



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

THIS IS THE BEGINNING OF MUR # 3941

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March 3, 1994

Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

MUR 3941

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FEDERAL ELECTION COMMISSION

Dear Sirs:

There is evidence that a candidate for the United States Senate from Texas, Kay Bailey Hutchison, has diverted campaign funds for her personal use in violation of federal law and/or commission rules.

These funds were converted to her personal use and are purported to have been applied to costs of a criminal defense in a trial not related in any way to her campaign for or service in the Senate. Plaintiff was the State of Texas.

Attached in support of these facts is a copy of an article published on February 5, 1994 in the *Dallas Morning News*. This article refers to her campaign report filed February 4, 1994 with the Secretary of the Senate. In it, her spokesman David Beckwith confirms that she had used campaign funds for her personal legal expenses.

Please take appropriate action, keeping in mind that respondent is a candidate in a primary election on Tuesday, March 8, 1994.

Sincerely,

James C. Currey
James C. Currey, Complainant

P. O. Box 7308
Dallas, Texas 75209
Telephone (214) 357-2231
Fax 214/368-3342

State of Texas]
County of Dallas] Before me, the undersigned authority,

a Notary Public in and for the State and County aforesaid, on this day personally appeared James C. Currey, whose name is subscribed to the foregoing instrument, signed and sworn to before me on this third day of March, 1994.

James K. Menten
Notary Public in and for
Dallas County, Texas

My commission expires on *Apr 11, 1995*

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TEXAS & SOUTHWEST

More Texas & Southwest news
on Pages 19A, 28A

Hutchison used campaign funds to pay legal fees

By Anne Marie Kilday

Washington Bureau of The Dallas Morning News

WASHINGTON — Sen. Kay Bailey Hutchison, R-Texas, used at least \$3,000 in campaign funds to pay criminal defense attorneys during an investigation of misconduct allegations against her.

Ms. Hutchison, who was elected to the Senate last year, is scheduled to go to trial Monday in Fort Worth on felony and misdemeanor charges stemming from her tenure as state treasurer.

Her campaign finance report, filed Friday with the secretary of the Senate, showed that Ms. Hutchison paid the Dallas law firm of McColl & McCulloch \$93,833.15 for "consultant" services last year. The Texas Legal Directory rates that the firm's specialty is criminal law, including "white collar crime" and "post-conviction remedies."

Michael McCulloch, an attorney for Ms. Hutchison, said he is a member of the senator's criminal defense team.

A spokesman for Ms. Hutchison, David Beckwith, confirmed that she had used campaign funds for legal

"She used (campaign funds) until she set up the legal defense fund. This report goes all the way back to right after the election."

— David Beckwith,
Hutchison spokesman

expenses, before her indictment by a Travis County grand jury last fall.

"It appeared to be, and still does, an outgrowth of political charges in the campaign," Mr. Beckwith said.

Use of the campaign money for such items is legal under federal election law.

The senator has set up a separate legal defense fund to pay her attorneys. That fund was created under Senate Ethics Committee rules, Mr. Beckwith said.

"She used (campaign funds) until she set up the legal defense fund. This report goes all the way back to right after the election," Mr. Beckwith said.

"Once it became clear that this thing was heading for indictment, then we set up the legal defense fund."

Ms. Hutchison also reimbursed the Dallas law firm of Hutchison, Boyle, Brooks & Fisher for \$6,642.42 in miscellaneous expenses, including supplies, telephone, delivery and "meetings." Ms. Hutchison's husband, Ray, is a partner in the firm.

Mr. Beckwith said that some of those payments are associated with the senator's legal defense.

Earlier this year, Ms. Hutchison reported using state campaign funds to pay \$159,968 to the Dallas-based law firm of Akin, Gump, Strauss, Hauer & Feld and \$30,000 to the Houston law firm of DeGuerin and Dickson. Dick DeGuerin is the senator's chief lawyer.

Previous public officials in Texas have used their state campaign funds for legal expenses.

Mr. Beckwith declined to say how much Ms. Hutchison will spend on her defense.

Meanwhile Friday, in Fort Worth, 181 Tarrant County residents filled out a 15-page jury questionnaire in connection with the case, said Ms. Hutchi-

son's lawyer, Mr. DeGuerin. He would not release a copy of the questionnaire.

Jury selection begins Monday

Also, lawyers for Court TV filed a motion with Judge Onion asking him to reconsider his ruling banning cameras from the courtroom.

The attorneys argued that they have a First Amendment right to be there. There was no immediate response from the judge.

Court TV is offered to viewers on cable.

Staff writers Selwyn Crawford and George Kuempel in Fort Worth contributed to this report.

Not illegal to spend funds
on a criminal case entirely
unrelated to office she seeks?



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20461

MARCH 9, 1994

James C. Currey
P.O. Box 7308
Dallas, TX 75209

RE: MUR 3941

Dear Mr. Currey:

This letter acknowledges receipt on March 4, 1994, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3941. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MARCH 9, 1994

Kenneth W. Anderson, Jr., Treasurer
Ray Bailey Hutchison for Senate Committee
One Commodore Plaza
800 Brazos Suite 1200
Austin, TX 78701

RE: MUR 3941

Dear Mr. Anderson:

The Federal Election Commission received a complaint which indicates that Ray Bailey Hutchison for Senate Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3941. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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Kenneth W. Anderson, Jr., Treasurer
Kay Bailey Hutchison for Senate Committee
Page 2

If you have any questions, please contact Joan McEnery at
(202) 219-3400. For your information, we have enclosed a brief
description of the Commission's procedures for handling
complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

95043691055



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20541

MARCH 9, 1994

Senator Kay Bailey Hutchison
United States Senate
Washington, D.C. 20510

RE: MUR 3941

Dear Ms. Hutchison:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3941. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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Senator Kay Bailey Hutchison
Page 2

If you have any questions, please contact Joan McEnery at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

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JAMES C. CURREY

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March 15, 1994

Federal Election Commission
Washington, D. C. 20463

Att'n Mary L. Taksar
Central Enforcement Docket

Re MUR 3941

Dear Mrs. Taksar:

I wish to withdraw this inquiry or complaint.
Thank you for your interest.

Sincerely,

James C. Currey
James C. Currey

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State of Texas]
County of Dallas]

Before me, the undersigned authority,

a Notary Public in and for the State and County aforesaid, on
this day personally appeared James C. Currey, whose name is
subscribed to the foregoing instrument, signed and sworn to
before me on this fifteenth day of March, 1994.

Joanne L. Mentzer
Notary Public in and for
Dallas County, Texas

My commission expires on 4/11/95

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 6, 1994

James C. Currey
P.O. Box 7308
Dallas, TX 75209

RE: MUR 3941

Dear Mr. Currey:

This is in reference to your letter dated March 15, 1994, requesting that the complaint you filed in the above noted matter be withdrawn.

Under 2 U.S.C. § 437g, the Federal Election Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Federal Election Campaign Act of 1971, as amended ("the Act"). A request for withdrawal of a complaint will not prevent the Commission from taking appropriate action under the Act. Your request will become part of the public record within 30 days after the entire file is closed.

If you have any further questions about this procedure, please contact Joan McEnery at (202) 219-3690.

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

95043691859

VAUGHAN & ANDERSON

ATTORNEYS AND COUNSELORS

14800 QUORUM DRIVE, SUITE 229
DALLAS, TEXAS 75244

(214) 386-7767

TELECOPIER (214) 991-5446

FEDERAL ELECTION COMMISSION ROOM

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March 21, 1994

Federal Election Commission
999 E Street N.W.
Washington, D. C. 20463

Att'n: Ms. Mary L. Taksar, Attorney
Central Enforcement Docket

Re: MUR 3941

Ladies and Gentlemen:

As Treasurer of the Kay Bailey Hutchison for Senate Committee (the "Committee"), I have reviewed Ms. Taksar's letter dated March 9, 1994, and its enclosed letter (the "Complaint"), dated March 3, 1994, and filed by Mr. James C. Currey ("Complainant"), including its newspaper attachment, which the Committee received on March 14, 1994.

The Complainant was one of six opponents of United States Senator Kay Bailey Hutchison in the Texas Republican primary election held on March 8, 1994. At that election, Senator Hutchison received approximately 85% of the votes cast, with the remainder spread among the six other candidates.

The Complainant alleges that there is evidence that Senator Hutchison diverted campaign funds for her personal use in violation of federal law and/or the rules of the Commission. These funds, he states, were converted and applied to pay costs of a criminal defense in a trial not related in any way to her campaign for or service in the United States Senate. He cites as his "evidence" the enclosed news article appearing in *The Dallas Morning News* on February 5, 1994.

On behalf of the Committee and Senator Hutchison, we categorically and absolutely deny the allegations of the Complainant, on all counts, both factually and legally, and we respectfully submit that the facts and discussion of law and legal principles set forth herein demonstrate that all expenditures made by the Committee were made for lawful campaign purposes and in accordance with all applicable laws, including the Federal Election Campaign Act of 1971, as amended (the "Act"), and the rules and regulations of the Federal Election Commission, including, but not limited to, 2 U.S.C., Sec. 439a and 11 C. F. R., Sec. 113.2.

The 1993 and 1994 Texas Senatorial Campaigns

Senator Hutchison, a Republican, was the duly elected Treasurer of Texas from January 2, 1991 until June 14, 1993.

