

LOBBY WATCH



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All the Kings' Horses & Men:

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Enron's Blackout Cuts Power Behind Numerous Thrones

To break up utility monopolies and revolutionize how electricity flows into sockets, the late great Enron Corp. had to amass one of the greatest private concentrations of political power ever seen. Enron put its squeeze on politicians in successive U.S. presidencies, scattered foreign capitals, many state legislatures and Houston's City Hall.

The chief mourners of Enron's demise—apart from the investors and workers that it deceived—are the legions of lobbyists and politicians whom Enron fed. Enron spent \$10.2 million in the last two election cycles (1997 through 2000) influencing Washington politicians.¹ During this period, Enron moved \$1,003,273 to Texas PACs and state candidates, as well as spending up to \$4.8 million on 89 Texas lobby contracts.²

Bankrolling campaigns

Last year the Center for Public Integrity identified Enron as the single largest patron of George W. Bush's political career. A frequent flier on Enron corporate jets, Bush received \$774,100 from Enron's PAC and executives—including \$312,500 for his two gubernatorial campaigns.³

Bush's greatest gubernatorial gifts to Enron were:

- Deregulating state electric markets in 1999;
- Indulging "grandfathered air polluters;" and
- Laws protecting businesses from lawsuits.

Enron (which has given \$103,250 to Texans for Lawsuit Reform) is now suing its would-be corpo-

rate rescuer, Dynegy, even as it faces a slew of investor lawsuits.⁴

In the Bush White House, Enron Chair Ken Lay reportedly is the only executive who got a private audience to discuss the administration's energy policy with Vice President Dick Cheney. Federal Energy Regulatory Commission Chair Curt Hebert also resigned shortly after he said that Lay told him that he would lose Enron's support in the White House if he kept opposing open access to privately owned power lines. Bush promptly replaced Hebert with Texas Public Utility Commissioner Pat Wood, who had Enron's blessing.

Governor Rick Perry, who received the next largest chunk of Enron money, appointed former Enron de Mexico President Mario Max Yzaguirre as Public Utility Commission chair in June 2001.

Enron's Favorite State Candidates & PACs, '98 & '00 Election Cycles

| Recipient | Amount |
|--------------------------|-----------|
| Gov. George W. Bush | \$238,000 |
| Gov. Rick Perry | \$187,000 |
| A.G. John Cornyn | \$158,000 |
| Harris Co. GOP | \$65,000 |
| Sen. Todd Staples | \$56,000 |
| Comp. Carole K. Rylander | \$46,750 |
| Justice Harriet O'Neill | \$33,900 |
| Railroad Com. Tony Garza | \$16,656 |
| Texas Oil & Gas PAC | \$15,000 |
| Republican Party of TX | \$10,000 |

The only other Texas politician to clear \$100,000 in Enron money in the last two election cycles is Attorney General John Cornyn. A Cornyn spokesperson has said that his office is studying what response—if any—it will have to Enron’s massive fraud of its investors, which includes state pension funds.⁵ In contrast, Attorney General Bill Lockyer of blackout-bitten California said in May, “I would love to personally escort Lay to an 8 x 10 cell that he could share with a tattooed dude who says, ‘Hi, my name is Spike, honey.’”

Justices of the Texas Supreme Court have taken \$134,058 from Enron since 1993, making it the court’s single largest corporate donor. In 1996, the justices reversed a lower court to slash \$15 million off the inventory taxes that Enron owed to the Spring, Texas school district.

Ken Lay already has made \$110,000 in Texas political contributions this year. This includes \$25,000 each to Perry, Cornyn, Comptroller Carole Keeton Rylander and the Harris County Republican Party, as well as \$10,000 to Republican Land Commissioner candidate Jerry Patterson.

Enron’s revolving door

Enron spent between \$2.4 million and \$4.8 million to influence Texas officials in the last two election cycles. As part of its aggressive lobby strategy, Enron fed a steady stream of top government officials through its revolving door, often putting them on retainer as lobbyists and consultants.

Enron has paid Texas Senator Phil Gramm’s wife, Wendy, \$50,000 a year to sit on its board since 1992, when she began deregulating energy futures markets as chair of the Commodities Futures Trading Commission. Another paid Enron board member is ex-U.K. Energy Secretary John Wakeham,

who helped deregulate British energy markets under Margaret Thatcher.

When ex-President Bush took a Gulf War Victory tour in 1993, Enron paid members of his entourage—including former Secretary of State James Baker and Gulf War Lieutenant General Thomas Kelly—to lobby Kuwait for Enron power plant contracts. Before they joined the current Bush administration, White House economist Lawrence Lindsey and U.S. Trade Representative Robert Zoellick received \$50,000 a year to sit on Enron’s advisory board.

While these politicians and lobbyists will miss Enron, hardly anyone else will. After years of lying to investors about income and losses, it is high time to cut society’s losses and pull the plug on the world’s ultimate power broker. •

Enron’s 2001 Texas Lobby Force

| Enron Lobbyist | Min. Value of Contract | Max. Value of Contract |
|-----------------------|------------------------|------------------------|
| Jean M. Ryall | \$150,000 | \$200,000 |
| Joseph H. Allen | \$100,000 | \$150,000 |
| Cal E. Varner | \$50,000 | \$100,000 |
| Gavin J. Russo | \$25,000 | \$50,000 |
| Tristan Castaneda Jr. | \$25,000 | \$50,000 |
| Kimberly D. Cooper | \$25,000 | \$50,000 |
| Robin Kittel | \$25,000 | \$50,000 |
| Chad Landry | \$25,000 | \$50,000 |
| Andrea McWilliams | \$25,000 | \$50,000 |
| William C. Moore | \$25,000 | \$50,000 |
| Christopher Shields | \$25,000 | \$50,000 |
| George W. Strong | \$25,000 | \$50,000 |
| Turrieta, Gilbert | \$10,000 | \$25,000 |
| Ellen Williams | \$0 | \$10,000 |
| Michael Toomey | \$0 | \$10,000 |
| TOTAL: | \$535,000 | \$945,000 |

¹ This includes \$3.5 million in contributions and \$6.7 million in lobby expenditures. See the Center for Responsive Politics’ *Fall of a Giant*, November 9, 2001.

² Contribution total includes donations from Enron’s PAC and executives to Texas’ statewide and legislative candidates, as well as to Texas PACs that have filed electronic disclosures since July 2000. Precise lobby figures are not available because Texas reports this income in ranges (e.g. \$50,000-\$100,000).

³ This updates figures reported in the Center’s book, *The Buying of the President 2000*.

⁴ A litigious tort reformer, Enron Chair Ken Lay filed a 1986 lawsuit against a driver who rear-ended his daughter’s car. Lay sought \$10,000 in damages, including money for the “pain and suffering” and “mental anguish” of his daughter—who did not seek medical care until a week after the accident.

⁵ “Retirement Plan for State To Sue Enron,” *Austin American-Statesman*, November 20, 2001.