 2010. They <u>accused</u> its president of trying to "politicize the Red River Redevelopment Authority and plunder Red River Defense Complex's water contract with the Authority."

Smith represents the Metropolitan Transit Authority of Harris County. It passed a funding initiative in late 2012 with the backing a PAC bankrolled by metro contractors and Houston's mayor. Smith lobbies for the Texas Craft Brewers Guild. In 2013 microbrewers finally rolled back some of Texas' archaic marketing restrictions that benefited huge breweries at the expense of microbrewers.

Smith reported work for Cross Oak Group, a firm formed by ex-Rep. Mark Homer and fellow lobbyist James Dow (Dow ran the now-defunct <u>Texas 2020 PAC</u> backing Homer and other moderate Democrats). Smith and Cross Oak represented the <u>Texas Bar and Nightclub Alliance</u>, which helped <u>kill</u> a 2013 <u>bill</u> to impose deposit fees on beverage containers.

# All 2013 Lobby Clients of Jason Smith (Retained by Barry Smitherman)

Client	Worth Noting	Min. Value of Contracts	Max. Value of Contracts
Madhouse Development Srvcs	Taxpayer-funded multi-family housing	\$25,000	\$50,000
Metro. Transit Auth. Of Harris Co.	Passed 2012 metro-funding initiative.	\$25,000	\$50,000
Riverbend Water Resources Dist.	Divisive manager of Texarkana H2O	\$25,000	\$50,000
Texas Public Employees Assn.		\$25,000	\$50,000
Harris Co. Commissioners Court		\$10,000	\$25,000
Texas Craft Brewers Guild	Pushed 2013 microbrew reforms	\$10,000	\$25,000
Cross Oak Group, LLC	Ex-Rep. Mark Homer's lobby firm	\$0	\$10,000
Harris Co Houston Sports Auth.		\$0	\$10,000
Motorola		\$0	\$10,000
NET Data Corp.	Debt collection for county governments	\$0	\$10,000
Texas Bar & Nightclub Alliance	Helped kill a 2013 bottle bill	\$0	\$10,000
	TOTALS	\$120,000	\$300,000

### No. 6 Corporate-Funded Consultant Alan Blakemore

# All of Allen Blakemore's 2013 Lobby Clients

2013 Client	Max. Value of Contracts
Braidwood Management	\$150,000
Conserv. Republicans of TX	\$100,000
	\$250,000

# Campaigns Paying Allen Blakemore

	Office Held
Campaign	or Sought
Caroline Baker	DJ-295
Dwayne Bohac	H-138
Paul Bettencourt	S-7
Katherine Cabaniss	DJ-248
Donna Campbell	S-25
Theresa Chang	HC Civil Judge
Brandon Creighton	H-16
Dan Huberty	H-127
Chris Daniel	HC Dist. Clerk
John Davis	H-129
Alicia Franklin	DJ-247
Brent Gamble	DJ-270
Laura Higley	COA-1
Brett Ligon	Mont. Co. DA
Russell Lloyd	COA-1
Dave Martin	Hou. City Council
Jim Murphy	H-133
Sylvia Matthews	DJ-281
Rory Olsen	HC Probate Judge
Dan Patrick	S-7/Lt. Gov.
Denise Pratt	DJ-311
Charley Prine	DJ-246
Barry Smitherman	Rail. Com./At. Gen'l
Larry Standley	HC Criminal Judge
Linda Storey	HC Civil Judge
Michael Sullivan	HC Tax Assessor.

HC = Harris County.

# Hotze PAC Donations To Smitherman

Date	Donor	Amount
12/22/11	CR of TX	\$150
7/17/12	CR of TX	\$174,695
12/8/12	CR of TX	\$1,500
	TOTAL:	\$176,345

CR = "Conservative Republicans."

Reporting paychecks from 26 political campaigns, Houston consultant Allen Blakemore lobbies for two entities associated with activist Dr. Steven Hotze: Braidwood Management and Conservative Republicans of Texas PAC. Managing Dr. Hotze's clinic, vitamin, supplement and pharmacy operations, Braidwood filed a federal lawsuit alleging Obamacare that unconstitutionally compels it to pay private health insurers. Hotze and plaintiff attorney Andrew Schlafly<sup>8</sup> announced the lawsuit in May 2013 backed by a stable of Texas lawmakers. These lawmakers included Blakemore clients Dan Patrick and Dan Huberty, whom the Hotze-Conservative Republicans PAC funded.

