

Rick's Revolvers:

The Governor's Office Runs a Farm Team for Lobbyists



State Library & Archives Commission

Then-Rep. Rick Perry huddles in the House
with future lobbyists Cliff Johnson & Gib Lewis.

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Rick's Revolvers:

The Governor's Office Runs a Farm Team for Lobbyists

Rick Perry's gubernatorial office hired or retained 850 people from December 2000 through August 2011.¹ Excluding employees who worked brief stints during the Bush-Perry transition, 43 Perry employees (5 percent) also registered to lobby in Austin during Perry's gubernatorial reign (another one lobbied without registering). Perry's 43 gubernatorial revolvers reported 1,605 annual lobby contracts with 552 different clients. These clients paid Perry's revolvers between \$53 million and \$100 million since 2001 (Texas lobbyists report their incomes in ranges). The average Perry revolver reported a lobby income ranging from \$1.2 million to \$2.3 million.

Perry's former roommate and ex-chief of staff **Mike Toomey** led the pack. He reported 280 annual contracts worth from \$9 million to \$17 million (Toomey is the subject of a separate TPJ report: "[Perry's Roomie Mike Toomey Mobilizes the Corporate Lobby to 'Make Us Great Again'](#)"). At the other end of the spectrum, ex-gubernatorial aide Marcy Foster reported that she received no income lobbying for Cantey Hanger and Newby Davis (firms affiliated with former Perry General Counsel Brian Newby). Most Perry revolvers worked in the Governor's Office *before* hitting the lobby. Yet the most elite Perry lobbyists worked the lobby before and after going on the gubernatorial payroll.

Perry's Revolver Lobbyists

Led by Toomey, 17 Perry revolvers reported maximum lobby incomes in excess of \$1 million apiece. Perry's No. 2 revolver, former Democratic Rep. **Cliff Johnson**, roomed with then-Reps. Perry and Toomey in Austin during the 1987 session. Johnson joined Toomey in Governor Bill Clements' administration, serving as legislative director in the 1989 session; Clements then appointed Johnson to the Texas Water Commission. Johnson served as a top advisor to Governor Bush in the 1985 session and to Governor Perry in the 2003 session. Johnson's No. 1 client in the Perry years is GTECH. The Texas Lottery's private-contractor-for-life has paid Johnson up to \$1.5 million. The Neches River Municipal Water Authority and the cities of Austin and Houston also paid him up to \$1 million apiece.

Perry Revolvers Boasting Maximum Lobby Incomes Exceeding \$1 Million

Texas Lobbyist	Max. Value of Contracts	Perry Job	Top Clients Since 2001
Michael Toomey	\$17,445,000	chief of staff	Green Mtn. Energy, AT&T, Cigna, Texas for Lawsuit Reform
John 'Cliff' Johnson	\$14,180,000	senior advisor	GTECH, Austin, Houston, Up. Neches Riv. Mun'l H ₂ O Auth.
Dan Shelley	\$9,155,000	legislative director	Brazos High. Ed. Srvc Corp., Lockheed Martin, Apple, Harris Co.
Wm. 'Billy' Phenix	\$6,960,000	enviro policy advisor	Multimedia Games, Bexar-Medina H ₂ O Control, TX Land/Mineral Owners
Patricia A. Shipton	\$6,080,000	legislative director	Alabama Coughatta, AT&T, El Paso, Swisher Int'l, Pearson Education
Royce P. Poinsett	\$5,730,000	counsel; policy adv.	McGinnis Lochridge, ExxonMobil, Wholesale Beer Distrib.
Luis J. Saenz	\$4,790,000	senior advisor	Philip Morris, Time Warner, U.S. 281 Coalition, City of Irving
Victor Alcorta III	\$4,595,000	senior advisor	Thompson Knight, Am. Physicans Insur., Simon Property Group, Studsvik
Bill Jones	\$3,710,000	general counsel	Vinson & Elkins, Merrill Lynch, Amil Intern'l, Driscoll Children's Hospital
Raymond Sullivan	\$3,690,000	deputy chief of staff	HNTB, UBS, SBC, Silver Eagle Distrib., eBay, Banc Pass, Reflex Traffic
Robert S. Howden	\$3,665,000	communications dir.	TX for Econ. Progress, TX Credit Union League, Ryan & Co.
Victoria C. Ford	\$3,295,000	deputy legislative dir.	TX Assn of Health Plans, TX HealthSpring, GlaxoSmithKline, iteachUS
Mark D. Borskey	\$2,945,000	deputy legislative dir.	TX Motor Trans. Assn, First American, Ron Lewis & Assoc., Swisher Int'l
Mark A. Smith	\$2,870,002	advisor	Hunt Co's, Geo Group, Woody Hunt, Borderland Mobility Coalition
W. Robert Black	\$1,450,000	communications dir.	Am. Electric Power, AT&T, SW Electric Power Co, Nuclear Energy for TX
Virginia Stephens	\$1,390,000	deputy policy dir.	Albert Huddleston, Partners Dewatering, Enviro. Defense Fund
Regina Buono	\$1,110,000	ast. gen'l counsel	ExxonMobil, Wholesale Beer Distributors of TX

No. 3 Perry revolver **Dan Shelley** served as a Republican lawmaker from 1987 to 1995, when he became Governor Bush's legislative director. After pushing a 1995 welfare-privatization bill, Shelley helped spark a Bush revolving-door scandal by becoming a lobbyist for Lockheed Martin, which was gunning for part of that huge contract.² Shelley later parked his clients with his lobbyist daughter to become Perry's legislative director in September 2004. Several months later the Texas Department of Transportation awarded a \$6 billion contract to Spanish contractor Cintra to develop part of Perry's Trans-Texas Corridor.³ The *Dallas Morning News* discovered that Shelley was a Cintra consultant before joining the governor's payroll, though he did not register as a Cintra lobbyist (Shelley registered as a Cintra lobbyist after leaving the Governor's Office).⁴ Shelley's top Perry-era clients have been student lender Brazos Higher Education Service Corp., Lockheed Martin and Apple Computer. Shelley represented Lockheed in 2007, when Perry's Texas Enterprise Fund awarded the company \$5.5 million.⁵ Shelley started two super PACs to "independently" promote a Perry presidency.⁶



Shelley

No. 4 revolver **Billy Phenix** is less well known. Phenix was Perry's first environmental policy advisor before he hit the lobby in 2002. Phenix's lobby income doubled after he hooked up in 2005 with Senate Parliamentarian Walter Fisher, who went into business with Mike Toomey. These big guns pushed Phenix's maximum annual lobby income past \$1 million in 2007 and 2011. Phenix's top Perry-era client has been slot-machine maker Multimedia Games, followed by the Bexar-Medina-Atascosa Counties Water Control District and the Texas Land and Mineral Owners Association.

