

LOBBY WATCH



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Who Are BJ's Deep Throats?

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\$2.6 Million in Contributions Help Mystery 'Oral' Applicant Secure \$250 M. in F1 Funding

Recent revelations about Texas' Formula One franchise securing \$250 million in state subsidies through an alleged "oral application" makes folks wonder, "How do you get a deal like that?" Try giving politicians a small slice of every state subsidy dollar you seek.

Circuit of the Americas, Texas' F1 franchise, sports tinted windows that don't reveal all of its investors. Still, Texas politicians have received \$2.6 million since 2000 from individuals with apparent Circuit ties. This includes \$1.2 million since the first reports of Texas' F1 deal surfaced in 2010. F1's top political cheerleaders rank among the biggest recipients of this booty.

Texas Land Commissioner Jerry Patterson, who received \$12,500 from F1 investors, is a different breed. In 2012 he asked Attorney General Greg Abbott if the state could legally fund F1, given that there was no evidence of any local authority ever applying to host the event, as required by law.

Two Circuit Events Local Organizing Committee (CELOC) board members resigned when CELOC solicited state funding for F1 that year.

Ex-board member Stephanie Richmond swore in an affidavit in late 2013 that the board never applied to F1 (board minutes corroborate her account).¹

Comptroller Susan Combs still pledged \$250 million to F1, paying \$50 million to date. Her office presented the attorney general with a May 2011 letter in which F1 CEO Bernie Ecclestone wrote that he had approved an F1 application from Austin. Yet Ecclestone's letter predates CELOC's creation by several weeks and city and county officials say they never applied.²

Combs also presented the attorney general with a fascinating hypothetical. "A second possibility is that the application to Formula One Management Limited was oral, not written, so that a public information request would not elicit a copy," her office wrote.

Recently Circuit officials Bobby Epstein and Jason Dial endorsed the oral-applicant theory. Yet *nobody* will say who orally applied to whom on what day. This vaporous basis for a quarter-billion dollars begs a question. *Who* are the mysterious Deep Throats who secretly lip serviced tax payments of \$250 million to F1?

Don't ask "the people's lawyer." Ducking F1 eligibility issues, Abbott's office argued that it had to take Combs' F1 claims at face value. An Abbott deputy wrote that the Comptroller need not verify F1's alleged application.¹

The Circuit's top political contributor is investor B.J. "Red" McCombs, who pumped \$1.8 million into Texas elections since 2000. On his tail is hair-product guru Jean Paul DeJoria, who lathered Texas politicians up with almost \$217,000.

Circuit investors are expert drivers. They steered much of their \$2.6 million to key players in the F1-subsidy debacle. The top 10 recipients of Circuit cash include Governor Rick Perry, Abbott, Comptroller Combs and Wendy Davis.

Perry attended the F1 Italian Grand Prix with Epstein in 2012, as his appointee-headed Texas Teachers Retirement System invested \$200 million in state funds in F1's holding company.³

Another top recipient of Circuit cash is GOP Senator Glenn Hegar, Combs' most-likely successor. Hegar has not taken a clear stand on the Circuit controversy. His Democratic opponent, Mike Collier, recently said he would stop payments to Circuit of the Americas until he ensures that they are legal.⁴

Likely Abbott successor Ken Paxton bagged \$6,000, including \$5,000 from Red McCombs last month. Austin Senator Kirk Watson received \$5,000 from Circuit investors led by McCombs. Watson authored a bill to enable public funding for F1. He recently criticized Combs for not protecting taxpayers in the deal.¹

The taxpayer-funded Circuit of the Americas is disputing its Travis County property tax assessment. It alleges that its \$273 million assessment is 2.5 times the actual value of its prestigious racetrack.⁵

F1 Contributors to Texas Politicians (as of 9/25/2014)

Amount (Since '00)	Amount (Since '10)	Contributor	Company	Top Candidate (Since 2010)
\$1,833,770	\$669,800	B.J. 'Red'/Charline McCombs	McCombs Enterprises	D. Dewhurst (\$112,500)
\$216,685	\$156,685	Jean Paul DeJoria	Jean Paul Mitchell Sys.	B. Smitherman (\$84,100)
\$140,000	\$120,000	Mark Hart	Corriente Advisors LLC	W. Davis (\$120,000)
\$138,500	\$87,500	J. Kyle Bass	Hayman Advisors, LP	R. Perry (\$75,000)
\$48,500	\$43,500	James/Ashley Weaver	McCombs Enterprises	G. Abbott (\$20,000)
\$38,761	\$26,011	Frank Ford Smith*	Texas Enterprises	G. Abbott (\$8,000)
\$36,000	\$24,000	Napier Lanham	Rackspace Hosting	R. Perry (\$10,000)
\$33,000	\$3,000	Marsha McCombs Shields	McCombs Enterprises	K. Paxton (\$1,000)
\$28,499	\$26,749	Robert/Susan Epstein	Prophet Capital	B. Deuell (\$10,000)
\$28,100	\$15,500	Rad Weaver	McCombs Enterprises	T. Staples (\$9,000)
\$20,750	\$20,750	Kurt/Melani Rechner	Prophet Capital	G. Hegar (\$13,000)
\$16,250	\$2,500	Gary Woods	McCombs Enterprises	J. Straus (\$2,500)
\$9,500	\$5,000	McCombs Enterprises	McCombs Enterprises	Allen Fletcher (\$2,500)
\$8,000	\$8,000	Michael Hirschberg	Prophet Capital	G. Hegar (\$8,000)
\$7,500	\$6,500	R. Terrell McCombs	McCombs Enterprises	R. Perry (\$6,000)
\$7,500	\$7,500	Catherine Toran	Prophet Capital	G. Hegar (\$5,000)
\$2,500	\$2,500	Shawn M Rosenzweig	McCombs Enterprises	G. Abbott (\$1,500)
\$1,000	\$0	David Ferdman	CyrusOne	
\$1,000	\$1,000	Anthony Rimas	McCombs Enterprises	S. Combs (\$1,000)
\$1,000	\$1,000	Steven Sexton	Circuit of the Americas	S. Combs (\$1,000)
\$1,000	\$0	John Tatum	Prophet Equity	
\$600	\$600	Kam/Kathryn Kronenberg	Downstream Investments	Jeffrey Rose (\$600)
\$2,618,415	\$1,228,095	TOTALS		

*Note: some contributions by Ford Smith Jr. and Ford Smith Sr. are difficult to differentiate.