On December 10, 1992, Senator Lloyd Bentsen announced that he was resigning his position as United States Senator from Texas to become Secretary of the United States Department of the Treasury. (See Exhibit "1"). The Governor of Texas had the power to appoint a qualified person to fill the vacancy left by Senator Bentsen.

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The interim Senator appointed by the Governor would serve until the date of a special election for the purpose of electing a replacement Senator to serve out the unexpired portion of Senator Bentsen's term. His term would have expired on December 31, 1994. Thus, because of the timing of his resignation and applicable law, a special election was required. Immediately thereafter, another election would occur in 1994 for service for six full years, commencing in January, 1995.

Special elections in Texas are "open," that is, Republicans and Democrats are listed on the ballots together and the voters, irrespective of political party affiliation, may vote for one of the candidates. If no candidate receives a majority vote in the first election, then, a second, runoff, election must be held between the top two vote-getters in the first election. Both the first special election and the second runoff election, if needed, are called by the Governor.

On December 22, 1992, Ronald Earle, a Democrat and the District Attorney of Travis County, Texas, announced to the public that he had requested the Governor to appoint him as interim United States Senator. He further indicated that he might pursue that position in the special election, even if not appointed. (See Exhibit "2"). In Texas, criminal laws are prosecuted by district attorneys who seek office in partisan elections.

The Governor of Texas, also a Democrat, rejected District Attorney Earle's request for the appointment. Instead, on January 5, 1993, she appointed another Democrat, Robert Krueger, then a member of the Texas Railroad Commission, to be the interim United States Senator from Texas. The Governor ordered that a special election would be held on May 1, 1993.

On January 13, 1993, Treasurer Hutchison formally announced that she would run in the special election as a Republican for the position of United States Senator. Appropriate and necessary documents creating the Committee and appointing the undersigned as Treasurer had previously been filed in accordance with applicable law and rules. (See Exhibit "3").

A total of 24 persons filed necessary documents and became candidates to fill Senator Bentsen's unexpired term. Among those filing were interim Senator Robert Krueger, two Republican members of the United States House of Representatives, a wealthy Dallas businessman, a Democrat, and, as stated, then Treasurer Kay Bailey Hutchison. Consequently, from the beginning of the campaign, it appeared that a runoff was likely.

Until late April, the election rhetoric was typical and all campaign expenditures made by the Committee were of the type routinely made in large-State political campaigns, such as travel, broadcast and printed advertising, and the like. All early polls showed Senator Krueger leading, with Treasurer Hutchison always within 5 to 8 points behind. However, critically, the combined totals of all Republican candidates pointed to a victory for the Republican that made any runoff.

In late April, 1993, the campaigns of some candidates turned extremely ugly. Just before the May 1 election, public allegations were made by 3 disgruntled former employees of the Texas Treasury to the effect that they had performed personal and "political" work for Treasurer Hutchison in 1991 while employed at the Texas Treasury. These employees were supporting another candidate in the May 1 senatorial election and their actions were coordinated with that campaign.

Notwithstanding the harshness and severity of these false allegations, the first special election held on May 1 produced surprising and astounding results: Treasurer Hutchison received the greatest number of votes of all candidates, edging out even Senator Krueger. (See Exhibit "4"). However, a majority vote level was not achieved and a runoff election was required between Treasurer Hutchison and interim Senator Krueger.

The Governor ordered that the runoff election be held on June 5, 1993.

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The Krueger Campaign Strategy - Go Negative in the Runoff - Build on the Alleged Criminal Offenses

The ensuing 35 day runoff election campaign of Senator Krueger will likely be recorded as one of the most vicious and outrageous political campaigns ever conducted and recorded in Texas history.

Mr. Mark McKinnon, the Austin, Texas political media consultant to the Krueger campaign confirmed at a symposium conducted in Washington, D. C. (on June 15, 1993) that the May 1 election outcome (with Republican Treasurer Hutchison outpolling Democrat incumbent Senator Krueger) caused severe difficulties for the Krueger campaign. He could not raise campaign funds, even as an incumbent, and Senator Krueger's only hope was a negative campaign through the use of "earned" media attention - not paid media advertising. (See Exhibit "5"). Another of Krueger's consultants was well-known as "Dr. Dirt" in Texas politics.

"Negative campaigning" does not adequately describe the deluge of political trash that was dumped on Treasurer Hutchison during the next 35 days. In the most shocking and bizarre development of all, the criminal justice system of Travis County, headed by District Attorney Earle, was employed as a campaign tool in aide of the Krueger campaign for the United States Senate.

The 35 Day Krueger Campaign - Earle's Involvement

The Krueger campaign was relatively quiet until May 12, 1993. On that day, District Attorney Earle became a direct participant in fulfilling the Krueger campaign strategy. He sought and obtained a grand jury subpoena of a former employee of Treasurer Hutchison (See Exhibit "6"). In that subpoena, Earle ordered the employee to deliver all documents in the employee's possession relating to, among other things, "the Kay Bailey Hutchison campaign for U. S. Senate....." Thus, Earle became directly involved in the senatorial campaign, contrary to the assertions in the Complaint.

Earle's action was completely contrary to all historical precedent, even in Texas. Subsequently, on May 27 Earle issued a totally false statement (See Exhibit "7") to the effect that he does not investigate allegations of illegal activities that arise during political campaigns. The fact is, he had already commenced one, on May 12.

Because the criminal justice system had itself become a participant in the desperate campaign of Senator Krueger, the Committee concluded that a consultant should be retained to guide the Hutchison campaign through the minefield of conflicting criminal law and procedure, including attempts by a state District Attorney to inquire into the affairs of and to intervene in a federal election for the United States Senate, to create a consulting liaison with the District Attorney, if possible, and to assist in developing campaign responses to the obvious onslaught of allegations of illegal activities that obviously was yet to come in the remaining days of the runoff election, all for the purpose of gaining "earned" media as planned and proposed by Senator Krueger's campaign consultants.

During these 23 days, allegations were made, among others, that Treasurer Hutchison, in the 1990 race for Texas State Treasurer, had offered a losing candidate in the Democrat primary of 1990 a job at the Texas Treasury in return for his endorsement of Treasurer Hutchison's Republican candidacy in the 1990 November general election against the victorious Democrat in that party's 1990 primary. The allegations were not true.

In an unbelievable sequence of events, Senator Krueger's political allies, including Mr. Jim Mattox, a former Democrat State Attorney General, a convicted felon by the name of Graham, and Texas Democrat Party operatives, including elected Democrat State Senators, literally placed the former Hutchison employee, Mr. Tom Bowden, under siege. With the alleged approval of District Attorney Earle, Mr. Graham drove Mr. Bowden around Houston, Texas, in an automobile "hot box" operation, offered him immunity from prosecution on other crimes allegedly committed by him, offered free legal services by Mr. Mattox, and offered a job, all in exchange for his signature on a false affidavit to the effect that Treasurer Hutchison had promised him a state job in exchange for his endorsement in 1990. Mr. Bowden refused to yield to the pressure because the

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assertion was ludicrous and totally false. He rejected the first extortion attempt on May 13, 1993, one day after the District Attorney became directly involved in the Krueger Senate campaign. (See Exhibit "8").

The Krueger campaign became more and more desperate as the June 5 election date approached. Polls indicated that his overwhelming defeat was inevitable absent some startling revelation. (See Exhibit "9").

On May 27, a Democrat State Senator took to the floor of the Texas Senate and demanded that the District Attorney immediately proceed with the grand jury investigation of Treasurer Hutchison. (See Exhibit "10").

On May 28, 1993, several things occurred. At a breakfast rally in Dallas, Mr. Mattox, at the time a Krueger campaign operative, publicly accused Treasurer Hutchison of felonious conduct and stated "Whether she is elected or not she is facing a grand jury inquiry." (See Exhibit "11"). At the time of this statement, Mr. Mattox was not a member of District Attorney Earle's staff nor a member of the Travis County Grand Jury. It is not known how Mattox was aware of the grand jury subpoena of May 12, 1993, since such inquiries are secret as a matter of law. The Hutchison campaign learned of it, itself, only because the subpoenaed former employee violated the terms of the subpoena and advised the campaign of it by phone that night.

At the same Krueger campaign function on May 28, 1993, interim Senator Krueger himself took to the podium and falsely accused Treasurer Hutchison of misusing her office and destroying phone records "for the same reason Richard Nixon destroyed his." (See Exhibit "11"). The press reported these accusations widely, and the reports were actively circulated by Krueger campaign operatives in Texas.

On the evening of May 28, Krueger operatives attempted one last time to obtain a false affidavit from Treasurer Hutchison's former employee, Tom Bowden. (See Exhibit "12"). The effort was led by an employee of Texas Democrat Land Commissioner Garry Mauro, an operative in the Krueger campaign. The final effort again failed because the contentions were simply not true and the employee refused to lie. But, as a last ditch effort, equally false affidavits were delivered to the District Attorney, at his request, signed by three Democrat activists, including one employee of the Democrat Party of Texas, accompanied by phony supporting information paid for by the Texas Democrat Party.

For the next seven days, interim Senator Krueger ran television ads containing newspaper headlines accusing Treasurer Hutchison of criminal offenses, thus carrying out the runoff campaign plan of Krueger consultants conceived in early May, 1993.

Nevertheless, the Krueger campaign effort failed miserably. On June 5, 1993, Treasurer Kay Bailey Hutchison received the highest vote margin ever received by a statewide Republican candidate in Texas history, swamping Senator Krueger approximately 68% to 32%. (See Exhibit "13").