Patricia Shipton was a lobbyist before and after serving as legislative director for Governor Perry's first two legislative sessions. Her top Perry-era clients are the Alabama-Coushatta Tribe, AT&T, the City of El Paso, publisher Pearson Education and stogie roller Swisher International (see "Tobacco lobby").

Working for Perry from 2001 through 2004 **Royce Poinsett** was Perry's assistant general counsel and also advised Perry on ethics. Poinsett then became House Speaker Tom Craddick's general counsel before joining McGinnis Lochridge & Kilgore in 2008 and then Baker Botts. His top clients have been ExxonMobil and the Wholesale Beer Distributors. **Regina Buono**, who did a brief stint as Perry's assistant general counsel in 2007, also represents these clients at McGinnis Lochridge.

Luis Saenz was an advisor, deputy press secretary and appointments deputy during the first years of Perry's gubernatorial reign. He also worked on Perry's 2002 and 2006 gubernatorial campaigns and Perry appointed him as border commerce coordinator and assistant secretary of state. Saenz's top clients after entering the lobby in 2007 have been Philip Morris, Time Warner and the U.S. 281 Coalition, a group pushing improvements for a border highway.

Victor Alcorta was a lobbyist before and after advising Perry during his first 16 months as governor. Alcorta joined Thompson & Knight in 2002 and started his own firm in 2009. His top clients have been the American Physicians Insurance Exchange, mall developer Simon Property Group and Sweden-based Studsvik, which processes low-level nuclear wastes.

Bill Jones was Perry's first gubernatorial general counsel. In late 2003 Perry appointed Jones to the Texas A&M Board of Regents and Jones joined Locke Liddell & Sapp. When Jones switched to Vinson & Elkins in 2006 the firm announced a lobby alliance with Toomey's Texas Capitol Group. Other members of that Toomey firm included Billy Phenix and Ray Sullivan.⁷ Jones' top clients have been Merrill Lynch and Brazilian health insurer Amil International, which dropped thousands of city and school workers in Central Texas when it abandoned the market in 2005.⁸

Lobbyists Who Worked in the Governor's Office Between 2001 and 2011

Texas Lobbyist	Min. Value of Contracts	Max. Value of Contracts	Annual Contracts	Gubernatorial Payroll Period(s)	Lobby Period(s) From 2001-2011
Michael Toomey	\$9,055,000	\$17,445,000	280	12/02-9/04	1/01-11/02; 9/05-12/11
John 'Cliff' Johnson Jr	\$7,730,000	\$14,180,000	144	1/03-8/03	1/01-12/02; 1/04-12/11
Dan Shelley	\$4,520,000	\$9,155,000	143	9/04-9/05	1/01-12/04; 12/05-12/11
William 'Billy' Phenix	\$3,175,000	\$6,960,000	167	1/01-2/02	5/02-12/11
Patricia A. Shipton	\$3,090,000	\$6,080,000	88	1/01-8/04	11/05-12/11
Royce Pabst Poinsett	\$3,435,000	\$5,730,000	57	10/01-10/04	10/08-12/11
Luis J. Saenz	\$2,320,000	\$4,790,000	85	1/01-9/01; 12/02-8/03	1/07-12/11
Victor Alcorta III	\$2,690,000	\$4,595,000	56	1/01-4/02	6/02-12/11
Bill Jones	\$2,100,000	\$3,710,000	51	12/00-11/03	10/05-12/11
Raymond C. Sullivan	\$1,905,000	\$3,690,000	58	1/01-4/02; 7/09-?	1/03-6/09
Robert S. Howden	\$1,880,000	\$3,665,000	62	12/00-3/03	3/03-12/11
Victoria C. Ford	\$1,120,000	\$3,295,000	143	3/02-8/06	9/06-12/11
Mark D. Borskey	\$1,380,000	\$2,945,000	66	1/03-8/06	10/06-12/11
Mark A. Smith	\$2,470,000	\$2,870,002	16	9/01-4/02	1/03-12/11
W. Robert Black	\$850,000	\$1,450,000	13	11/03-8/05; 12/06-9/08	9/08-12/11
+Virginia 'VA' Stephens	\$675,000	\$1,390,000	47	1/01-8/01	1/03-12/11
Regina Buono	\$595,000	\$1,110,000	13	4/07-8/07	2/09-12/09
*Peyton McKnight	\$450,000	\$900,000	9	1/02-2/03	2/03-12/11
*Jennifer K. Ahrens	\$600,000	\$800,000	4	11/04-12/05	6/08-12/11
Kristian Heckmann	\$380,000	\$795,000	13	6/01-4/10	1/01-6/01; 6/10-12/11
*Chris Cronn	\$500,000	\$750,000	5	12/06-8/07	1/08-12/11
*S. Phil Wilson	\$250,000	\$470,000	6	2/02-6/07	7/08-10/11
Barry McBee	\$310,000	\$460,000	9	1/01-11/01	12/01-12/02
Chris Britton	\$195,000	\$450,000	11	1/01-12/02	10/09-12/11
Nora E. Belcher	\$230,000	\$385,000	6	11/04-3/08	1/09-12/11
*Ann-Marie Price	\$200,000	\$300,000	2	9/07-2/09	7/10-12/11
*+Erin Ferris	\$100,000	\$200,000	2	6/05-9/06	8/10-12/11
Ellen L. Witt	\$95,000	\$200,000	4	12/08-6/10	1/03-12/03
Mark Miner	\$75,000	\$190,000	6	8/08-8/09; 12/10-?	3/06-8/08
Brian C. Newby	\$70,000	\$150,000	7	1/05-12/08	2/09-12/11
*David Cabrales	\$50,000	\$100,000	1	9/07-8/09	1/11-12/11
*John B. Hofmann	\$50,000	\$100,000	4	1/01-9/01	1/04-12/07
*Chris Wohlgemuth	\$50,000	\$100,000	1	1/07-6/08	1/06-12/06
*Sally Aiello	\$30,000	\$75,000	3	2/05-8/05	3/07-12/09
Cynthia S. Tauss	\$0	\$70,000	7	11/03-8/06	2/03-11/03
*Jeff Moseley	\$25,000	\$60,000	3	9/03-6/05	8/05-12/07
*Eric Bearse	\$25,000	\$50,000	1	1/01-7/02; 12/02-8/07	2/10-12/10
*Bech K. Bruun	\$25,000	\$50,000	2	1/01-7/04; 8/05-6/07	8/10-12/11
*Justin Yancy	\$0	\$40,000	4	4/01-7/01	3/08-12/11
*Stephen D. Thomas	\$10,000	\$25,000	1	10/01-10/03	1/11-12/11
*Mary Katherine Stout	\$0	\$20,000	2	7/08-1/11	1/07-7/08
*Michael D. McKinney	\$0	\$10,000	1	9/01-11/02	1/01-8/01
Marcy Weldin Foster	\$0	\$0	2	12/05-11/10	3/11-12/11
Alan Kirchhoff	Did Not Register			5/04-7/10	2010
TOTALS:	\$52,710,000	\$99,810,002	1,605		