A separate lawsuit alleges that Dr. Hotze's Braidwood Management aggressively contained employee health costs in 2010, while Congress enacted Obamacare. Houston's Memorial Hermann Hospital sued Braidwood, its insurer and a third-party administrator. The hospital alleges that the defendants stalled payment on a Hotze employee who went into pre-term labor and was hospitalized for 10 weeks in 2010. The suit claims that the defendants paid less than half of their \$284,030 contractual obligation. Braidwood countered that the hospital failed to meet filing and appeal deadlines. If the defendants in this pending case *did* shirk their obligations, it begs an existential chicken-egg question about who they stiffed most. Was it coverage of the mother, the unborn baby or the post-born baby?

Blakemore simultaneously advises two cross-fertilizing clients: Hotze's Conservative Republicans of Texas PAC and Texas Railroad Commissioner Barry Smitherman. Hotze's PAC and its sister Conservative Republicans of Harris County PAC are financially intertwined, with tens of thousands of dollars moving back and forth between them. <sup>10</sup> These Hotze PACs, meanwhile, exchanged tens of thousands of dollars with Smitherman's campaign.

# Smitherman Donations To Hotze PACs

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Date	PAC Recipient	Amount
2/29/12	CR of Texas	\$15,000
2/29/12	CR of Harris Co.	\$15,000
7/18/12	CR of Texas	\$20,000
7/25/12	CR of Texas	\$30,000
	TOTAL:	\$80,000

## No. 7 Corporate-Funded Consultant Richard McBride

David Dewhurst consultant Richard McBride lobbies for developer Rick Sheldon Management One. It developed the Kyle Marketplace with tax increment financing and a \$25 million loan from the Texas Department of Transportation's State Infrastructure Bank. Rick Sheldon also oversees a mixed-use development in New Braunfels for the Texas General Land Office, whose chief is challenging Dewhurst.

McBride also lobbies for tobacco giant Reynolds American. Reynolds endorsed a successful 2013 <u>bill</u> to impose the health-impact fees paid by big tobacco companies on their smaller competitors.

All 2013 Lobby Clients of Richard McBride (Retained by David Dewhurst)

Client	Worth Noting	Min. Value of Contracts	Max. Value of Contracts
TX Credit Union League	Became Cornerstone league (below)	\$50,000	\$100,000
Reynolds American, Inc.	Tobacco company backing 2013 fee	\$25,000	\$50,000
Cornerstone Credit Union League	TX Credit Union League successor	\$10,000	\$25,000
Linebarger Heard Goggan Blair	Giant of delinquent tax collections	\$10,000	\$25,000
Rick Sheldon Management One	Developer funded by TXDOT and TIF	\$0	\$10,000
	TOTALS	\$95,000	\$210,000

### No. 8 Corporate-Funded Consultant Ricardo Armendariz

Lobbyist Ricardo Armendariz heads the El Paso-based Forma Group. Armendariz reported campaign payments from four local Democratic candidates and from the PAC of Texans for Lawsuit Reform—an Armendariz client. Texas' biggest PAC, TLR gave state candidates \$4.6 million in the 2012 cycle, with 92 percent benefitting Republicans. Armendariz client Marisa Marquez ranked among the top Democratic recipients of TLR cash.

Over 20 years TLR has put Texas' civil justice system firmly in the hands of business interests. Now some TLR leaders are focusing on education, helping to create Armendariz client Texans for Education Reform. It promotes online virtual education and more charter schools. TLR founder Dick Weekley sits on this group's board with El Paso businessman Woody Hunt, who has given Governor Perry almost \$400,000.