The Earle campaign didn't end there.

The June 10 Raid on the Texas Treasury

As Senator-elect Hutchison was transitioning from State Treasurer to United States Senator, she immediately announced and began her senatorial campaign for a full 6-year term in 1994. The Committee was thus continued. Her swearing-in ceremony to the United States Senate was scheduled for June 14, 1993.

On June 10, just 5 days after the runoff and 4 days prior to the scheduled oath, District Attorney Earle conducted a commando-style raid on the Texas Treasury. With newspaper and television crews notified in advance, and with two law enforcement agencies assisting (some personnel wearing flack jackets), along with a score of District Attorney investigators, the District Attorney, unannounced and without a search warrant, entered the offices of the Texas Treasury, seized records, computers, equipment, and files and served subpoenas on numerous Treasury employees.

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Concurrently, the District Attorney served subpoenas on employees of Senator-elect Hutchison's Senatorial campaign staff ordering them to appear before a Travis County Grand Jury within one hour and to bring with them records relating to her federal campaign to the United States Senate.

The District Attorney announced that this extraordinary action was taken because he had been informed by a Treasury employee that official records were being destroyed in the Treasury. (See Exhibit "14"). Later, that employee testified under oath in deposition that he did not give the District Attorney any such information. (See Exhibit "15").

The media spectacle throughout Texas was overwhelming. The political damage to Senator-elect Hutchison's 1994 re-election campaign could not be measured, not to mention the blight on her entry into the United States Senate.

Post-Raid Activities, the Indictments and the Ultimate Trial

On June 14, 1993, Senator Hutchison was sworn in as the first female Senator ever elected from Texas, under a cloud of rumored, probable criminal indictments.

Through leaks to the press, ad hoc press conferences outside the grand jury room, daily leaks of new allegations from the District Attorney's office involving alleged "cover-ups," destruction of official records, misapplication of State property, employee time and equipment, political damage to Senator Hutchison mounted.

These actions ultimately resulted in grand jury indictments returned on September 27, 1993, reflecting precisely the allegations made by Mr. Mattox, Senator Krueger, and other operatives of the Krueger campaign in late May, 1993. Texas voters were shocked. The press frenzy was overwhelming.

These indictments were soon dismissed because a person accused of a criminal offense was a member of the grand jury. Five weeks later new indictments were issued, including one directly involving the Hutchison campaign for the United States Senate.

In subsequent court proceedings, the Judge then quashed and dismissed most of the second indictments for obvious legal and constitutional defects, to the significant embarrassment of District Attorney Earle, more akin to an episode of the "Keystone Cops" than the orderly administration of the criminal justice system.

On December 8, 1993, still new indictments were issued, again including allegations relating directly to Senator Hutchison's senatorial campaign.

Each set of indictments was accompanied by intense state and national media coverage, in each case enhanced by inflammatory statements by the District Attorney, his employees, and his political allies.

Senator Hutchison's legal defense team moved for speedy trial, denying each and every allegation and arguing forcefully and convincingly that the entire matter was nothing more than the continuation of attempts started in the 1993 campaign to destroy Senator Hutchison's viability as a candidate in 1993 and 1994 in order to return the Senate seat to the Democrat column in 1994.

(Interestingly, the two Democrat candidates currently engaged in a runoff election for the Democrat nomination in the 1994 race are former Attorney General Mattox and the 5th place finisher, the Dallas businessman, at the first special election of May 1, 1993.)

Senator Hutchison's motion for speedy trial was effectively granted. The trial under the December 8 indictments commenced in Fort Worth, Texas, on Monday, February 7, 1994. Voir Dire examinations of

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prospective jurors was concluded on Thursday, February 10, 1994. On February 11, 1994, the trial Judge empaneled 12 jurors and two alternates.

After empaneling the jury, the Judge ordered District Attorney Earle to proceed to read the indictments and to make his opening statements to the jury.

Earle, in open court, immediately announced to the Judge that he did not intend to proceed with the trial or to put on any evidence against Senator Hutchison. The jury having been empaneled and no evidence having been presented, Senator Hutchison's attorneys moved the court to instruct the jury to return a verdict of not guilty on all charges in the indictments. The Judge granted the defense motion and the jury did so.

The blatant attempt to use the criminal justice system as a tool in aid of a candidate and a political party in the political system had failed. The travesty had ended at approximately 11:00 o'clock A.M. on Friday, February 11, 1994. (See Exhibit "16").

As one juror put it in a post-trial press interview: "The whole thing started out as a farce. The prosecutor was unprepared from the start. He showed that from the moment he got there." Another juror described it another way: "It was goofy."

Retention and Payment of Consulting Lawyers as a Campaign Expenditure

The details of this sordid affair are submitted to demonstrate the obvious when the facts are known and considered in context: District Attorney Earle became an integral part of Senator Krueger's runoff campaign (between May 1 and June 5), and a tool of the ultimate Democrat candidate in the 1994 campaign. In fact, on September 27, 1993, the District Attorney admitted at his press conference announcing the first set of invalid indictments against Senator Hutchison that he had actually commenced an investigation in April, 1993, before the first election held on May 1. Prior to September 27, he always falsely stated publicly that he did not investigate charges made during a campaign while the campaign was underway.

However, the first knowledge of the District Attorney's active involvement in the Special Senatorial campaign came to the Committee on the evening of May 12, 1993, as noted above. On that day the District Attorney issued a grand jury subpoena to a former employee of the Texas Treasury. That subpoena expressly ordered, among other things, that the recipient deliver any records he might possess that relate to the federal senatorial campaign of then Treasurer Hutchison. (See Exhibit "6") and discussion above.

It was clear to all that then Treasurer Hutchison and the Committee was in need of a campaign consulting attorney having unique qualifications for a political campaign, one experienced in the language, law, rules and procedures of the Texas criminal justice system.

Thus, on the evening of May 12, the Committee retained the services of Dallas attorney Michael McColloch, an expert and specialist in Texas and federal criminal law and procedure. Later, after the June 10 raid on the Texas Treasury, Senator Hutchison retained other counsel to represent her preliminarily in connection with the District Attorney's on-going investigation. None of their fees were paid from campaign contributions, although they clearly could have been in these circumstances. Their services were terminated by Senator Hutchison when the permanent defense team was selected after the September 27 indictments, as discussed below.

As is the case with political campaign consultants having other professional disciplines, Mr. McColloch advised the Committee on a continuous basis as to facts, procedures, and rights. He was in regular communication with the District Attorney's office. Prior to the June 5 runoff election, he investigated the myriad of outrageous claims by the Krueger campaign as well as leaks out of the District Attorney's office. After the June 5 runoff election, Mr. McColloch was actively engaged in the obvious legal issues raised when a law enforcement agency, here the District Attorney, conducted an illegal raid of both public and private

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property. He was, as well, actively consulted in relation to subpoenas issued against several employees of then Senator-elect Hutchison's senatorial campaign, as well as, later, many of her Treasury and senatorial employees.

In short, Mr. McColloch was constantly consulted regarding an almost endless flow of false claims arising from the Krueger campaign and leaks out of the District Attorney's office, all calculated first to destroy her campaign on June 5, and thereafter to destroy her candidacy during her reelection campaign for 1994.

Mr. McColloch's consulting services to the campaign were concluded on September 22, 1993, five days before the return of the first illegal indictments against Senator Hutchison (September 27).

Thereafter, Mr. McColloch became a member of Senator Hutchison's legal defense team, along with other, permanent counsel, and continued as such until Senator Hutchison's acquittal on February 11, 1994.

As with other campaign consultants, Mr. McColloch was paid for his services to the Committee by the Committee, the funds of which were obtained through campaign contributions. The Committee's Report of Receipts and Disbursements for the period July 1, 1993 through December 31, 1993, filed and signed by me as Treasurer on January 27, 1994, includes the following payments to Mr. McColloch for the consulting services rendered (and out-of-pocket expenses) during the months of May, June, July, August and September, 1993:

July 19, 1993	\$23,722.25
July 19, 1993	19,532.93
August 17, 1993	22,235.32
September 22, 1993	<u>28,342.65</u>
	<u>\$93,833.15</u>

As noted, the first indictments were returned on September 27, 1993. The permanent defense team of lawyers for the ultimate trial was formed after that date. The Committee did not pay any part of the costs of defense of the indictments and subsequent trial from any funds belonging to the Committee, although we believe firmly that the Committee could have done so, based on the factual circumstances of this case and our reading of the Commission's past advisory opinions. Rather, Senator Hutchison established, with the approval of the United States Senate Ethics Committee, a Legal Defense Trust Fund pursuant to S. Res. 1980 and applicable regulations of the Senate Ethics Committee. (See Exhibit 17).

Payment for legal services in the defense of the trial under the first and subsequent indictments were and are being paid from contributions to that Trust Fund. The Complainant is simply ill-informed and wrong on the facts. The Committee did not pay from campaign contributions the "... costs of a criminal defense in a trial ..." of Senator Hutchison, as alleged in the Complaint. It simply paid Mr. McColloch as a consultant to advise it on matters that, fortunately, are normally unnecessary in political campaigns.