*Lobbyist represented just one client during this period (a separate table lists the clients of these lobbyists).

+Lobbyist did not return message seeking to confirm previous employment in Governor's Office.

Ray Sullivan was a senior advisor during Perry's first 16 months as governor. He then lobbied for seven years before becoming Perry's chief of staff in 2009. The *Houston Chronicle* reported that Sullivan did

not register to lobby for his 2003 consulting gig with Accenture, which was chasing a contract with Perry's Health and Human Service Commission.⁹ Sullivan's top Perry-era client is the engineering firm HNTB Corp., which landed a \$109 million contract as lead consultant on Perry's troubled Trans-Texas Corridor. The Perry administration also awarded HNTB a disastrous disaster-relief contract (see "Master of disaster" below). Sullivan's No. 2 client, Swiss bank UBS, pitched finance schemes to Perry that proved to be too hare-brained even for the Texas lawmakers (see "Dead peasants" and "Lottery privatization").



Sullivan

Robert Howden directed the Texas office of the National Federation of Independent Business before becoming communications director during Perry's first couple years as governor. Howden hit the lobby in 2003 and heads Texans for Economic Progress, which promotes broadband Internet service. Other top Howden clients are the Texas Credit Union League and the tax firm Ryan & Co. Ryan & Co. chief Brint Ryan helped Toomey organize a super PAC to "independently" promote Perry's presidential campaign.¹⁰

Perry named his aides **Mark Borskey** and **Victoria Ford** to be deputy legislative directors under Dan Shelley. Ford and Borskey both hit the lobby in late 2006. Ford joined Hughes & Luce, which later merged into K&L Gates. Having also worked as Governor Perry's health policy director, Ford's top clients have been the Texas Association of Health Plans, Medicare contractor HealthSpring and drug giant GlaxoSmithKline. Hooking up with the lobby shop of former lawmaker Ron Lewis, Borskey's top clients have been the state trucking trade group, First American title company and cigar maker Swisher International (see "Tobacco lobby").

Early Perry gubernatorial advisor **Mark Smith** works the lobby 10 hours down the road from Austin. Smith's main client has been El Paso-based Hunt Companies, followed by prison contractor Geo Group and the Borderland Mobility Coalition. Hunt Companies owner Woody Hunt has given Perry \$369,144 and landed several gubernatorial appointments. The *El Paso Times* recently reported that Perry's Texas Transportation Commissioners secretly worked with Hunt and other developers to design an El Paso bypass. After the state made this developer-friendly map public in 2010 it told city officials that any design changes that they sought would jeopardize \$85 million in state funding slated for the road.¹¹

Before Perry hired him in 2003 **Robert Black** was a spokesman for state Rep. Tom Craddick, U.S. House Majority Leader Dick Armey and the Republican Party of Texas. Black was there in 2005 when Perry fumbled a school-finance question in an interview with KTRK-TV. Unaware that the microphone was still on, Perry ended the interview with the words, "Adios, mofo." Perry said in his apology that the jest was addressed to Black.¹² Black said "Adios" to the governor in 2008 to lobby for utility interests. His top clients have been American Electric Power, AT&T and Southwestern Electric Power Co.

Virginia "V.A." Stephens went from being a deputy policy wonk during Perry's first year as governor to a stint at Bush's White House Council on Environmental Quality. Her top Texas lobby clients have been the Environmental Defense Fund, Albert Huddleston and Partners Dewatering International (which appears to be in the waste industry). Huddleston married a granddaughter of oil baron H.L. Hunt and spent a fraction of his fortune trying to preserve East Texas' Caddo Lake.¹³

Perry's former staff director of the Emerging Technology Fund (ETF), **Alan Kirchhoff**, merits special mention for hitting the revolving door without registering to lobby. The ETF awards taxpayer money to promising technological companies. Kirchhoff left the Governor's Office in 2010 as the state investigated business ties that he and ETF Advisory Committee member William Morrow formed with technology firms, including one exploring ETF funding.¹⁴ Kirchhoff said that Perry's then-Deputy Chief of Staff Phil

Wilson told him he could have “outside investments” provided that the companies did not apply for ETF funds. Kirchhoff then hooked up with Perry pal David Nance, who had been an ETF Advisory Committee appointee and the recipient of an ETF grant. Without registering as lobbyists, Nance and Kirchhoff lobbied state officials to bankroll refueling stations for natural-gas powered vehicles.¹⁵

Perry-Revolver Clients

The top 45 clients hiring Perry revolvers paid them between \$24 million and \$42 million since 2001 (see table below). This section chronicles some of the biggest victories and defeats that these wealthy clients experienced in Austin during the Perry years. It ends with the mother-of-all revolving-door scams: human-service privatization.

