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**For Immediate Release  
September 21, 2004**

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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.

At first TAB agreed to provide information and cooperate with the investigation. But it soon undertook a campaign to stop the grand jury's inquiry, throwing up roadblock after roadblock. It pursued a number of legally baseless appeals throughout 2003, all of which were repeatedly thrown out by the courts, including twice by the United States Supreme Court. Rejected by the courts, TAB resorted to frivolous, time-wasting open records requests that consumed vast amounts of time during the spring of 2004.

These tactics accomplished nothing except to waste enormous amounts of time and delay the investigation.

The initial inquiry into TAB led to an investigation of allegations that Texans for a Republican Majority, a political action committee, (TRMPAC) also illegally raised and used corporate money for political purposes.

During the course of the investigation into the activities of TRMPAC, other possible criminal conduct came to light, including accusations in connection with the race for Speaker of the Texas House of Representatives. As a result, the investigation was broadened once again to include those allegations.

Additional allegations continue to arise from the mass of information gathered by the grand juries that have investigated various aspects of this matter. What has emerged is the outline of an effort to use corporate contributions to control representative democracy in Texas.

Three grand juries have conducted this investigation thus far, with each one in succession building on the work of its predecessor. These grand juries have heard from witnesses who were both Republicans and Democrats and have received excellent cooperation from many of both.

The term of the most recent grand jury to hear evidence was extended, and the extension expires at the end of this month.

We are here today to announce the results of the work of this Grand Jury.

Joining me is First Assistant District Attorney Rosemary Lehmberg.

Staff support for the work of the grand juries has been provided by the Public Integrity Unit of the District Attorney's Office. Several members of that Unit are here today.

They are:

Gregg Cox, the director of the Public Integrity Unit  
Beverly Mathews  
Rick Reed  
Mindy McCracken

I'll ask Mr. Cox to discuss with you the work of the Grand Jury.

Gregg Cox:

This morning the Travis County Grand Jury returned 32 indictments stemming from its investigation into various criminal activities that arose during the 2002 elections in Texas.

The defendants named in these indictments are:

- John Colyandro, executive director of TRMPAC;
- Warren Robold, a fundraiser connected to TRMPAC;
- James Ellis, also connected to the political action committee; and
- Several corporations charged with felony Texas Election Code violations.

Warren Robold is charged in nine indictments with third degree felony offenses related to making and accepting corporate contributions prohibited by the Texas Election Code.

John Colyandro is charged in thirteen indictments with unlawfully accepting corporate contributions. In a 14<sup>th</sup> indictment, he is also charged with money laundering, a first degree felony offense.

James Ellis is also charged with money laundering, a first degree felony.

Additional indictments charge eight corporations with the third degree felony offense of making a prohibited political contribution to Texans for a Republican Majority.

Specifically, the indictments against the corporations allege that:

1) **Questerra Corporation**, a Charlottesville, Virginia based subsidiary of Meadwestvaco Corporation, made two separate \$25,000 contributions. The first count of the indictment alleges a \$25,000 contribution on or about May 13, 2002, and the second count alleges a \$25,000 contribution on or about August 1, 2002;

2) **Westar Energy, Inc.**, a Topeka, Kansas based electric utility company, made a \$25,000 contribution on or about May 14, 2002;

3) **Diversified Collection Services, Inc.**, a San Leandro, California based debt-collection company, made a \$50,000 contribution on or about June 7, 2002;

4) **Sears, Roebuck & Company**, an Illinois based retailer, made a \$25,000 contribution on or about July 13, 2002;

5) **The Williams Companies Inc.**, a Tulsa, Oklahoma based natural gas company, made a \$25,000 contribution on or about June 14, 2002;

6) **Bacardi U.S.A., Inc.**, a Miami, Florida based subsidiary of the Bahamas based liquor producer, made a \$20,000 contribution on or about July 3, 2002;

7) **Cracker Barrel Old Country Store, Inc.**, a Lebanon, Tennessee based subsidiary of CBRL Group, Inc. that operates restaurants and retail operations in forty-one states, made a \$25,000 contribution on or about September 6, 2002; and that

8) **The Alliance for Quality Nursing Home Care Corporation**, an umbrella organization of some of the nation's largest nursing home operators, made a \$100,000 contribution on or about October 18, 2002.

The thirteen indictments against John Colyandro related to the acceptance of corporate contributions allege that he illegally accepted:

- 1) a \$50,000 contribution from El Paso Energy Service Company on or about January 28, 2002;
- 2) two contributions from Burlington Northern Santa Fe Railway, a \$25,000 contribution on or about April 15, 2002 and a \$1,000 contribution on or about October 4, 2002;
- 3) two \$25,000 contributions from Questerra Corporation on or about May 21 and August 15, 2002 respectively;
- 4) a \$25,000 contribution from Westar Corporation on or about May 28, 2002;
- 5) a \$50,000 contribution from Diversified Collection Services, Inc., on or about June 17, 2002;
- 6) a \$25,000 contribution from Sears, Roebuck & Company on or about July 1, 2002;
- 7) a \$25,000 contribution from The Williams Companies, Inc., on or about July 1, 2002;
- 8) a \$10,000 contribution from Cornell Companies, on or about July 8, 2002;
- 9) a \$20,000 contribution from Bacardi, USA, Inc., on or about July 26, 2002;
- 10) a \$25,000 contribution from Cracker Barrel Old Country Store, Inc., on or about October 1, 2002;
- 11) a \$25,000 contribution from Reliant Resources, Inc., on or about October 1, 2002
- 12) a \$100,000 contribution from the Alliance for Quality Nursing Home Care Inc., on or about October 24, 2002; and
- 13) a \$20,000 contribution from AT&T, Inc., on or about November 18, 2002.

The indictments against Warren Robold allege that he participated in the solicitation and acceptance of the following unlawful political contributions:

- 1) a \$50,000 contribution from El Paso Energy Service Company on or about January 28, 2002;
- 2) a \$25,000 contribution from Burlington Northern Santa Fe Railway on or about April 15, 2002;
- 3) a \$25,000 contribution from Questerra Corporation on or about May 21, 2002;
- 4) a \$50,000 contribution from Diversified Collections Services, Inc., on or about June 17, 2002;
- 5) a \$25,000 contribution from Sears, Roebuck & Company on or about July 1, 2002;
- 6) a \$10,000 contribution from Cornell Companies, on or about July 8, 2002;
- 7) a \$20,000 contribution from Bacardi, USA, Inc., on or about July 26, 2002;
- 8) a \$25,000 contribution from Cracker Barrel Old Country Store, Inc., on or about October 1, 2002; and
- 9) a \$20,000 contribution from AT&T, Inc., on or about November 18, 2002.

A third degree felony is punishable by two to ten years in prison and a fine of up to \$10,000.

A corporation convicted of a third degree felony faces a fine of up to \$20,000. But instead of that fine, if a court finds that a corporation gained money or property or caused loss through the commission of the felony, the court may sentence the corporation to pay a fine