The Committee Payments to McColloch Were Proper Campaign Expenditures

While we recognize the on-going debate and discussion in and out of the FEC regarding where the line should be drawn in the future as to the exact point at which a payment for the services of a lawyer ceases to become a "campaign" expenditure and transforms itself into a prohibited "personal" expenditure of campaign funds, we respectfully submit that the bizarre facts outlined above leave not even a shadow of a doubt in this case.

No set of facts could be imagined that would lead so convincingly to the conclusion that a federal campaign may retain a consulting attorney to protect itself and its candidate in a situation where the political system and the criminal justice system have merged and become corrupted. Hopefully, this set of facts will never be duplicated anywhere in America against any candidate, state or federal, Republican or Democrat.

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The case did not involve allegations of injury in a traffic accident, the preparation of a will, a domestic divorce, the purchase of property for personal use, a personal business transaction, or the adoption of a child, all of which would be deemed "personal" under the Act.

Rather, the case involved the merger of the criminal justice system into the political system in a corrupt attempt to destroy the character and candidacy, first of a citizen aspiring to higher office, and then of a United States Senator seeking to maintain it. The proof of the connection and the motive is seen vividly by examining this case at its conclusion: When it became evident on February 11, 1994, that this Senator would stand, fight, and win, and when it came time for the District Attorney of Travis County, Texas, to "put up or shut up," he chose to "shut up" and withdraw in total defeat and tacit admission of the true purposes of his activities all along.

This is precisely how the people of Texas, as well as many national and Texas media and political analysts and editorial writers, view the Hutchison debacle. (See Exhibit "18").

Recent polling results of *The Dallas Morning News* and the *Houston Chronicle* reveal that, despite the fact that the Texas public has not reviewed this case in the detail presented here, nearly 70% of the voters of Texas believe that the charges were not true and that the entire affair was a "political persecution" of a United States Senator of an opposing political party. The same poll reveals that Senator Hutchison's public approval rating now exceeds 60%. (See Exhibit "19"). The fear of prosecutorial intimidation having passed, many of the loyal employees of the Texas Treasury who do know the facts have expressed themselves, as well. They agree with the polls. (See Exhibit "20").

It is an obvious fact that hundreds of millions of dollars of federally regulated campaign funds are expended in each election year for the purpose of paying professional consultants to promote, advertise and sometimes enhance and even mischaracterize the personal character of candidates for federal office. It is equally obvious that millions of campaign funds are spent to pay the same consultants to defend against adverse personal character assaults by political opponents in political campaigns. No one, to our knowledge, has ever challenged or would ever consider challenging the legality under the Act of such expenditures as "campaign" expenditures even though "character" is an inherently "personal" trait.

Why would the law be different in cases where the character "assault" has reached such proportions as to amount to an attempted character "assassination"? And why would the result be different just because the professional consultant paid with campaign funds happens to have a law degree? We respectfully submit that there is no difference.

Disclosure of all expenditures in connection with this matter have been and will continue to be made in accordance with all applicable state and federal laws, rules, and regulations.

Requested Relief

Accordingly, we respectfully urge that the General Counsel's report recommend that the Commission find no reason to believe that the Complaint sets forth a possible violation of the Act, and that the Commission close the file in this matter.

Respectfully Submitted



Kenneth W. Anderson, Treasurer,
Kay Bailey Hutchison for Senate Committee

KWA/ms
encl.

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FINDING THE BEST HOLIDAY LIGHT DISPLAYS. GUIDE, PAGES 32-34.

The Dallas Morning News

Texas' Leading Newspaper

© 1992, The Dallas Morning News

Dallas, Texas, Friday, December 11, 1992

12 Sections A

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50 Cents

Bentsen named treasury secretary

Scramble for Texan's seat starts in earnest

By Wayne Slater

Austin Bureau of The Dallas Morning News

AUSTIN — The political jockeying to replace Sen. Lloyd Bentsen began Thursday.

With the formal announcement Thursday that Mr. Bentsen will become treasury secretary, Gov. Ann Richards prepared to name an interim senator to serve until a special election can be held, probably in May.

"There is going to be a whole potful of candidates," said Charles Elliott, a political science professor at East Texas State University.

"We could wind up with a field of conceivably 10 or 12 candidates, maybe more. And that's going to make for one hell of a campaign."

Ms. Richards declined Thursday

CLINTON ECONOMIC TEAM

- Henry Cisneros profile. 28A
- Who'll replace Bentsen? 28A
- Economic impact. 28A
- Treasury department role. 28A
- Clinton Cabinet so far. 21A
- Lloyd Bentsen profile. 21A
- Editorial. 22A

to say whom she will nominate for the interim.

Former San Antonio Mayor Henry Cisneros, who has topped the governor's list, appeared headed instead for a Cabinet job in the Clinton administration such as secretary of Housing and Urban Development, according to sources familiar



Sen. Lloyd Bentsen (left), newly named treasury secretary, talks to reporters Thursday. With him are President-elect Bill Clinton; Rep. Leon Panetta, budget director appointee; and Roger Altman, who will be deputy treasury secretary.

with the transition.

"I haven't made up my mind, but my intention is to appoint someone who is going to run," said Mr. Richards, dismissing the idea of naming

a "caretaker" who would serve only until the special election.

"If Henry should remove himself from consideration and accept a Please see SCRAMBLE on Page 21A.

Scramble to replace Bentsen begins

Continued from Page 1A.

Cabinet position, of course that changes things," she said.

Speculation centered on Comptroller John Sharp as a potential nominee, although Lt. Gov. Bill Hobby and Attorney General Dan Morales also were mentioned as possibilities.

Mr. Bentsen, who is not expected to resign his seat until February, predicted that a Democrat will win the special election to succeed him.

"An effective, attractive governor will be making that decision and the choice of who will play a major role in that campaign," said Mr. Bentsen. "And I think the odds are excellent that a Democrat will succeed me in that spot."

In selecting Mr. Bentsen as his treasury secretary, President-elect Bill Clinton praised "the kind of leadership that has been provided in Texas by people like Ann Richards, Henry Cisneros, John Sharp.

"I think there is a good chance that Governor Richards will name

someone senator who will have the confidence of the people of Texas."

Meanwhile, Texas Treasurer Kay Bailey Hutchison, the party's top woman state officeholder, indicated she will decide within two weeks whether to launch a campaign for the seat.

"This chance comes around maybe once in the person's lifetime," Mrs. Hutchison said.

Among other Republicans indicating interest in the race were Rep. Joe Barton of Ennis, Rep. Jack Fields of Houston, Public Utility Commissioner Marta Greytak, former Railroad Commissioner Kent Hance and Texas Rangers owner George W. Bush, the president's oldest son.

There will be no primary. Under state law, if no candidate wins a majority of the vote, the top two vote-getters would face each other in a runoff election. The winner would be up for election in 1994 as the party's standard-bearer.

"Losing a person like Lloyd

Bentsen as head of the ticket cannot be regarded as anything but a grievous loss," said Bob Slagle, chairman of the Texas Democratic Party. "He had the ability to unify Democrats irrespective of philosophy, to reach across party lines. And any person replacing Bentsen is going to have difficulty doing that, and it will take a period of time and a lot of hard work."

Karen Hughes, executive director of the Texas Republican Party, predicted "a feisty campaign" attracting a full slate of candidates from both parties.

"It's an opportunity for a lot of people to gain statewide recognition and to try to go out and talk about issues that are very important to them, whether or not they feel they can win," she said. "It's essentially a risk-free election" because officeholders need not resign to seek the Senate seat.

The last time Texas held a special election for the Senate was in 1961. More than 70 candidates

crowded the ballot to fill the seat vacated by newly elected Vice President Lyndon B. Johnson. The favorite was William A. Hickey, a millionaire businessman appointed by the governor, but Wichita Falls college professor John Tower emerged from the crowded field to win.

Mr. Tower, a Republican, held that seat until he retired in 1984.

The special election will be the fourth for the Senate since 1941.

That year, Democratic Gov. W. Lee "Pappy" O'Daniel won in a 29-candidate field to replace Sen. Morris Sheppard, who had died in office. Mr. O'Daniel won a full term in 1942 and quit in 1948, when Mr. Johnson eked out an 87-vote victory over former Gov. Coke Stevenson.

Liberal Democrat Ralph Yarborough led a 23-candidate field in 1957 to win the Senate seat he held until being defeated by Mr. Bentsen in the 1970 primary.

Staff writer Terrence Stutz in Austin contributed to this report.

IN THE 147TH JUDICIAL DISTRICT COURT
TRAVIS COUNTY, TEXAS

IN THE MATTER OF THE *
GRAND JURY SUBPOENA FOR * NO. _____
KAY BAILEY HUTCHISON *

CHANNEL 24 NEWSCAST SEGMENT
AUSTIN, TEXAS
DECEMBER 22, 1992
TRANSCRIBED BY VIDEOTAPE

SPEAKERS:

JUDY MAGGIO, NEWSCASTER
RONNIE EARLE, TRAVIS COUNTY DISTRICT ATTORNEY

ORIGINAL

BRADFORD COURT REPORTING (214) 931-2799

EXHIBIT

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FORM 1-A PER ORDER OF THE COMMISSIONER 1-800-631-0889

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1 CHANNEL 24 NEWSCAST SEGMENT, AUSTIN, TEXAS

2 DECEMBER 22, 1992

3 8:00 P.M. NEWS

4 JUDY MAGGIO: Now, among those
 5 already tapped for the Clinton cabinet is U.S.
 6 Senator Lloyd Bentsen of Texas. He is the nominee
 7 for Treasury Secretary. And that means the Texas
 8 governor will appoint someone to take his place in
 9 that powerful chamber. A long list of people is
 10 interested in the job, and now you can add one
 11 more. Travis County District Attorney Ronnie Earle
 12 met with the governor this week.