HMO veto

Perry vetoed a record 78 bills in one day in what became known as the 2001 “Father’s Day Massacre.” The most controversial Perry veto nixed a proposal to force insurers to pay health-care providers quickly.¹⁶ Perry himself hailed this bill as a medical milestone two weeks before he vetoed it on the grounds that it would prevent insurers from forcing billing disputes into arbitration rather than the courts.¹⁷ A doctor who promoted that bill for the Texas Medical Association accused Toomey of using his influence as the top lobbyist for Texans for Lawsuit Reform to kill the bill on behalf of Toomey’s HMO clients, including Aetna, Cigna and USA Managed Care.¹⁸ Toomey told the *Austin American-Statesman* that he urged Perry’s staff to veto the bill but never discussed it with Perry.¹⁹

Dead peasants

UBS announced in 2002 the hiring of retiring U.S. Senator Phil Gramm as the Swiss bank’s vice chair. A week later Gramm transferred \$610,000 of leftover campaign funds to Governor Perry. With revolvers Ray Sullivan and Victor Alcorta on UBS retainer in 2003, Gramm urged Perry to take out “dead peasant” life insurance policies on state workers so the state could profit from their deaths. The macabre idea bombed as soon as it went public. Terence Ellis told the *Dallas Morning News* that Perry sacked him as chair of the Teacher Retirement System because he refused to fire retirement system Executive Director Ronnie Jung. Ellis said the Governor’s Office blamed Jung for leaking Gramm’s scheme to reporters.²⁰



Gramm

Slot machines

Convening a special legislative session on Texas’ perennial school-funding crisis in 2004, Governor Perry proposed legalizing slot machines at Indian reservations and race tracks.²¹ Laying the groundwork in 2003, Perry Chief of Staff Mike Toomey and Assistant Attorney General Barry McBee authorized the Texas Lottery Commission to hire a Las Vegas law firm to draft slot-machine legislation.²² Perry failed to sell lawmakers on the scheme, which was a potential jackpot for Toomey-Shelley client Sam Houston Race Park, Johnson-Toomey client [Big City Capital](#), Saenz client OS Consulting²³ and slot-machine maker Multimedia Games, which retained revolvers Bill Jones, Billy Phoenix and Mike Toomey.

Lottery privatization

With Ray Sullivan hustling for UBS in late 2006, UBS Vice Chair Phil Gramm pitched Perry aide Phil Wilson on privatizing the Texas Lottery (operated by Cliff Johnson client GTECH). Perry said in his 2007 State of the State address that Texas could get \$14 billion selling the state lottery to Wall Street.²⁴ Other banks making lottery pitches to Perry included Luis Saenz client Lehman Brothers and Bill Jones client Merrill Lynch. A TPJ [study](#) of lottery privatization proposals received by the Governor’s Office found that the sales price rose according to how much the state agreed to expand gaming. The most ambitious proposal came from Shelley client Aces Wired, headed by big Perry donor Gordon Graves.²⁵ A year

before his indictment for operating hundreds of illegal gambling machines in Texas,²⁶ Graves urged Perry to use lottery privatization to let a consortium of companies operate a slew of games on the state's behalf. Governor Perry failed to sell this Lottery ticket to the legislature.²⁷

Top Clients of Perry's Revolvers, 2001 through July 2011

Max. Value of Contracts	Min. Value of Contracts	Client	Annual Contracts	Top Perry Revolver
\$2,700,002	\$2,400,000	Hunt Companies, Inc.	10	*Mark Smith
\$1,985,000	\$1,135,000	AT&T Corp.	20	Mike Toomey
\$1,450,000	\$950,000	GTECH Corp	10	*Cliff Johnson
\$1,250,000	\$745,000	UnitedHealth Group	15	Chris Cronn
\$1,185,000	\$585,000	TX Council of Engineering Co's	16	Peyton McKnight
\$1,150,000	\$575,000	City of Houston	12	Cliff Johnson
\$1,100,000	\$800,000	McGinnis Lochridge & Kilgore	6	Royce Poinsett
\$1,070,000	\$495,000	Harris Co. Commissioners Court	20	Dan Shelley
\$1,060,000	\$575,000	SBC Communications, Inc.	11	Ray Sullivan
\$1,050,000	\$525,000	Altria-Philip Morris & UST	11	Luis Saenz
\$1,000,000	\$500,000	City of Austin	10	Cliff Johnson
\$1,000,000	\$500,000	Up. Neches R. Mun'l Water Auth.	10	*Cliff Johnson
\$975,000	\$480,000	Swisher International, Inc.	18	Billy Phenix
\$950,000	\$550,000	Sam Houston Race Park	10	Mike Toomey
\$930,000	\$800,000	Thompson & Knight	8	*Victor Alcorta
\$900,000	\$450,000	Alabama-Coushatta Tribe	9	Patricia Shipton
\$900,000	\$550,000	Green Mountain Energy	9	*Mike Toomey
\$900,000	\$450,000	Lower Colorado River Authority	10	Cliff Johnson
\$900,000	\$440,000	Multimedia Games, Inc.	12	Billy Phenix
\$850,000	\$425,000	Affiliated Computer Services (ACS)	10	Mike Toomey
\$850,000	\$500,000	HNTB Corp.	7	*Ray Sullivan
\$825,000	\$530,000	Texans for Economic Progress	8	*Robert Howden
\$800,000	\$500,000	American Electric Power	6	*Robert Black
\$800,000	\$400,000	CIGNA Corp.	9	*Mike Toomey
\$800,000	\$400,000	Lee M. Bass, Inc.	8	*Cliff Johnson
\$800,000	\$425,000	Texans for Lawsuit Reform	9	*Mike Toomey
\$800,000	\$600,000	TX Assn. of Life & Health Insurers	4	*Jennifer Ahrens
\$800,000	\$400,000	TX Telephone Assn.	8	*Cliff Johnson
\$770,000	\$375,000	Brazos Higher Educ. Service Corp.	11	*Dan Shelley
\$760,000	\$500,000	State Farm Insurance Co	6	*Mike Toomey
\$750,000	\$500,000	Allied Waste North America	5	*Cliff Johnson
\$750,000	\$500,000	ExxonMobil Corp	5	Royce Poinsett
\$750,000	\$500,000	Wholesale Beer Distributors of TX	5	Royce Poinsett
\$735,000	\$360,000	Merck & Co.	11	*Mike Toomey
\$725,000	\$410,000	Liberty Mutual Insurance Co.	8	*Mike Toomey
\$725,000	\$360,000	Waste Control Specialists	8	*Cliff Johnson
\$720,000	\$350,000	Lockheed Martin Aeronautics Co.	9	Dan Shelley
\$710,000	\$350,000	Ryan & Co.	8	Robert Howden
\$700,000	\$350,000	Reliant Energy, Inc.	7	*Cliff Johnson
\$700,000	\$350,000	UBS	7	Ray Sullivan
\$670,000	\$325,000	Apple Computer, Inc.	9	*Dan Shelley
\$650,000	\$350,000	Vinson & Elkins	6	Bill Jones
\$625,000	\$305,000	Hewlett-Packard Co.	11	Mike Toomey
\$625,000	\$335,000	Luminant Holding Co.	8	Phil Wilson
\$600,000	\$300,000	TX Assn. of Realtors	7	*Mike Toomey

