

LOBBY WATCH



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\$20,000 Loophole:

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Craddick-Tied PAC Cash All Routed To Just 8 GOP House Candidates

- Texas Law Bars Speaker Candidates From Giving To House Campaigns.

Tom Craddick was the No. 1 donor to a Republican leadership PAC that funneled \$176,500 directly into the 2002 war chests of eight House candidates—including seven backed by two political funds now under grand jury investigation. Craddick gave the Campaign for Republican Leadership (CRL) PAC \$20,000 of his own campaign funds. CRL also got \$100,000 from a bank loan that the PAC's chair, Rep. Kent Grusendorf, took out.

Texas passed a law to prevent speaker candidates from bribing their way into office after a House Speaker, state representative and Speaker's aide were convicted of criminal bribery in the 1972 Sharpstown scandal.¹ That law requires speaker candidates to establish separate campaign committees to cover any expenditures related to their speaker candidacy.

Speaker committees are severely restricted both in the contributions that they can receive and the expenditures that they can make. To discourage bribery, for example, Speaker's committees may not contribute to House candidates whom—if elected—then elect a Speaker from their ranks.

Craddick's House campaign—not his speaker committee—contributed \$20,000 to CRL PAC in October 2002, becoming the PAC's top donor. CRL PAC divided all of its \$176,500 in 2002 contributions between just eight GOP House candidates. Craddick could argue that this money was not intended to influence his Speaker's candidacy. But several facts complicate this argument, starting with Craddick's extremely close ties to this PAC, which acted like an adjunct of his speaker's campaign.

All Recipients of 2002 Campaign for Republican Leadership Money

2002 House Candidate	CRL Amount ²	TAB Amount	TRM Amount	ARM*	Total From the 4 PACs	Craddick-Bestowed Committee Plums
†Rick Green ²	\$53,500	\$37,068	\$27,815	\$2,500	\$140,883	(Lost election)
†Holt Getteman ²	\$35,000	\$12,395	\$33,706	\$2,000	\$83,101	(Lost election)
†Eugene Seaman	\$30,000	\$14,600	\$31,610	\$2,500	\$78,710	Insurance Vice Chair
Sidney Miller	\$20,000	\$1,000	\$53,245	\$10,000	\$84,245	Agriculture Vice Chair
Walter Christian	\$15,000	\$500	\$0	\$2,500	\$18,000	Financial Institutions Vice Chair
†Betty Brown	\$13,000	\$1,000	\$23,000	\$5,000	\$42,000	
†Richard Hardcastle	\$5,000	\$1,000	\$10,000	\$2,500	\$18,500	Agriculture Chair
David Swinford	\$5,000	\$0	\$5,000	\$0	\$10,000	Government Reform Chair
TOTAL:	\$176,500	\$67,563	\$184,376	\$27,000	\$475,439	

†Tom Craddick was the special courier enlisted to deliver some or all of this candidate's TRM PAC money.

*DeLay's Americans for a Republican Majority (ARM) is a federal cousin of Texans for a Republican Majority (TRM).

CRL PAC recipients

Not only was Craddick's campaign the top donor to CRL's PAC, but a Craddick lieutenant financed and controlled the PAC. Shortly after CRL PAC was founded, Rep. Kent Grusendorf became the PAC's chair in 1996. CRL PAC operates out of Grusendorf's district office and CRL Treasurer Deborah Van Dormolen is Grusendorf's ex-legislative aide.³

Although CRL PAC spent less than \$600 in the 2000 elections, it became a player in September 2002, when Grusendorf personally borrowed \$100,000 for the PAC from an Arlington bank that he once chaired. Craddick later helped Grusendorf—whom he appointed chair of the House Public Education Committee—repay First Savings Bank by headlining a June 2003 "Debt Retirement Party" that raised \$15,697 for CRL PAC. The PAC repaid Grusendorf \$20,000 two months later. (Five months after paying the \$529 food-and-drink bill for that fundraiser, the Texas Association of Realtors solicited contributions for Grusendorf, telling its members that he had the clout to kill a school-funding proposal to tax such services as real estate commissions.)

