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Travis County District Attorney Ronald Earle today issued the following statement:

Texas law makes it a felony to both give and receive political contributions from corporations and labor unions.

In the late fall of 2002, after the Texas Association of Business (TAB) boasted that it had engaged in wholesale flaunting of that law, this office began an investigation into possible illegal activity.

Since that time, the Public Integrity Unit of the Travis County District Attorney's Office and four separate Travis County grand juries have investigated the use of corporate money to influence Texas state elections in 2002.

In September of 2004, one of those grand juries returned 32 indictments related to Texans for a Republican Majority Political Action Committee's (TRMPAC) involvement with corporate money. The investigation was not complete at that time and another grand jury continued to look into the matter. The indictments that are being made public today are the result of that effort.

This morning the Travis County Grand Jury returned indictments against the Texas Association of Business and Texans for a Republican Majority Political Action Committee (TRMPAC).

These indictments allege violations of the Texas Election Code in connection with the 2002 Texas state elections. Also today, a Travis County district court unsealed related indictments that were returned and sealed two weeks ago. Altogether, a total of six indictments were made public today.

All five of these indictments involve the misuse of corporate money to influence Texas elections in 2002. They contain allegations that TAB and TRMPAC worked together in a complicated scheme to circumvent the election code by funneling massive amounts of secret corporate wealth into elections.

Some of the indictments detail how TAB, a non-profit corporation based in Austin, worked in combination with various people and political committees to use corporate funds in support of specific candidates for elective office.

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Specifically, TAB is charged in four of the indictments with the following felony offenses:

1. One indictment charges TAB with 83 counts of illegally funneling large amounts of corporate money into the 2002 elections through a series of mailers and television ads. It also charges TAB with coordinating such efforts with other groups, PACs, individuals and entities.

2. Another indictment charges TAB with 26 counts of fraudulently soliciting money from corporations for use in the 2002 political process. A group of corporations, consisting primarily of insurance companies, was solicited by William Hammond, president and CEO of TAB, and TAB to contribute enormous amounts of corporate money to a political campaign. This indictment was returned on August 25th and sealed until today.

3. Another indictment charges TAB with 14 counts of illegal corporate contributions; specifically that William Hammond and Jack Campbell, Governmental Affairs Manager for TAB, were paid with TAB's corporate money while they were doing political work for various political action committees. Such corporate underwriting for political activities is prohibited under the Texas Election Code. This indictment was also returned on August 25th and sealed until today.

4. The fourth indictment involves three counts of illegal expenditures by TAB, the corporation. TAB paid various entities over \$1.1 million in corporate money for political advertisements and campaign communications.

5. The final indictment charges that TRMPAC illegally solicited and accepted corporate political contributions from AT&T and the Alliance for Quality Nursing Home Care. Again, the Election Code prohibits such conduct in Texas.

All of these offenses are third degree felonies under the Texas Election Code.

The punishment for a corporate or association defendant for a third degree felony is a fine of up to \$20,000 for each count.

This investigation has so far taken over two and a half years. A primary factor in the length of time it is taking was TAB's prolonged efforts to stymie the investigation and hide the details of its use of corporate money from the Grand Jury as well as from the public. TAB fought the investigation in court and repeatedly appealed the decisions when the courts ruled against them.

Our investigation has unmasked the corporate donors, many of which are not even Texas companies. This use of over one million dollars of secret money in many local Texas races was improper, illegal and unprecedented. These indictments may shed some light on why TAB sought to keep that information secret.

The United States Supreme Court has recognized that concentrated wealth can unfairly influence elections. To stop such assaults on democracy, Texas law has prohibited political contributions from corporations and labor unions for over a century. Such use of money to buy the power that comes from illegally influencing elections endangers democracy and imperils the public.

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The larger picture requires all of us as citizens of Texas to ask some fundamental questions about the role of these corporations in the 2002 election cycle:

- Why do they want these contributions to remain secret?
- Why do corporations who do not conduct business in Texas contribute large sums of money to influence Texas elections?
- What are they buying with their money?
- What effect has this had on Texas government, Texas law, and on the people of Texas?