### **PACs Paying Armendariz**

	Office Held
PAC	or Sought
Naomi Gonzalez	H-76
Michele L. Locke	Family Court Judge
Marisa Marquez	H-77
Alyssa Garcia Perez	DJ-243
Texans for Lawsuit Reform	

Hunt is the longtime boss of Armendariz's lobby colleague Mark A. Smith, a member of Perry's early gubernatorial administration. The *El Paso Times* reported that Texas Department of Transportation officials—overseen by Deirdre Delisi and Perry's other appointees—secretly worked with Hunt and other developers to design an El Paso bypass. <sup>12</sup> In 2010 the state then told city officials that any changes to its developer-friendly map would jeopardize \$85 million in state road funding.

Hunt and refinery magnate Paul Foster, another huge Perry sponsor, paid Armendariz's firm to promote the redevelopment of downtown El Paso. This included building a publicly funded baseball stadium on the site of the old city hall for a Triple-A baseball team bought by Hunt and Foster.

#### Mark Smith's Top 2013 Clients

Client	Max. Value of Contracts
Hunt Co.'s	\$150,000
Forma Group	\$50,000
*Investment Builders	\$50,000

\*Federally funded housing developer Ike Monty.

Another top Armendariz lobby client is the Citizen Leadership Alliance. Leo Linbeck III, whose late father co-founded Texans for Lawsuit Reform, started the Alliance. It backs conservative Republican candidates through its Citizen Leader PAC and through its dark-money nonprofit, which does not disclose contributors. Linbeck also bankrolled the federal Campaign for Primary Accountability, which attacked moderate Republicans in Congress. Linbeck espouses libertarian rhetoric, even as his Aquinas Companies and AlphaDev invest in biotech firms subsidized by taxpayers through Governor Perry's Emerging Technology Fund.

All 2013 Lobby Clients of Ricardo Armendariz

Client	Worth Noting	Min. Value of Contracts	Max. Value of Contracts
Citizen Leadership Alliance		\$25,000	\$50,000
Texans for Education Reform		\$25,000	\$50,000
Forma Group	Armendariz's lobby & consulting firm	\$10,000	\$25,000
Texans for Lawsuit Reform	Texas' biggest PAC	\$10,000	\$25,000
	TOTALS	\$70,000	\$150,000

# **II. PAC-Funded Lobbyists**

The lobbyists below reported that they are funded by general-purpose PACs, rather than by political campaigns. The vast majority of them are single-client lobbyists funded by their client's PAC. Two exceptions are Jim Short and Deborah Ingersoll. They reported a couple of PAC payments apiece while representing multiple lobby clients (listed separately below). The bizarre Texas Association of Realtors has an unusual practice of registering itself as its own lobbyist and client. This Realtor trade group also reported that it is funded by its PAC and, oddly, by the Texans for Harvey Hilderbran campaign.

Single-Client Lobbyists Funded By PACs

	Client and Source	Min. Value	Max. Value
Lobbyist	of PAC Funding	of Contracts	of Contracts
TX Assn. of Realtors	TX Assn. of Realtors	\$400,000	\$450,000
James Fields	TX Trial Lawyers Assn.	\$100,000	\$150,000
Jessica Akard	*Energy Future Holdings	*\$50,000	*\$120,000
Lisa Sano Blocker	*Energy Future Holdings	*\$50,000	*\$120,000
Mance Zachary	*Energy Future Holdings	*\$50,000	*\$120,000
Rebekah Kay	*Energy Future Holdings	*\$50,000	*\$120,000
Richard Trabulsi Jr.	Texans for Lawsuit Reform	\$50,000	\$100,000
Gladys A. Alonzo	TX Trial Lawyers Assn.	\$10,000	\$25,000
Drew Lawson	Texans for Lawsuit Reform	\$10,000	\$25,000
James Pecora Jr.	TX Trial Lawyers Assn.	\$10,000	\$25,000
Russ Tidwell	TX Trial Lawyers Assn.	\$10,000	\$25,000
Mary L. Tipps	Texans for Lawsuit Reform	\$10,000	\$25,000
Tommy Townsend	TX Trial Lawyers Assn.	\$10,000	\$25,000
	TOTALS	\$760,000	\$1,230,000

<sup>\*</sup> Combines contracts of parent Energy Future Holdings with its Luminant and TXU units. †Trabulsi also reported *pro-bono* lobbying for Texans for Education Reform.