*This was the only Perry revolver to represent this client while Perry was governor.

Power grid

West Texas' wind-farm boom overwhelmed the electric grid that links these rotors to energy-hungry cities farther East. Lawmakers and the governor directed Perry's Public Utility Commission (PUC) to expand the grid, with Perry's deputy chief of staff Phil Wilson estimating that the fix would cost ratepayers several hundred million dollars.²⁸ That price ballooned to \$5 billion when the PUC awarded the contracts in 2009.²⁹ The fattest contract—worth \$1.3 billion—went to a unit of Texas Energy Future Holdings. That company had Luis Saenz on retainer and had hired Perry staffer Phil Wilson to be an executive lobbyist at its Luminant unit. The PUC also awarded: A \$789 million grid contract to Robert Black client American Electric Power; and A \$750 million contract to the Lower Colorado River Authority represented by Cliff Johnson.



Wilson

Tobacco lobby

Before the governor hired him in 2008, Perry spokesman Mark Miner lobbied for U.S. Tobacco (UST), which sought to exempt smokeless tobacco from tax hikes proposed in 2006.³⁰ Texas lawmakers and Governor Perry then decided in 2009 to tax smokeless tobacco by weight rather than value.³¹ This helped makers of high-cost, low-weight snuff, including U.S. Tobacco, then being acquired by Luis Saenz client Altria-Philip Morris. Yet the tax change slashed sales of weighty, low-cost chewing tobacco. Chaw producers demanded a tax cut in 2011, when Mail Pouch tobacco owner Swisher International had Perry revolvers Billy Phenix, Patricia Shipton and Mark Borskey in its back pocket. Pushed by chaw-chewing Rep. Allan Ritter, the bill passed the House but died in the Senate.³²

Disaster master

Hurricanes Dolly and Ike both slammed Texas' Gulf Coast in 2008, spurring \$3 billion in federal relief aid to the State of Texas. Perry assigned then-General Counsel Brian Newby to head his Division of Disaster Recovery and Renewal. When Newby returned to his old firm of Cantey Hanger to lobby in early 2009, Perry hired Ellen Witt—a former Vinson & Elkins lobbyist— as his new in-house disaster aide.³³ Governed by Perry appointees, the Department of Rural Affairs then awarded \$56 million to Ray Sullivan client HNTB to oversee coastal reconstruction. The *Austin American-Statesman* revealed that HNTB got paid and its contract got expanded as coastal rebuilding lagged.³⁴ A month after the state terminated this disastrous contract, the Department of Public Safety contracted with HNTB to oversee Texas wildfire relief, the *Statesman* reported.³⁵ In this wacky world of privatization, nothing succeeds like failure.

Trashing Texas

Perry's Commission on Environmental Quality appointees awarded a 2009 monopoly for a low-level nuclear waste dump to Cliff Johnson client Waste Control Specialists (the company previously retained Ray Sullivan).³⁶ Waste Control's original license just covered junk from Texas and Vermont. In 2011, the year Waste Control hired Toomey, a Perry-appointed majority of the Texas Low-Level Radioactive Waste Compact Commission voted to open the dump to 36 other states.³⁷ This made Waste Control head Harold Simmons (who gave more than \$1 million to Perry's gubernatorial campaigns) the owner of the nation's default low-level nuclear waste dump.

Grand Old Green Party

Mike Toomey orchestrated one of two GOP petition drives to put the Green Party on the Texas ballot in 2010. The GOP hoped that the Greens (which later won just 0.4 percent of the gubernatorial vote) would win votes from Democratic challenger Bill White. After Democrats sued to knock the Greens off the ballot, Garrett Mize testified that the GOP consulting firm of ex-Perry communications director Eric Bearse recruited him for the petition drive.³⁸ Mize said Toomey used his own, personal checks to pay

him \$2,000 a month until Mize quit in disgust in April.³⁹ “I just got a call that a republican in texas wants to give us 40% of the cost of petitioning,” Green Party Statewide Coordinator Kat Swift wrote in a March 2010 email that identified the caller as Anthony Holm.⁴⁰ Holm, who worked for the Governor’s Office in 2002 and 2003, is the spokesman for Governor Perry’s No. 1 donor, Houston homebuilder Bob Perry. Holm, who has not registered to lobby, works for the Patriot Group, a GOP consulting firm.