13 RONNIE EARLE: I told her that I
 14 believe that -- that the -- the key to our future is
 15 to rebuild the country one community at a time. And
 16 we have to start that immediately, that reweaving
 17 the fabric of community is what is necessary to
 18 ensure our future.

19 JUDY MAGGIO: The governor did
 20 say today that she will not announce who she'll
 21 appoint to Bentsen's seat until after the first of
 22 the year.

23 (End of Newscast Segment.)

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BRADFORD COURT REPORTING

CHANNEL 24 NEWSCAST SEVENT, AUSTIN, TEXAS

DECEMBER 22, 1992

6:00 P.M. NEWS

JUDY MAGGIO: There had been some speculation that Texas Governor Ann Richards would have a big announcement today about the vacant U.S. Senate seat. An announcement did come from the governor, but it was only to let the media know that she will appoint someone to Lloyd Bentsen's old seat sometime around the first of the new year.

In a news release from her office, Richards says she has met with about a dozen people who have expressed interest at being appointed to the U.S. Senate. She says she's talked to many more on the telephone, and the process has become more difficult because there are so many good candidates. One of those candidates, by the way, is Travis County District Attorney Ronnie Earle. He spoke with Richards yesterday about filling the seat.

RONNIE EARLE: I think I have a vision. I think I have seen the consequences of inaction. I have seen the consequences of just letting us slide further and further off the cliff of crime, and I think I can do something about it.

JUDY MAGGIO: Earle says his

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FORM 1-A-10-88 (REV. 1-1-88) 1-1-88

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seat in the U.S. Senate is the best tool to fighting
 crime on a national basis.

(End of Newscast Segment.)

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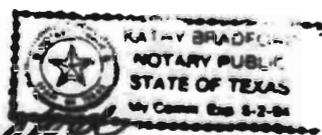
FEDERAL BUREAU OF INVESTIGATION
 U.S. DEPARTMENT OF JUSTICE
 WASHINGTON, D.C. 20535

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STATE OF TEXAS)
COUNTY OF DALLAS)

THIS IS TO CERTIFY THAT I, KATHY BRADFORD,
a Certified Court Reporter in and for Dallas County,
Texas, reported in shorthand the testimony given at
the time and place set forth in the caption hereof,
and that the above and foregoing pages contain a
full, true, and correct transcript of the said
testimony.

This the 29th day of August, 1993.



Kathy Bradford

KATHY BRADFORD,
Certified Court Reporter
in and for the State of Texas.
Certification Number: 3082
Date of Expiration: 12-31-94
Bradford Court Reporting
18040 Midway #256
Dallas, Texas 75287
Phone: (214) 931-2799
FAX: (214) 931-2799

BRADFORD COURT REPORTING (214) 931-2799

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FORM NO. 50 (REV. 10-1-83) OF THE NOTARY PUBLIC, STATE OF TEXAS

Austin American Statesman

Earle joins list seeking Senate seat

2 other candidates enter special race to fill vacancy

By Dave Maloney
Austin-American Statesman Capitol Staff

Travis County District Attorney Ronnie Earle, whose investigations of House Speaker Gil Lewis and others prompted the Legislature to strengthen its ethics rules, Tuesday joined the list of people interested in an appointment to Lloyd Bentsen's seat in the U.S. Senate.

Earle, a Democrat who on Nov. 3 won another four-year term without opposition, said he met Tuesday with Gov. Ann Richards to tell her of his interest in the appointment.

"We had a very pleasant discussion of the issue, and she said that she had not made up her mind, that she did not know what she was going to do," Earle said.

If Richards chooses someone else as Bentsen's immediate successor, Earle added, he nevertheless might run in the special U.S. Senate election this spring.

On Tuesday, two candidates entered the race.

U.S. Rep. Jack Fields, R-Humble, said he decided to run at the urging of supporters.

"Those expressions of support have convinced me that I'll be able to assemble a team of volunteers and raise the funds necessary to win this campaign," said Fields, who operates a cemetery near Houston. "I intend to work harder than any other candidate to build an organization capable of taking my message directly to the voters of Texas: Republicans, Democrats and independents."

Fields, 40, who has a law degree from Baylor, has served in the U.S. House since 1981.

Gene Kelly, 66, a retired Air Force colonel who twice has run for statewide judicial posts, said he would campaign on a platform to protect Social Security benefits, control illegal immigration and keep a strong military presence in Texas.

Kelly, with the same name as the famous movie dancer, won the Democratic nomination for a Texas Supreme Court seat in 1988 by almost a 2-1 ratio over Fred Biery, a justice on the 4th Court of Civil Appeals. In 1992, Kelly unsuccessfully sought the nomination for the Texas Court of Criminal Appeals against incumbent Morris Overstreet.

Last week, U.S. Rep. Joe Barton, R-El Paso



Continued from B1

nia, announced he will run in the special election. Members of Congress and the Legislature do not have to give up their seats to run in a special election.

To qualify for the ballot in the special election, candidates must pay a \$4,000 filing fee or collect the signatures of 5,000 registered voters.

In the last special U.S. Senate election, in 1981, the filing fee was \$60, and 71 candidates ran.

Bentsen will vacate his Senate seat when he is confirmed as President-elect Bill Clinton's Treasury secretary in late January or early February. Under Texas law, Richards then must appoint someone to the job. That person will serve until a special election Richards must call — probably on May 1 — for the remainder of the term through 1994.

Earle, 50, said his interest in the Senate stems from his interest in public policy — particularly crime and its causes. He has been a leader in efforts to attack the roots of crime, such as child abuse. He also has championed alternative incarceration programs like boot camps

for first-time offenders.

"The whole criminal justice system is in a deep ditch that is the result of failed economic and social policies," Earle said. "I plan on talking statewide about some of these issues, and about the need to rebuild the country on a community level — to re-weave the fabric of community. I believe that it is possible to integrate social policy, economic development and criminal justice policy, in terms of community corrections."

By law, if a county cannot fill more than a year left in his or her term announced for another office, it amounts to a resignation from the county job. Earle was careful Tuesday to say that he is thinking about the Senate race — and not that he definitely planned to run.

Before his election as district attorney in 1976, Earle was a state representative for three years. Before that, he had been chief counsel of the Texas Judicial Council and an Austin municipal judge and had worked in the office of then-Gov. John Connally, who was a Democrat at the time.

In 1980, Earle briefly considered running for Texas attorney general

but rejected the idea.

If Earle should be appointed by Richards or announce his candidacy for the Senate, the governor would pick a new district attorney for Travis County to serve until the next general election in 1994.

Earle joins the crowd hoping for a nod from Richards. She recently has talked to Democratic U.S. Reps. Mike Andrews of Houston, John Bryant and Martin Frost of Dallas, and Jim Chapman of Sulphur Springs. Richards also has visited with Railroad Commissioner Bob Krueger, who almost unseated the late Republican U.S. Sen. John Tower in 1978 and unsuccessfully sought the Democratic nomination for the Senate in 1984.

Meanwhile, Attorney General Dan Morales, who had been mentioned as a possible appointee, has taken himself out of the running. At an afternoon meeting, Morales told the governor he is not interested in the Senate, said Ron Dussek, spokesman for the attorney general.

Staff writer David Elliot contributed to this report, which also includes material from The Associated Press.

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See Earle, B3

4

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Dave McNeely

Senator wannabes hang back

It hasn't been as easy to find the right Democrat to take Lloyd Bentsen's Senate seat as Gov. Ann Richards had hoped. She had planned to name her choice quickly, but the process has taken much longer, for a variety of reasons.

Democrats who have said they aren't interested include former San Antonio Mayor Henry Cisneros, state Comptroller John Sharp and Attorney General Dan Morales. Republicans who say they won't run include first son George W. Bush, former Dallas Cowboys quarterback Roger Staubach, Dallas attorney Tom Luce and Houston oilman Rob McInerney Jr.

Some are beginning to wonder why there isn't more interest in the Senate seat. But part of it is the process itself. Richards' appointee will serve only until the special election the governor must call, probably for May 1. If her appointee wins that election, he or she would have to defend the job again in 1984.

In two-party Texas, trying to hold the seat for the Democrats, Richards is weighing a lot of factors — including name identification, fund-raising capability, voting records, personal background glitches and popularity among various interest groups that make up the Democratic Party.

What some see as a lack of interest actually is hesitation by wannabes waiting for Richards to pick someone. After Cisneros, Sharp and Morales took themselves out, several congressmen have trooped to Austin to interview for the appointment. Several other candidates have been mentioned — including former Lt. Gov. Bill Hobby, his son Paul and Travis County District Attorney Ronnie Earle.

The reason no Democrats have announced is that Richards' choice presumably will have her endorsement.

Republicans, knowing they won't get Richards' appointment, haven't been as shy as the Democrats. U.S. Reps. Joe Barton of Ennis and Jack Fields of Humble already have announced for the special election. State Treasurer Kay Bailey Hutchison is assumed certain to run. Former Railroad Commissioner Kent Hance is considering it; and Martin Grayson, a state member of the Public Utility Commission, also might run.