Top Recipients of F1 Contributions (as of 9/25/2014)

Amount Since 2000	Amount Since 2010	Recipient	Top F1 Contributor (Since 2010)
\$655,654	\$176,600	Rick Perry	J. Kyle Bass (\$75,000)
\$256,485	\$151,485	Greg Abbott	Jean Paul DeJoria (\$56,985)
\$235,500	\$114,500	David Dewhurst	Red McCombs (\$112,500)
\$165,500	\$127,500	Texans for Lawsuit Reform PAC	Red McCombs (\$127,500)
\$125,000	\$105,000	Wendy R. Davis	Mark Hart III (\$125,000)
\$105,600	\$0	John Shields (McCombs' son-in-law)	
\$103,000	\$103,000	Barry Smitherman	Jean Paul DeJoria (84,100)
\$99,011	\$79,011	Susan Combs	Red McCombs (\$53,500)
\$59,100	\$0	Republican Party of TX	
\$50,816	\$0	Carole Keeton Strayhorn	
\$50,000	\$47,500	Glenn A. Hegar, Jr.	Kurt Rechner (\$13,000)
\$50,000	\$0	John Sharp	
\$45,000	\$0	Ted Cruz	
\$38,750	\$34,000	Joe Straus/House Leadership Fund	Red McCombs (\$22,000)
\$35,450	\$22,500	Associated Republicans of TX	Red McCombs (\$22,500)
\$36,000	\$27,500	Elizabeth Ames Jones	Red McCombs (\$27,500)
\$23,000	\$8,000	TX Civil Justice League PAC	Red McCombs (\$7,000)
\$23,000	\$11,000	Judith Zaffirini	Epstein/McCombs (\$5,000 ea.)
\$20,000	\$0	John Cornyn	
\$15,000	\$5,500	TX Auto. Dealers Assn. PAC	Red McCombs (\$3,500)
\$14,500	\$4,000	The University PAC	Red McCombs (\$4,000)
\$13,500	\$0	Wallace Jefferson	
\$12,500	\$6,500	Jerry E. Patterson	Rechner/Toran (\$2,500 ea.)
\$12,000	\$2,000	Nathan L. Hecht	Red McCombs (\$2,000)
\$12,000	\$10,500	Harvey Hilderbran	Red McCombs (\$5,500)
\$11,250	\$2,000	Paul W. Green	Red McCombs (\$2,000)
\$11,000	\$0	Rackspace PAC	
\$11,000	\$0	Jesse 'Dale' Wainwright	
\$11,000	\$8,500	Don Willett	Jean Paul DeJoria (\$5,000)
\$10,000	\$10,000	Bob Deuell	Robert Epstein (\$10,000)
\$9,600	\$9,000	Todd Staples	Rad Weaver (\$9,000)
\$9,500	\$7,000	Renee F. McElhane	Red McCombs (\$7,000)
\$9,000	\$9,000	Donna Campbell	Red McCombs (\$9,000)
\$8,500	\$0	Michael Williams	
\$8,000	\$3,000	Steve Hilbig	Red McCombs (\$3,000)
\$7,500	\$1,000	TX Food & Fuel Assn. PAC	Frank Ford Smith (\$1,000)
\$7,000	\$3,000	Phil Johnson	Red McCombs (\$3,000)
\$6,800	\$6,500	Dan Branch	Red McCombs (\$6,500)
\$6,250	\$6,250	Jeff Boyd	Red McCombs (\$6,250)
\$6,000	\$6,000	Ken Paxton	Red McCombs (\$5,000)
\$5,000	\$5,000	Kelly Hancock	Red McCombs (\$5,000)
\$5,000	\$5,000	Don Huffines	Mark Hart III (\$5,000)
\$5,000	\$5,000	Michael J. Novak	Red McCombs (\$5,000)
\$5,000	\$5,000	Larry Taylor	Red McCombs (\$5,000)
\$5,000	\$3,750	Carlos Uresti	Red McCombs (\$3,750)
\$5,000	\$5,000	Kirk P. Watson	Red McCombs (\$4,000)
\$2,418,766	\$1,136,096	SUBTOTALS	

¹ "\$250M in State Funding for F1 Track in Question," *San Antonio Express-News*, September 13, 2014.

² An Austin city official told the *Express-News* that F1 and state officials approached the city about the deal, a process that she called "somewhat backwards." Ecclestone's letter also predates the \$100 million payment he made to a Munich court this August to settle F1-related criminal bribery charges. The pricey settlement contained no finding of innocence or guilt.

³ "Texas Teachers' Pension Invests \$200 Million in Formula One," *Austin American-Statesman*, October 24, 2012.

⁴ "Candidate Says He'd Block F1 Funds," *Austin American-Statesman*, October 3, 2014.

⁵ "COTA Raises \$152.6 Million to Redo Debt from Track," *Austin American-Statesman*, September 27, 2014.