Forensic fire

Dell Computer lobbyist David Cabrales worked at Locke Lord Bissell & Liddell before and after serving as Perry’s general counsel. Cabrales helped the Governor’s Office put out fires for two years starting in late 2007. Perry’s office had become worried about a Forensic Science Commission probe into the flimsy evidence that led to the 2004 execution of Cameron Todd Willingham for incinerating his children. Ex-Commission Chair Sam Bassett told the *Chicago Tribune* that Cabrales “pressured” him over the probe before Perry sacked Bassett and two other commissioners in 2009.⁴¹ Perry also appointed Cabrales to four state agencies, including the Racing Commission and the Economic Development Corp.⁴²

Jerry-built

Texas lawmakers created the Texas Residential Construction Commission (TRCC) in 2003 to mediate disputes between builders and buyers of new homes. The attorney of Rick Perry’s No. 1 individual donor (Houston homebuilder Bob Perry) helped lawmakers design the agency. Then Perry just appointed industry people—including the Perry Homes’ lawyer—to the TRCC board. The board hired gubernatorial aide Stephen Thomas to head the agency. This industry trade group masquerading as a state agency was such an indefensible waste of resources that lawmakers abolished it in 2009. Bob Perry’s confidence in Thomas survived, with the builder contributing \$25,000 to Thomas’ failed 2010 Texas House bid.⁴³ Dental Health Management Solutions based outside Austin hired Thomas as its vice president of government relations and appointed ex-Perry Insurance Commissioner Jose Montemayor⁴⁴ to its advisory board. It is the rare dental company that bags two toothless Perry regulators.



Thomas

Human-service privatization

Eight House sophomores mentored by then-Rep. Mike Toomey became known as the “Pit Bulls” for aggressively opposing spending on the 1987 Appropriations Committee. They included then-Democratic Rep. Rick Perry and three other Pit-Bull Democrats who became part of Perry gubernatorial advisory cabinet: Cliff Johnson, Dr. Mike McKinney and Ric Williamson.⁴⁵ In the public and private sectors, Perry’s brain trust has pushed the idea that privatization magically reduces government spending. The ultimate testing ground for this theory lies in Texas’ multi-billion-dollar spending on human services.

Pit-Bull Mike McKinney is a revolving-door privatization pioneer. When he left the House in 1991, McKinney became a consultant to Texas’ Health Commissioner. Texas’ Medicaid contractor, EDS’ National Heritage Insurance Co., then hired McKinney as its vice president in 1993. Next Governor Bush appointed McKinney to be Health & Human Services (HHS) Commissioner in 1995, as Bush and legislative director Dan Shelley pushed welfare privatization through the legislature.⁴⁶ Meanwhile McKinney’s National Heritage renegotiated its Texas Medicaid contract in 1998 to eliminate caps on administrative fees (it paid \$28.4 million by 2004 to settle charges that it gouged Texas).⁴⁷ Finally, HHS Commissioner McKinney implemented a state Medicaid HMO system before he resigned in 1998.

That same year Centene Corp. hired McKinney as an executive and Centene's Superior Health Plan unit landed a contract to be Texas' HMO Medicaid provider in the El Paso region. Aided by lobbyist and future Perry Legislative Director Patricia Shipton, Centene also won HMO Medicaid contracts for the Austin and San Antonio areas in 2000. Months before Governor Perry hired McKinney as his chief of staff in 2001, this Centene executive was the only House witness to testify for a failed bill to let HMOs treat border-area patients in Mexico.⁴⁸

Texas ramped up privatizations in 2003 by passing a bill that folded 12 human service agencies into five.⁴⁹ To help her draft her bill, Republican Rep. Arlene Wohlgemuth rehired Chris Britton, who had left her office to become Governor Perry's health advisor.⁵⁰ Wohlgemuth and Britton crafted a bill that was a huge success—for them. Accenture retained Chris Britton before it landed an \$899 million state call-center contract in 2005. Texas aborted that disastrous contract in 2007. Wohlgemuth launched a lucrative health-care lobby shop in 2005. One of her clients was a state contractor company headed by Gregg Phillips, who implemented Wohlgemuth's restructuring as Texas' deputy HHS Commissioner.⁵¹ Wohlgemuth's lobby shop also hired Britton's wife, Tiffany, and Wohlgemuth's lobbyist daughter Chris Wohlgemuth went to work for the Governor's Office.

UnitedHealth's Evercare unit was another early HMO Medicaid contractor. UnitedHealth lobbyist Mike Toomey razed Perry HHS Commissioner Albert Hawkins at the Capitol during the 2005 session for moving too slowly to expand the HMO Medicaid program. "Goddamit, Albert, I told you you should have rolled this out before the session," Toomey told Hawkins. Hawkins said Toomey was "teasing."⁵² Yet Hawkins did expand the program in 2007, awarding new contracts to AMERIGROUP Corp., Evercare, Molina Healthcare and Superior Health. Nursing homes and health care providers complained that the HMOs refused to pay their bills⁵³ and Medicaid patients complained that Evercare saved money by not providing in-network doctors. HHSC fined Evercare a record \$645,890 in early 2008.⁵⁴ It was a small fraction of the \$1.5 billion in contracts that the agency has awarded to Evercare in recent years.⁵⁵ A month before HHSC levied the fine, Perry revolver Chris Cronn went to work for UnitedHealth, which retained Luis Saenz in 2011. Ex-Perry health advisor Ann-Marie Price joined AMERIGROUP in 2010. The *Texas Observer* reported that Perry revolver Robert Howden became a CGI Technologies lobbyist in 2011, two days before the company landed an \$8 million contract to manage HHSC Medicaid payment data.⁵⁶ Perry's Texas Enterprise Fund then awarded CGI \$1.8 million to open a Texas office.⁵⁷