Money is a factor. People remember there were 71 candidates in the last special Senate election in 1961, but only six were serious: the appointed interim Sen. Bill Blakley, Attorney General Will Wilson, U.S. Rep. Jim Wright, House leader Henry Mirerick Jr., state Sen. Henry B. Gonzalez and John Tower, the Republican who ran for the Senate in 1980 — and who won the runoff with Blakley in 1981. Most others were there because the filing fee was only \$50. It's since been raised to \$4,000.

The bigger cost is actually running. And since 1981, when political sugar daddies could kick in big bucks, strict campaign finance laws have been passed. A candidate now can get only \$1,000 from any single individual per election and \$5,000 from each political action committee.

It may sound like a lot. But in a state where it can take millions to make a credible race, would-be candidates must ponder how much they want to put themselves on the line.

Quite a few former congressmen and state senators, hot properties on their home turf, discovered that few Texans elsewhere know or cared about them.

Texas is so big that it is very difficult to build name identification short of holding a major statewide office, being a professional athlete or inheriting a prominent name, like Warren G. Harding.

Another reason for hesitation on the Democratic side is that former Attorney General Jim Mattox is nearly certain to run. Mattox spent six years as a Dallas congressman, eight years of self-promotion as attorney general and millions of dollars hawking his name on TV against Richards in their 1980 Democratic gubernatorial primary slugfest. He lost, but he's well-known.

In addition to being popular with organized labor, Mattox is noted for steering any election in which he participates directly into the mud. Most people will think several times before volunteering for that experience.

McNeely, an American-Statesman columnist, covers political issues affecting the state.

3

Stock reportedly rising for some Senate hopefuls

By David Elliot
American-Statesman Capital Beat

Like the New York Stock Exchange, the reported political value of candidates under consideration for the U.S. Senate vacancy keeps going up and down.

By Monday, two candidates' stock reportedly had risen — U.S. Rep. Jim Chapman, D-Sulphur Springs and U.S. Rep. Mike Andrews, D-Houston. Two other candidates' stock had fallen — U.S. Reps. John Bryant and Marvin Frost, both Democrats from Dallas. The jointive worth of a fifth candidate — Railroad Commissioner Bob Krueger, a Democrat — was unchanged.

"I'd say that the attention is focusing primarily on Andrews and Chapman, but I wouldn't leave Krueger off the list," said one political observer. "I say that because he's someone who fits all the criteria on paper. This whole process is a process of elimination. There's nothing that has eliminated him yet."

"It appears the governor is focusing on Chapman and Andrews, while Krueger partisans think he's still in the race," another political watcher observed.

The source, speaking on background only, cautioned that Richards has yet to make a decision and that no announcement is expected until early next week. They also warned that the situation is changing rapidly.

Richards has said she will appoint an interim senator to serve until a special election can be held, probably in May. The Senate seat

is being vacated by Lloyd Bentsen, who has announced his resignation to become U.S. Treasury Secretary.

A third source said Richards' decision to appoint an interim senator is no longer a process of elimination. The source said aspects of all of the candidates are being studied concurrently — their cash on hand, their ability to raise money, their voting records and their potential liabilities, to name a few.

The source said Richards next week will examine every aspect of each candidate said to be on the short list — Chapman, Andrews, Bryant, Krueger, Frost and, perhaps, Secretary of State John Hannah or Texas County District Attorney Benjamin Bush.

Richards' spokesman Bill Cryer said he has no idea what the governor will do.

"She's down on Padre Island," Cryer said. "She told me she caught a bunch of big fish — as big as a pot roast, she said."

Several people have said they plan to run in the special election to fill Bentsen's seat until 1994, when the term expires. They include Democrat Jim Mattox, a former state representative, congressman and attorney general; Democrat Gene Kelley, who has made two statewide judicial campaigns; Republicans U.S. Reps. Joe Barton of El Paso and Jack Fields of Humble; and Treasurer Kay Bailey Hutchison, a Republican.

Other possible GOP candidates include former U.S. Rep. Kent Hance and Public Utility Commissioner Marta Greytak.

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SPORTS DAY, PAGE B-1



**Charles in charge
as Suns hit town**

**Court ruling on tariff
may boost production
at Compaq in Houston
BUSINESS DAY, C-1**



STYLE, PAGE D-1

**Editorial cartoonists
love Clinton's face**

**Weather**

Out of a clear blue sky
Mostly sunny
High 62, low 41
Details, page A-14

The Houston Post

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50 Cents

TUESDAY, January 5, 1993

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☆☆ FINAL EDITION

Richards to name Krueger as Bentsen's replacement

By **KEN HERMAN AND KATHY KIELY**
OF THE HOUSTON POST STAFF

AUSTIN — Gov. Ann Richards will announce her appointment of Railroad Commissioner Bob Krueger to the U.S. Senate today, a decision drawing flak from the GOP and a Democrat planning to challenge Krueger in the upcoming special Senate election.

The governor has called a noon news conference in the Texas House chamber to announce her choice. Sources in the governor's office said Krueger will be introduced as the interim replacement for Sen. Lloyd Bentsen, who will become treasury secretary later this month.

"I think it will offend a lot of mainline Democrats in Texas," former Attorney Gen-

eral Jim Mattox, a Democrat who plans to run in the special Senate election, said of Richards' decision.

Texas GOP Chairman Fred Meyer called Krueger "a two-time loser" who is the product of a Democratic Party beholden to special interest groups.

Krueger, who lost 1978 and 1984 Senate races, is promising to fight back. He said it is

a lesson he learned in the 1984 race.

"I decided I would never again allow people to misrepresent me and not respond. Public showed me way ahead, and I didn't want to be divisive in the Democratic Party... So I didn't respond," he told The Houston Post in a recent interview. "It's a mistake I will

Please see **NEWS**, A-7



NEWS
Editorial choice

H.

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The Houston Post

Jan 06 1991

...make again." ... rapped the side. A ... saying, "Because some Democrats aren't acceptable to the AFL-CIO and some aren't acceptable to the gay-lebian comm. Gov. Richards is considering appointing a candidate who whose has proven unacceptable to the voters of Texas."

Krueger will serve until the special election, probably in May. That race will be a free-for-all open to all comers. If no one gets more than half the votes, there would be a runoff. The winner will serve through 1994.

On the GOP side, U.S. Reps Joe Burton of El Paso and Jack Fields of Humble have announced their candidacies. State Treasurer Kay Bailey Hutchison will announce her candidacy during a 26-city tour next week.

Mattox, perturbed that Richards would not interview him for the appointment, called Krueger a "nice, sweet fellow" with a "terrible voting record" while a congressman from New Braunfels from 1975-1978.

"He is anti-consumer. He is anti-environment. He has voted against women and children and education and the environment," said Mattox, who was defeated by Richards in a 1990 runoff for the Democratic gubernatorial nomination.

Ken Kramer of the Sierra Club said Krueger's record has been better on the Railroad Commission than it was in Congress.

"The main concern we had when he was in Congress was that he was very closely aligned with oil and gas interests. That seems to have evolved and changed over the years," said Kramer.

Mattox also charged that Krueger has opposed programs similar to those pushed by President-elect Clinton. Krueger was Texas chairman of Paul Tsongas' unsuccessful bid for the Democratic presidential nomination.

Tsongas said Monday he was thrilled about the Krueger appointment.

"It's one of those things you hear and you say, 'Damn right!'" Tsongas said from his Massachusetts home. "Had I been elected (president), he would have been my secretary of energy."

Krueger, who started near the back of the pack in the Senate derby, worked his way up as others fell or withdrew. He made a strong political comeback in 1990, defeating Republican Beau Boulter for a Railroad Commission seat.

Richards will appoint someone to replace Krueger on the Railroad Commission. State Sen. Rodney Ellis of Houston has been mentioned as a possible contender.

In an effort to dent Mattox's campaign before it begins, top Democrats worked Monday toward getting endorsements for Krueger from the State Democratic Executive Committee and the Texas AFL-CIO. Joe Gunn, president of the labor group, is urging Mattox to stay out of the race because it could hurt the Democrats' chances of keeping

SENATE CONTENDERS - What happened?

HENRY CISNEROS: President Clinton's No. 1 pick. Appointed by Bill Clinton as secretary of housing and urban development.

COMPTROLLER JOHN SHARP: A top contender. Withdrew. Hurt by anti-abortion stand in the past. Wife was reluctant to go to Washington.

FORMER LT. GOV. BILL HOBBY: Supported state income tax. Notoriously bad campaigner.

PAUL HOBBY: Bill Hobby's son. Hot contender for about a day and a half. Had benefit of family name and money. Has never sought elected office.

ATTORNEY GENERAL DAN MORALES: Withdrew after meeting with Gov. Richards. Disliked by some Democratic officials, including some Richards staffers.

U.S. REP. MIKE ANDREWS: Was close to getting the nod before research showed that his 131 bounced checks at the House bank were a major liability with voters.

U.S. REP. JIM CHAPMAN: Became top contender after Andrews was shot down. Disliked by leaders in the black, gay and environmental communities.

U.S. REP. MARTIN FROST: Only major hopeful who was never rumored as a leading contender.

U.S. REP. JOHN BRYANT: Bounced 55 checks. Close friend of former Richards foe Jim Mattox.

JIM MATTOX: Lost nasty 1990 gubernatorial runoff to Richards. Only major contender not interviewed by Richards for the Senate seat.