Craddick told the *Odessa American* last April that he contributed \$20,000 to CRL PAC to help incumbents defeat challengers. While CRL gave to seven incumbent House members, the No. 2 recipient of its money was non-incumbent Holt Getterman, who

narrowly lost to new Democratic Rep. John Mabry of Waco. CRL PAC did not broadly give to GOP incumbents facing challengers. Instead, it focused its money on those close races deemed critical to winning a Republican House majority. Except for Rep. David Swinford, all of CRL's candidates were in key partisan battlegrounds that lie at the crux of Travis County prosecutors' current investigation into possible illegalities in the financing of Texas' 2002 House elections.

Prosecutors also are probing why Texans for a Republican Majority PAC, which is tied to U.S. House Majority Leader Tom DeLay, sent checks to Craddick 18 days before the election for the speaker candidate to deliver to GOP candidates in 14 battleground races. The beneficiaries of this VIP courier service include five of the eight House candidates whom CRL PAC backed.

CRL PAC donors

Led by Craddick's own House campaign fund, House members supplied 90 percent of the \$77,100 that CRL PAC raised in the 2002 election cycle. Besides Craddick, 10 House Republicans gave CRL PAC \$2,000 or more. Craddick gave nine of these CRL donors committee leadership posts in 2003. The speaker put top CRL donor Joe Crabb (\$10,000 to CRL PAC) in charge of his mission-critical House Redistricting Committee.

Top 2002 Republican Leadership PAC Donors

Contributor	City	Amount	Committee Plums
*Tom Craddick	Midland	\$20,000	Speaker
Joe Crabb	Humble	\$10,000	Redistricting Chair
Fred Hill	Richardson	\$5,000	Local Government Ways & Means Chair
Brian McCall	Plano	\$2,500	Ways & Means Vice Chair
Peggy Hamric	Houston	\$2,500	House Administration Chair
William Callegari	Katy	\$2,500	Natural Resources Vice Chair
*Mike Krusee	Austin	\$2,500	Transportation Chair
Harvey Hilderbran	Kerrville	\$2,500	State Cultural & Recreational Resources Vice Chair
*†Beverly Woolley	Houston	\$2,500	Calendars Chair
Vicki Truitt	Keller	\$2,250	
Frank Corte	San Antonio	\$2,000	Defense Affairs & State-Federal Relations Chair
TOTAL		\$54,250	

*Subpoenaed House Member.

†TRM PAC board member.

CRL PAC's donor list also includes the names of five subpoenaed House members, who accounted for one-third of the money that CRL raised in 2002. Besides Craddick, they are: Mike Krusee (\$2,500); Beverly Woolley (\$2,500); Phil King (\$1,000); and Kent Grusendorf (\$350). CRL PAC contributors who were not House members include: the Independent Electrical Contractors, Texas Towing & Storage Association, lobbyist Bryan Bradley, and the lobby firm of Rayford Price, who briefly served as Speaker in 1972 after predecessor Gus Mutscher's criminal bribery conviction in the Sharpstown scandal.

Today, a Travis County grand jury is investigating if the Texas Association of Business (TAB) or DeLay's Texans for a Republican Majority (TRM) PAC illegally used corporate funds to aid GOP candidates

in 21 key House races—including seven targeted by CRL. Prosecutors also are investigating if TAB and TRM engaged in illegal coordination with those candidates. In addition, they are probing if Craddick broke the Speaker's law by delivering \$152,000 in TRM PAC money to 14 key GOP candidates. Prosecutors also have subpoenaed records from the Democratic leadership PAC associated with former Speaker Pete Laney.

The 2002 House elections successively yielded three coveted GOP fruits:

- A Republican House majority;
- Craddick dethroning Laney as House Speaker; and
- Texas' congressional districts drawn to Tom DeLay's specifications. •

¹ Chapter 302 of the Government Code.

² This table shows CRL PAC contributions that *candidates reported receiving*. For Green and Getterman, these amounts add up to a total of \$13,500 more than CRL PAC reported giving to them (it reported giving Green \$47,500 and Getterman \$27,500).

³ Van Dormolen also is vice president of finance for the Texas Federation of Republican Women (TFRW). TFRW's PAC doled out \$17,200 to 20 House candidates in 2002. All but \$1,900 of this money went to 18 candidates in TAB- and TRM-targeted GOP races.