Perry's Single-Client Revolvers

Lobbyist	Client	Max. Value of Contracts	Gubernatorial Payroll	Lobby Period(s) From 2001-2011
Peyton McKnight	TX Council of Engineering Co's	\$900,000	1/02-2/03	2/03-12/11
Jennifer K. Ahrens	TX Assn Life & Health Insurers	\$800,000	11/04-12/05	6/08-12/11
Chris Cronn	UnitedHealth Group	\$750,000	12/06-8/07	1/08-12/11
S. Phil Wilson	Energy Future Holdings/Luminant	\$470,000	2/02-6/07	7/08-10/11
Ann-Marie Price	AMERIGROUP Corp.	\$300,000	9/07-2/09	7/10-12/11
Erin Ferris	DePelchin Children's Center	\$200,000	6/05-9/06	8/10-12/11
David Cabrales	Dell, Inc.	\$100,000	9/07-8/09	1/11-12/11
John B. Hofmann	Brazos River Authority	\$100,000	1/01-9/01	1/04-12/07
Christen Wohlgemuth	TX Pharmacy Assn.	\$100,000	1/07-6/08	1/06-12/06
Sally Aiello	Wal-Mart Stores, Inc.	\$75,000	2/05-8/05	3/07-12/09
Jeff Moseley	Gr. Houston Partnership	\$60,000	9/03-6/05	8/05-12/07
Eric Bearse	Provident Realty Advisors, Inc.	\$50,000	1/01-7/02; 12/02-8/07	2/10-12/10
Bech K. Bruun	Brazos River Authority	\$50,000	1/01-7/04; 8/05-6/07	8/10-12/11
Justin Yancy	Governor's Business Council	\$40,000	4/01-7/01	3/08-12/11
Stephen D. Thomas	Dental Health Mgmt. Solutions	\$25,000	10/01-10/03	1/11-12/11
Mary Katherine Stout	TX Public Policy Foundation	\$20,000	7/08-1/11	1/07-7/08
Michael D. McKinney	Centene Corp.	\$10,000	9/01-11/02	1/01-8/01
TOTAL:		\$4,050,000		

Notes

- ¹ Due to rehires, the Governor's Office hired these 850 people 901 times.
- ² ["Peddling Welfare-Privatization Boondoggles,"](#) TPJ's Watch Your Assets, July 18, 2007.
- ³ "Concern Grows As Lobby Revolves," *Dallas Morning News*, February 17, 2005.
- ⁴ "Trans-Texas Firm Hired Ex-Perry Aide," *Dallas Morning News*, August 18, 2006.
- ⁵ ["Con Job: Most Enterprise Fund Grantees Failed to Deliver in 2010,"](#) TPJ's Watch Your Assets, November 2011.
- ⁶ ["Phantom Jobs: The Texas Enterprise Fund's Broken Promises,"](#) TPJ's Watch Your Assets, September 8, 2010.
- ⁷ "Veterans for Perry and Jobs for Vets."
- ⁸ "Vinson Elkins Boosts Capital Presence with Addition of Jones and Texas Capitol Group," *Quorum Report*, January 18, 2006.
- ⁹ ["Special Sessions for Special Interests,"](#) Texans for Public Justice, April 2006. See also "Elinor Mire's Race with Cancer and the Insurers for AISD," *Austin Chronicle*, July 23, 2003.
- ¹⁰ "Former Perry Aide Among Contractors Seeking Overhaul Job," *Houston Chronicle*, November 9, 2003. See also ["Peddling Welfare-Privatization Boondoggles,"](#) TPJ's Watch Your Assets, July 18, 2007.
- ¹¹ Ryan & Co. also employed ex-Democratic Comptroller John Sharp. Governor Perry tapped this former rival to head his 2004 Tax Reform Commission. Perry also appointed Howden to that panel, which led a failed attempt to overhaul state business taxes.
- ¹² "Bypassed," *El Paso Times*, June 19, 2011.
- ¹³ "Governor's Press Secretary Leaving for Consultant Job," *Dallas Morning News*, July 15, 2008.
- ¹⁴ "Foul Water," *Texas Monthly*, October 2002. See also the V.A. Stephens brief, *Texas Weekly*, February 10, 2003.
- ¹⁵ "Man with Checkered Financial History Profited on Private Deals While Running Texas Emerging Technology Fund," *Dallas Morning News*, March 5, 2011.
- ¹⁶ "Ex-Chief of State Fund Makes Own Tech Pitch," *Austin American-Statesman*, October 14, 2010.
- ¹⁷ HB 1862.
- ¹⁸ ["Governor Perry's War Chest: Who Said 'Yes' To 'Governor No?'"](#) Texans for Public Justice, October 2, 2002.
- ¹⁹ ["Dr. Issues Killer Post-Mortem on Perry's Prompt-Pay Veto,"](#) TPJ's Lobby Watch, October 8, 2001.
- ²⁰ "Texas Lobbyist Insists Friendship With Governor Doesn't Help Clients," *Austin American-Statesman*, August 26, 2001.
- ²¹ "Perry Stocked Boards of Texas Teacher Pension Fund, Other Agencies with Political Allies," *Dallas Morning News*, December 3, 2011.
- ²² ["Special Sessions for Special Interests,"](#) Texans for Public Justice, April 2006. "Perry's Trip Is a Fond Memory—for his Foes," *Austin American-Statesman*, February 17, 2006.
- ²³ "Toomey Lobbying for Industry He Once Touted," *Houston Chronicle*, January 13, 2005. "Las Vegas Firm Hired to Draft Slot Rules," *Austin American-Statesman*, May 20, 2004. Perry-appointed Lottery Commissioner James Cox recommended the Las Vegas firm Lionel Sawyer and Collins.
- ²⁴ Big City Capital front man Billy Bob Barnett also moved political money through his firm OS Consulting.
- ²⁵ Days later Perry raised the price to \$20 billion. UBS helped privatize the lotteries of two showcase states: Italy and Greece.
- ²⁶ Graves contributed \$114,502 to Perry's gubernatorial campaigns.
- ²⁷ Graves pled guilty to a felony count of tampering with evidence, agreed to pay a \$10,000 fine and received two years of deferred adjudication. "8-Liner Case Ends With Guilty Pleas, No Prison Time," *Austin American-Statesman*, August 18, 2009.
- ²⁸ Republican Rep. Dennis Bonnen introduced the failed idea as House Bill 3973.
- ²⁹ ["Wind Energy in Texas Gets \\$10 Billion Boost,"](#) Renewable Energy World.com, October 4, 2006.
- ³⁰ ["Political Juice Amped Up \\$5 Billion Power-Grid Contracts,"](#) TPJ's Lobby Watch, March 15, 2010.
- ³¹ ["Mouth Cancer Trumps Lung Cancer in Lobby,"](#) TPJ's Lobby Watch, May 11, 2006.
- ³² House Bill 2154.
- ³³ House Bill 2599. ["Chewing Over A Chaw Tax Cut,"](#) TPJ's Lobby Watch, May 11, 2011.
- ³⁴ Witt lobbied in 2003 for the Baylor College of Medicine, the Texas Children's Hospital and Halliburton. Between Vinson & Elkins and the Governor's Office Witt served as the Texas Department of Agriculture general counsel and as deputy attorney general.

