

# LOBBY WATCH



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**Oversized Load:**

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## No PAC Did Its Laundry Like DeLay's TRMPAC

No PAC transaction in the nation resembles the alleged money-laundering transaction behind Tom DeLay's indictment. DeLay and his Texans for a Republican Majority PAC (TRMPAC) face criminal charges for allegedly dodging Texas' prohibition on corporate contributions by laundering \$190,000 in corporate funds through a federal Republican PAC. The \$190,000 that TRMPAC sent to the Republican National Committee (RNC) and the \$190,000 that the RNC sent back to seven Texas House candidates were qualitatively and quantitatively different from any other PAC transactions reported in that election cycle.

TRMPAC Executive Director John Colyandro sent a blank check in September 2002 to Jim Ellis, the aide who helped DeLay create TRMPAC. Ellis filled out the check for \$190,000 and contributed it on September 13 to the RNC's Republican National State Elections Committee (RNSEC), a corporate-money account that supports non-federal races. Two weeks later, RNSEC cut seven sequential checks totaling \$190,000 to seven Texas House candidates backed by TRMPAC.

Travis County prosecutors allege that these transactions served to launder prohibited corporate funds to state candidates. Defense attorneys counter that these were routine transactions and that the \$190,000 sent to the RNC had nothing to do with the \$190,000 that

RNSEC sent to the TRMPAC-backed candidates.

### **Loading the Wash**

In the alleged laundering operation, TRMPAC contributed \$190,000 to a Washington-based party PAC. This transaction was singular in nature. During the 2002 election cycle there were 964 general-purpose PACs active in Texas. Yet just 11 of these PACs reported making a total of 29 contributions to Washington-based party PACs (this excludes TRMPAC, which illegally failed to report its RNSEC contributions to the Texas Ethics Commission). Note that the largest donation that these other PACs made to a federal party PAC was \$15,000. Moreover, these 29 PACs gave a combined \$178,093 to federal party PACs—less what TRMPAC gave to RNSEC.

The TRMPAC transaction also stands alone qualitatively. The 11 Texas PACs that did contribute to party PACs in Washington gave 95 percent of this money to party committees that, unlike RNSEC, were organized to support congressional candidates. The only exceptions were: The Texas Trial Lawyers Association PAC (which gave \$7,527 to the Democratic National Committee); Kelly Hart & Hallman's K PAC (\$1,000 to the Republican Governors Association); and Klein Bank PAC (\$500 to the Republican National Committee). No Texas general-purpose PAC other than TRMPAC contributed to RNSEC.

### Top Texas General-Purpose PAC Contributions To DC-Based Party PACs (2002 Cycle)

Contributing PAC	DC-Based Party PAC Recipient	Amount	Date
American Airlines PAC	National Rep. Congressional Committee	\$15,000	4/25/01
Valero PAC	National Rep. Senatorial Committee	\$15,000	4/30/02
Valero PAC	Dem. Senatorial Campaign Committee	\$15,000	10/10/0
Burlington Northern PAC	National Rep. Senatorial Committee	\$13,000	10/11/0
Valero PAC	Dem. Senatorial Campaign Committee	\$10,000	10/4/02
Valero PAC	Dem. Congressional Campaign Committee	\$10,000	3/21/02
Valero PAC	Dem. Congressional Campaign Committee	\$10,000	4/30/01
Valero PAC	Rep. Congressional Campaign Committee	\$10,000	4/30/01
TX Trial Lawyers Assn. PAC	Dem. National Committee	\$7,527	1/4/01

Source: Texas Ethics Commission

In the most important qualitative distinction, none of the 11 PACs that reported contributions to DC-based party PACs reported receiving a single corporate contribution in the 2002 election cycle. During this same period, TRMPAC raised some \$600,000 in corporate funds, which it failed to report to the Texas Ethics Commission. To do so would have publicized this PAC's flagrant violation of Texas' prohibition on corporate contributions.

#### Unloading the Wash

In the alleged laundering operation, RNSEC sent seven sequentially numbered checks totaling \$190,000 to seven Texas House candidates on the same day. As Bloomberg News first reported, these RNSEC contributions were singular in nature. RNSEC gave most of its money to state party committees or gubernatorial candidates, rather than state legislative candidates such as the ones that TRMPAC backed.

During the 2002 election cycle, RNSEC reported a total of 74 contributions to state legislative candidates. Among these, the huge, same-day contributions to the "TRMPAC 7"

blew RNSEC's contributions to the other 67 state legislative candidates out of the water.

RNSEC's same-day contributions to the "TRMPAC 7" ranged in size from \$20,000 to \$40,000 and added up to the magic \$190,000 total. The largest of these contributions—\$40,000 to TRMPAC-backed Glenda Dawson (R-Pearland)—exceeded the total amount of money that RNSEC gave to the other 67 statehouse candidates nationwide. RNSEC's average contribution to the TRMPAC 7 was \$27,143, whereas it gave an average of \$513 to the other 67 statehouse candidates nationwide.

It is up to the courts and a jury to decide if TRMPAC's \$190,000 transaction with RNSEC amounted to an illegal money-laundering operation. What is clear, is that the \$190,000 that went into RNSEC and the \$190,000 that came back out were extremely unusual transactions. No other Texas general purpose PAC contributed to RNSEC in the 2002 election cycle; and RNSEC's contributions to the TRMPAC 7 were many times larger than what it gave any other state legislative candidate anywhere in the nation. ●

### 2002 Cycle RNSEC Contributions Exceeding \$500 To Non-TRMPAC-Backed Statehouse Candidates

Statehouse Candidate	Office Sought	State	Date of 2002 Donation	RNSEC Amount
Keith Parker	House	Oregon	10/23/02	\$2,000