# Jim Short's 2013 Lobby Clients (Retained by Texas Events PAC)

(Netailled by Texas Evelits I AC)		
Client	Max. Value of Contracts	
Nat'l Cutting Horse Assn.	\$200,000	
Spec's Wines, Spirits	\$100,000	
Linebarger Heard Goggan	\$100,000	
Harris County	\$100,000	
Gulf Winds International	\$100,000	
Clear Channel Outdoors	\$100,000	
Houston Real Estate Council	\$50,000	
Fort Bend County	\$25,000	
TOTAL	\$775,000	

# Deborah Ingersoll's 2013 Lobby Clients (Retained by HillCo PAC and State Assn. of Fire Fighters)

Client	Max. Value of Contracts
TX Chiropractic College Fdn.	\$100,000
Mission del Lago, Ltd.	\$50,000
Mostyn Law Firm	\$50,000
TX State Troopers Assn.	\$50,000
TOTAL	\$250,000

The National Cutting Horse Association (NCHA) pays lobbyist Jim Short out of its "Texas Events PAC." This horse PAC's favorite politician is Comptroller Susan Combs, who oversees state <u>events funds</u>. Since becoming comptroller in 2007, Combs has awarded this horse group almost \$13 million to host horse shows in Texas. <sup>15</sup>

Receiving payments from the PACs of the HillCo lobby firm and the Texas State Association of Fire Fighters, Deborah Ingersoll reported that four lobby clients paid her up to \$250,000 in 2013. They are the Texas Chiropractic College Foundation, developer Mission del Lago founded by the late Texas Attorney General Jim Mattox, the law firm of politically active trial lawyer Steve Mostyn and the <u>Texas State Troopers Association</u>. The troopers group recently sued Attorney General Greg Abbott. Abbott had alleged that this group's massive expenditures on fundraising and salaries left little money for its purported purpose of supporting troopers. <sup>16</sup>

#### III. End Notes

<sup>1</sup> Before Governor Perry signed H.B. 1422 into law, Lobby Watch honored the bill's passage by outing lobbyists paid by Texans for Rick Perry.

<sup>2</sup> "Investor Criticizes Tax Credit Measure," *Austin American-Statesman*, May 6, 2013.

Senators Dan Patrick and Charles Schwertner voted for SB 1247, which Senator Glenn Hegar opposed.

<sup>5</sup> "Utility Board's Actions Draw Heat From Senators," *Austin American-Statesman*, November 26, 2013.

<sup>6</sup> "Senate Oks Sugary Drink Ban," *Austin American-Statesman*, May 22, 2013.

<sup>7</sup> "Investor Criticizes Tax Credit Measure," *Austin American-Statesman*, May 6, 2013.

<sup>8</sup> For more on the attorney son of feminist critique-ist Phyllis Schlafly, see his profile in the Schlaflyfounded Conservapedia and his interview on the Colbert Report.

<sup>9</sup> Memorial Hermann Hospital System v. Braidwood Management, Inc., Employee Benefit Plan, Private Healthcare Systems, Inc., a Subsidiary of Multiplan, Inc., and Group Resources, Inc., Case No. 2012-62053, Harris County 334<sup>th</sup> District Court.

<sup>10</sup> During 2012 and 2013, Conservative Republicans of Harris County gave Conservative Republicans of Texas \$41,500, while \$38,000 flowed in the opposite direction.

11 "Veterans of Lawsuit Reform Turn to Education," *Austin American-Statesman*, February 18, 2013.

<sup>12</sup> "Bypassed," El Paso Times, June 19, 2011.

<sup>13</sup> Former Miss Texas Jamie Story Kohlman heads the Alliance and previously headed Linbeck's Alliance for Self-Governance.

<sup>14</sup> The former "NCHA's Texas Events PAC" shortened its name to the "Texas Events PAC" in October

<sup>15</sup> The National Cutting Horse Association typically holds three events a year in Texas: The Summer Spectacular, the Super Stakes and the Futurity.

16 "Police Fundraising Group Sues Abbott," *Austin American-Statesman*, November 14, 2013.

<sup>&</sup>lt;sup>3</sup> Rep. Otto was an author of the bill, which was sponsored by Blocker clients Crownover, Darby, Huberty and Orr.