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- ³⁴ “Oversight Spending Outpaces Aid Grants,” *Austin American-Statesman*, October 4, 2011. “Perry, HNTB Collect Windfalls from Hurricanes Dolly and Ike,” TPJ’s *Lobby Watch*, October 6, 2011. “State Workers Cut While Firm Spends,” *Statesman*, November 1, 2011. “Firm’s Bills Raised Concern,” *Statesman*, November 14, 2011. “Firm Shaped State Aid Work,” *Statesman*, November 20, 2011.
- ³⁵ “Firm Poised to Earn More,” *Austin American-Statesman*, December 6, 2011.
- ³⁶ “[Nuclear Compact with the Devil](#),” TPJ’s *Lobby Watch*, April 29, 2010.
- ³⁷ “Commission Approves Rules for Low-Level Radioactive Waste Importation to West Texas,” *Midland Reporter-Telegram*, January 4, 2011. “Importing Low-Level Radioactive Waste OK’d,” *Austin American-Statesman*, January 5, 2011.
- ³⁸ Revolving-door Perry spokesman Mark Miner told the *Statesman* at the time, “Our campaign had nothing to do with the Green Party getting signatures.” (“Judge Rules Green Party Ineligible for Texas Ballot,” *Austin American-Statesman*, September 24, 2010.) Bearse was a spokesman for Perry’s mass prayer rally in August 2011, though he ostensibly represented the American Family Association and not his longtime boss. “[Rick Perry Keeps the Faith](#),” *Texas Observer*, September 22, 2011.
- ³⁹ “Former Perry Aide Paid for Aborted Green Party Petition Effort,” *Austin American-Statesman*, June 24, 2010.
- ⁴⁰ “[Perry Campaign Consultant Named in Ballot Scandal](#),” Lone Star Project, July 6, 2010.
- ⁴¹ “Former Head of Texas Forensics Panel Probing 1991 Fire Says He Felt Pressured by Gov. Perry Aides,” *Chicago Tribune*, October 12, 2009.
- ⁴² Perry also appointed Cabrales to the Occupational Therapy Examiners Board and the Gulf Coast and Atlantic States Regional Task Force.
- ⁴³ “Homebuilder Bob Perry Gives \$25k to House GOP Candidate,” *Dallas Morning News*, February 25, 2010. Charles Schwertner beat Thomas and two other GOP candidates in the primary race to replace retiring Rep. Dan Gattis.
- ⁴⁴ This Perry appointee should not be confused with Supreme Court Justice Sonia Sotomayor, as Governor Perry seemed to do in a meeting with the editorial board of the *Des Moines Register*.
- ⁴⁵ Williamson died in late 2007. “Texas Lobbyist Insists Friendship With Governor Doesn’t Help Clients,” *Austin American-Statesman*, August 26, 2001. “Texas Lobbyist Mike Toomey Is Force Behind Rick Perry,” *Texas Tribune/New York Times*, October 15, 2011.
- ⁴⁶ “[Peddling Welfare-Privatization Boondoggles](#),” TPJ’s Watch Your Assets, July 18, 2007.
- ⁴⁷ “Naked City,” *Austin Chronicle*, March 2, 2001. “Nothing Like a Grand Jury to Perk Things Up,” *Texas Weekly*, February 26, 2001. See also TPJ’s “Bush Donor Profile” of EDS President [Jeffrey Heller](#).
- ⁴⁸ “[Is Mike McKinney Salve or Salt in Wound Perry Dealt Docs?](#)” TPJ’s *Lobby Watch*, September 5, 2001.
- ⁴⁹ House Bill 2292.
- ⁵⁰ “State of Neglect: Outsourcing Enriches Contractors, Ex-Legislators,” *Dallas Morning News*, January 5, 2009.
- ⁵¹ Phillips headed GHT Development. For more on Phillips, see “State’s No. 2 Health Official Decides to Resign,” *Houston Chronicle*, July 17, 2004; “Lobbyist Hired State Official’s Former Partner,” *Houston Chronicle*, August 5, 2004.
- ⁵² “Hawkins’ Talk With HMO Lobbyist Eyed,” *San Antonio Express-News*, February 13, 2005. “Concern Grows as Lobby Revolves,” *Dallas Morning News*, February 17, 2005.
- ⁵³ “[Peddling Welfare-Privatization Boondoggles](#),” TPJ’s Watch Your Assets, July 18, 2007.
- ⁵⁴ “Is Texas Looking Out for You? Health-Care Outsourcing is Rolling On, But Many Patients Suffer from the Silent Treatment,” *Dallas Morning News*, January 4, 2009.
- ⁵⁵ See the Texas Legislative Budget Board spreadsheet available at: http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=20&ved=0CHIQFjAJAOa&url=http%3A%2F%2Fwww.lbb.state.tx.us%2FContracts%2FContracts_2010.xlsx&ei=l4e9Ttn8D4-A2AWZx82vBQ&usg=AFQjCNG7ZA7FIJAAHXcjLUpzMOLbAwWTPw
- ⁵⁶ “The V.I.P. Room,” *Texas Observer*, November 30, 2011.
- ⁵⁷ “Governor Perry Announces TEF Investment in CGI Group, Inc.,” Governor’s Office press release, October 17, 2011.