

# LOBBY WATCH



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## GovWhiz Biz as Usual: October 12, 2015 Perry Promotes Stealth Contractor To *His* Lottery Commission Chief, Who Started a Stealth Perry Fund

Former Gov. Rick Perry has demonstrated—like nobody else can—how ripe Texas is for new state contracting scandals despite the [limited reforms](#) adopted in response to the [21CT scandal](#).

The *Austin American-Statesman*, which exposed the 21CT scandal, reported that Perry recently promoted secretive contractor GovWhiz to Perry-appointed Lottery Commission Chair J. Winston Krause. That scoop left out parts of Krause's resume that make these revolving-door gambits all the more disturbing.

The *Lotto Report* [uncovered](#) a 2010 federal court [ruling](#) against Krause's "tax chicanery." Judges found that Krause created a "Son of BOSS" tax shelter to offset his income by reporting to the IRS a "fraudulent \$2.79 million loss."<sup>1</sup>

With several other Perry insiders,<sup>2</sup> Krause later formed the political non-profit [Americans for Economic Freedom](#) in July 2013 to promote a Perry presidency.<sup>3</sup> Six weeks later, Perry [appointed](#) Krause to be Lottery Commission chair.<sup>4</sup> Krause's "dark-money" political fund need not report where its money comes from. Americans for Economic Freedom said in an IRS disclosure that in 2013 alone it raised \$2.5

million and spent \$1.3 million on [Perry puffery ads](#).<sup>5</sup>

Less than a month after Perry [abandoned](#) the presidential bid that Krause spent almost \$2 million promoting, Perry introduced Krause—his own Lottery Commission chair—to representatives of the secretive government contracting company GovWhiz, Inc.



Winston Krause

GovWhiz, which has not registered to do business in Texas, wants to outsource computer jobs to India, the *Statesman* [reported](#). The company's registered lobbyists are longtime Perry aide Kathy Walt and Karen Robinson.<sup>6</sup> Robinson was a Perry-appointed head of the Texas Department of Information Resources. This year the *Statesman* [reported](#) that Travis County prosecutors were investigating if Robinson illegally pressured 21CT and other state contractors to fund her pet charity: the Austin Rodeo.

If anyone at GovWhiz bankrolled Americans for Economic Freedom to cultivate the chairman of the Texas Lottery Commission, the public has no way to know. Nor do these insider dealings appear to violate the state's new contracting reforms. Mostly, they're dancing in the dark. ·

## Notes

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<sup>1</sup> “BOSS” stands for “Bond and Option Sale Strategy.”

<sup>2</sup> They include Perry presidential strategist Jeff Miller, Perry-appointed Texas Parks and Wildlife Commissioner Margaret Martin and Perry pal Marcus Luttrell.

<sup>3</sup> Krause and his Krause & Associates law firm gave \$9,824 to Perry’s gubernatorial campaigns. Such tribute was common among Perry appointees, who supplied [21 percent](#) of the \$110 million that he raised for his gubernatorial campaigns..

<sup>4</sup> Perry first appointed Krause to the Lottery Commission in March 2009.

<sup>5</sup> “Rick Perry’s Getting Band Back Together,” *Dallas Morning News*, August 21, 2013. “Rick Perry Returns to California, Looking Again to Lasso More Jobs,” *Dallas Morning News*, March 14, 2014.

<sup>6</sup> Both lobbyists report that GovWhiz is paying them from \$50,000 to \$100,000 apiece this year.