ANN RICHARDS: Favorite candidate of several major groups within the party who saw her as the Democrats' best chance for keeping the seat. Said she wants to run for re-election in 1994.

the Senate seat. "I've never seen Mattox run in a race where he didn't cut everybody up," said Gunn.

The SDEC endorsement would bring Krueger more than \$1 million in financial support from the national Democratic Party. It also might keep potential Democratic opponents out of the race. U.S. Rep. Jim Chapman of Sulphur Springs, a leading contender for the appointment until opposition cropped up last week, said he will stay out of the race if Krueger wins SDEC backing.

U.S. Rep. Martin Frost of Dal-

"It's one of those things you hear and you say, 'Damn right!' Had I been elected (president), he would have been my secretary of energy."

— Paul Tsongas, former presidential candidate

las, who also wanted the appointment, said he will back whomever Richards picks. U.S. Reps. John Bryant of Dallas and Mike Andrews of Houston, two others who sought the appointment, were unavailable for comment Monday, but spokesmen indicated neither would run against Krueger.

Krueger, 57, narrowly lost to Republican U.S. Sen. John Tower in 1978. In 1984, he ran third in the Democratic senatorial primary, squeezed out by Kent Hance, who collected the conservative vote, and Lloyd Doggett, a darling of the Democratic left. Doggett beat Hance in a runoff and lost to Republican Phil Gramm. Hance now a Republican, is considering entering the special Senate election.

In a preview of what the GOP's anti-Krueger campaign will look like, a Republican strat-

egist blasted Krueger as "a guy who was part of creating the mess in Washington."

After losing the 1978 Senate race, Krueger served from 1979-1981 as President Carter's ambassador-at-large to Mexico.

Richards' selection of Krueger comes after weeks of posturing by Democrats who wanted the appointment. The field opened up when former San Antonio Mayor Henry Cisneros, Richards' top choice, and Comptroller John Sharp withdrew from consideration. Cisneros has been appointed secretary of housing and urban development by Clinton.

The governor had wanted to quickly name an appointee, but was stymied when the top contenders bowed out. As the deliberations continued, sniping among some of the hopefuls escalated. Chapman called the process "torturous" and said, "The unfortunate byproduct has been Democrats shooting at each other."

"We're talking about the waxes now," one GOP operative said of Krueger and the others who remained in contention.

As Richards searched for an appointee, top Democrats floated trial balloons.

"You'll have been very helpful I want you to know," Richards told reporters Sunday. "And I mean that honestly."

Andrews was the first hopeful whose name was floated as a "leading contender," but he fell back to the pack after Democratic research showed that the 121 checks he bounced in the House bank would be difficult to overcome.

Chapman emerged as the next rumored leading contender, only to plunge after leaders of the black, environmental and homosexual community rejected him as unacceptable.

Bryant and Frost also were passed over. Bryant bounced 55 checks, which didn't help his cause.

EAGLES' WATERS PUTS EMMITT SMITH ATOP HIS HIT LIST. PAGE 1B.

The Dallas Morning News

Texas' Leading Newspaper

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Dallas, Texas, Tuesday, January 5, 1993

6 Sections A

.... 90 Cents

Richards to pick Krueger for Senate, officials say

Governor to announce Bentsen's successor today

By Sam Attlesley

Political Writer of The Dallas Morning News

AUSTIN — Gov. Ann Richards has scheduled a noon news conference Tuesday, when she is expected to name Railroad Commissioner Bob Krueger to replace U.S. Sen. Lloyd Bentsen, Democratic Party leaders said Monday.

The announcement in the House chamber will end a nearly month-long search by Ms. Richards to fill the vacancy Mr. Bentsen will create when he becomes President-elect Bill Clinton's treasury secretary.

Top Democrats, who did not want to be identified, said Mr. Krueger is the governor's choice.

Ms. Richards' press secretary, Bill Cryer, would confirm only that she will name her appointee Tuesday.

"It's a done deal. It's locked down for Krueger," said a Democratic consultant familiar with the governor's decision.

Mr. Krueger was unavailable for comment.

Mr. Krueger, a two-time unsuccessful Democratic candidate for the U.S. Senate, will serve until a special election, probably in May.

He and several other Democrats and Republicans are expected to run in the special election. The winner of the special election must

stand for a full six-year term term in 1994.

Many top Democratic officials hope they can rally the party faithful around Mr. Krueger and avoid an intraparty squabble.

"Since it looks like Krueger is going to be her appointment, Jim Matton will definitely run," said Elina Christopher, a consultant. "Krueger's (congressional) voting record is not what the Democratic Party is about."

Some liberal Democrats have complained that Mr. Krueger's two terms in the U.S. House left him with a voting record that was anti-

consumer and anti-labor.

Mr. Krueger, a 57-year-old New Braunfels resident, left the House in 1978 to challenge Republican U.S. Sen. John Tower. He narrowly lost.

Then in 1984, when Mr. Tower did not seek re-election, Mr. Krueger sought the Senate seat again, but he failed to win the Democratic nomination.

Mr. Krueger also served as President Carter's ambassador at-large to Mexico from 1979 to 1981. He was elected to the Railroad Commission in 1990.

Ms. Richards' apparent choice of Mr. Krueger drew fire from State Republican Party Chairman Fred Meyer.

"He's lost a couple of times already. I don't see Krueger as a formidable candidate," said the GOP chief.

However, state Democratic Chairman Bob Slagle said Mr. Krueger would be a strong candi-

date. "We can ask Fred (Meyer) to comment after Krueger beats the hell out of whoever the Republi-

cant come up with."

Mr. Meyer also said Mr. Richards allowed special interest groups such as the AFL-CIO and the gay-lesbian caucus to dictate whom the governor appoints.

"The Texas Democrat Party is clearly in disarray when the litmus tests of liberal special interest groups control the governor's selection," Mr. Meyer said, referring to the opposition of the groups to two Democratic congressmen who had been under consideration by Mr. Richards.

Mr. Meyer said he is confident that one of the Republican candidates will win the special election. U.S. Rep. Joe Barton of El Paso was the first person to announce his candidacy for the post. Others who are almost certain to run include state Treasurer Kay Bailey Hutchison and U.S. Rep. Jack Fields of Humble.

In a special election, Democrats, Republicans and independents all run together. If no candidate garners 50 percent, the two top vote-getters meet in a runoff.

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Krueger

Continued from Page 1A.

Krueger a "liberal Democrat."
Hines, who said he will decide whether to enter the race within two weeks, said he will challenge Krueger for the endorsements of organized labor and the state Democratic leadership during meetings next week.

Hines complained that Richards and state Democratic Party Chairman Bob Single are trying to chisel off his fund-raising and support.

Describing himself as a champion of working people, Hines said that Krueger as a congressman in the late 1970s voted against the interests of average Democrats.

"He voted against national health insurance, against full employment, against clean air, against consumer protection, against worker safety," Hines claimed. "In short, he voted against everything that he now says he supports."

U.S. Rep. Jim Chapman, D-Sulphur Springs, who at one point was considered Richards' top choice for the appointment, said it is important for Krueger to win the endorsements next week of the AFL-CIO Committee on Public Education and the State Democratic Executive Committee.

"Within the next week a critical first test for Mr. Krueger will be whether or not he can bring together the disparate elements of the Democratic Party," Chapman said. "If he can't do that, then I would expect there would be a lot of Democrats scratching their heads wondering if there's something else to do."

Chapman said he has no intention of entering the Senate race at this time. The deadline for filing to be on the ballot is 21 days before the election.

In addition to Barton, who has formally announced his candidacy, Republicans expected to join the race include U.S. Rep. Jack Fields of Humble and state Tongaree Kay Bailey Hutchison.

Krueger's appointment opens a seat on the three-member Railroad Commission, which Richards said she will quickly move to fill. Her appointee will face election in 1994 to fill out Krueger's term through 1996.

Richards' tapping of Krueger was greeted enthusiastically by Democratic leaders.

Bentsen, in a statement, called his successor "highly qualified" and "best equipped to carry the Democratic banner."

Barbara Jordan, a former congresswoman from Houston, praised Krueger for supporting her effort to extend protections of the federal Voting Rights Act to Hispanics in 1978. He was the only Texas congressman to do so, she said.

"We Texans don't send pygmies to

Bob Krueger
 Age: 57
 Hometown: New Braunfels
 Party affiliation: Democrat
 Public offices held: U.S. House of Representatives, 1975-1978; U.S. ambassador at large and coordinator of Mexican affairs, 1979-1981; Texas Railroad Commissioner, 1981-present.



Education: Bachelor's degree in English, Southern Methodist University; master's in English, Duke University; doctor of philosophy, Oxford.
 Family: Wife, Kathleen; two children.

the Senate, and we're not sending one with the vacating of the seat by Lloyd Bentsen," Jordan said.

Such disparate interest groups as the Independent Petroleum Association of America and the Human Rights Campaign Fund, a major political organization for homosexuals, also lauded Richards' selection.

"We have worked extensively with Bob Krueger on many issues," said IPAA President Dennis Bode. "He is a longtime friend and supporter of the domestic oil industry."

Tim McFeeley, executive director of the gay-rights group, said Krueger had been "a supporter of the lesbian and gay community throughout his political career" and is "an outspoken advocate of fairness for all Americans, regardless of their sexual orientation."

Richards expressed relief at ending the monthlong selection process that saw her early top choices remove themselves from consideration. Four congressmen and a district attorney who also were seriously considered got passed over for the appointment.

One Democrat who lost out to Krueger, U.S. Rep. Mike Andrews of Houston, said he had no hard feelings about his rejection and called Krueger an "outstanding choice."

Chapman said Richards treated him fairly in the appointment process, but he believes his chances were harmed by special interest groups, especially those opposed to an amendment he carried in 1990 to allow discrimination against food handlers with AIDS.

"I had a problem with a gay-lesbian group, and I think that had a direct and negative impact," Chapman said.

Chronicle reporters Cragg Hines and Alan Bernstein contributed to this story.

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Austin American Statesman

50 CENTS ★★

PUBLISHED SINCE 1871

TUESDAY, JANUARY 6, 1981

Richards expected to appoint Krueger to Senate seat

By Layton Copelin
American-Statesman Capitol Staff



Gov. Ann Richards today is expected to name Bob Krueger, a Shakespeare quoting academician turned politician, as an interim U.S. senator. But that may not stop fellow Democrat Jim Mattox from seeking the post in a special spring election.

Richards will end her long search

for a replacement for U.S. Sen. Lloyd Bentsen, who is quitting to become President-elect Bill Clinton's treasury secretary, with an announcement at noon in the House chamber.

Krueger, who has lost two races for the Senate, would serve until, and run in, the special election, which Richards probably will call for May 1. The winner of the election will serve the rest of Bentsen's term, through 1984.

But the Democratic infighting might be just beginning. Mattox, the former attorney general and Richards' political nemesis, is threatening to enter the election, which is expected to draw several Republicans as well.

Mattox said Krueger, who was elected in 1980 to the Texas Railroad Commission, is too conservative for Democratic activists: "If we are going to have us a Republican out there, Ann

Richards probably ought to go ahead and appoint a Republican."

A fiscal conservative, Krueger supported Paul Tsongas, not Clinton, in the Democratic presidential primary.

A Mattox candidacy would be reminiscent of the bitter gubernatorial primary that Richards won in 1980 — and it would be a challenge to her and the Democratic Party establishment.

"Mattox is the parish of the party,

and the Democrats will rally around the governor's choice," predicts Mark McKinson, Democratic political consultant. "Whoever runs against the governor's nominee will be running against the governor, and that's not a popular — or wise — thing to do."

Others are not so sure.

"Nobody's got a lock on it," said Bob Krueger, AT

Democratic consultant George Christakis.

But Krueger said Krueger, with Richards' endorsement, should have an advantage in raising money. And he said the biggest hurdle could be just in getting U.S. Reps. Joe Barton of South and Jack Franks of Houston on to the race, and then Democratic Rep. Bill Hays of Houston in supporting to run.

They might be a third factor: Richard Fisher of Dallas, an adviser to 1982 presidential candidate Ross Perot, may try to fan the flames for a statewide campaign.

"It's all muddled," Christakis said.

The selection process became confused as Richards outdistanced a chorus line of Democrats for the job over the past month. Several turned it down, others had too many negatives or could not get a number of votes in the Democratic Party.

Jim Chapman, a U.S. representative from East Texas, was among the finalists last week, and he said groups and subscribers opposed to his voting record in Congress. Krueger, more or less, was the last candidate left standing in a back-room battle of attrition.

"He's a safe bet," said Karl Rove, a GOP consultant judging Richards. "He's the least objectionable of a very unobjectionable lot."

But Chuck McDowell, Richards' deputy press secretary, said Krueger, a two-term congressman, would be a formidable opponent.

After Bentsen's formal nomination, Krueger would join Representative Phil Gramm as Texas' representatives in the 100-member U.S. Senate.

Krueger, 57, did not begin his career as a politician. In 1974, he left his English literature post at

DePaul University in Chicago to become a teacher at the University of Texas at Austin. He then worked for the Texas Railroad Commission, where he was elected in 1980. He served as chairman of the commission from 1981 to 1984.

Krueger's reputation as a fiscal conservative was well known in the U.S. Senate. He was elected to the Senate in 1980, and he served as chairman of the Senate Finance Committee from 1981 to 1984.

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Mattox may fight in special election

Duke University is expected to name Krueger as an interim U.S. senator. But that may not stop fellow Democrat Jim Mattox from seeking the post in a special spring election.

Mattox, the former attorney general and Richards' political nemesis, is threatening to enter the election, which is expected to draw several Republicans as well.

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Richards probably ought to go ahead and appoint a Republican."

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Houston Chronicle

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Krueger choice betrays party weakness

THERE are a lot of Texas political types wondering just how full — or empty — their electoral glasses are now that the governor, finally, has poured out Railroad Commissioner Bob Krueger to fill Lloyd Benson's seat in the U.S. Senate.

Then, of course, there also are those of us who are wondering if Ann Richards' tortured selection of Krueger means we now can expect a movement for Richards to appoint herself to replace him — on the basis she's the only Democrat who can hope to win a statewide race.

OK, that may be goofy, too-inside humor, but, boy, if Richards manages to convulse the process to replace Krueger on the Railroad Commission as much as the one she went through to name him to the Senate, it well could turn out to be the twisted truth.

Obviously Krueger who long has wanted to go to the Senate wouldn't agree, but there has to be legitimate question as to whether Richards really has done him a favor.

Certainly, she hasn't done the Democratic Party a great one. Still, when you figure the mess the Dems provided for her on the Senate question, you can fairly say she probably has returned a greater favor than she was given.

As far as Krueger goes, there is no question he faces a brutal free-for-all in the May special election to fill out Benson's term, a no-holds-barred campaign in which he can count on being portrayed as a two-time loser who got Richards' appointment almost by default, after she couldn't scrape up anyone else.

But at least he will be running as an incumbent. At least he, despite losing two earlier bids for the Senate, has won a recent statewide race for the Railroad Commission. At least his selection gen-

erated more of a "whew" than an "ow" from Texas Democrats who frantically want to keep Benson's seat a Democratic one. (In other words, the mere mention of his name as Richards' choice didn't generate a babble of rejection from those in his own party — a qualification that puts him ahead of most of the great many Richards reportedly considered before falling back to him.)

Furthermore, whether he was her favorite or not, now that Richards has named him, Krueger should be able to count on her campaigning — and, more importantly, trying to raise money — for him like crazy as she, too, has a lot riding on his success.

This is a distinct advantage for him, as none of his announced and anticipated opponents is likely to be able to draw upon support of this caliber.

The best any Democrat — notably Richards' better foe Jim Mattox — can hope for is to keep various Democratic factions from publicly coming behind Krueger. As for the Republicans lining up for the political maul, not only are none of them safe from the question of character and politics that realistically can be expected to be flung, but their number now is assured wide-ranging GOP support.

For example, though most political observers consider state Treasurer Kay Bailey Hutchison to be the strongest and most well-positioned of the GOPers, she's far from looking at a cakewalk with those who consider themselves Republicans. One big edge for Hutchison, who has yet to formally announce, is she has won a statewide race, and much of that win was because of her support by GOP women.

By and large, she can expect that favored support to be with her in this race, as she is the only known or expected GOP candidate who isn't stuck staunchly in an anti-abortion corner. But since many Republicans oppose abortion rights, there is no way she'll run as a solid GOP favorite.

Now that Richards' sit-long list has put her colors on a candidate for the political horse race that already has started to run, we may hope soon to get a sense

of just who will sit the stretch as the favorite. Obviously the ones who will lead in the odds for the relatively short run to the May 1 elimination will be those who can raise the most money.

Just as obviously, though, Richards who already have lost in this race are the parties. If ever there was a graphic example of just how little track there is left in the party structure, it is in this multicandidate contest.

If the parties actually meant much beyond labels to give voters class as to how candidates might function if elected, they could exercise some control over the selection process — Richards' naming of an appointee and the voters' deciding with whom they want to cast their lots.

Dynamics: proof of just how significantly the power of political parties has dwindled since the other day when a colleague with far more good sense than awareness of traditional political posed one of those questions that beggins even the gibberish of the superficial.

If Ann Richards really wants the best possible senator for Texas, shouldn't she be considering Republicans too? he asked of the one who thought she was being fair when she recently wrote that Richards might ought to consider appointing a GOPer, as she seems to have done just about everything else she can to get one elected.

That's a really tried-to-come-up-with-a-reasonable-answer-to-the-question brings up one more thing: this whole Senate election and selection mess improves (Political junkies, indeed, are hopeless, unrealistic addicts who live to come up with weird scenarios that just might play.)

Which reminds me, have you heard about the movement to get Richards to switch parties and name herself to the Railroad Commission, because that means she'll be in a better position to run for president?

By is a Chronicle columnist.



James Why

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EXHIBIT

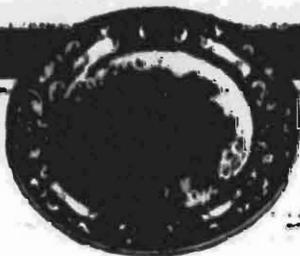
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Wednesday morning

Making it better
UH planning \$10 million
fund-raiser to improve
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Taste of Tuscany
New eateries prompt
Texans to fall in love
with Italian food
Food



Mr. October is in
World Series wonder
Reggie Jackson voted
into Hall of Fame
Sports



Houston Chronicle

Vol. 92 No. 85

Wednesday, Jan. 6, 1983

50 Cents ★★

Krueger says he's up to job of holding on to Senate seat

By R.S. RATLIFF
Houston Chronicle
Austin Bureau

AUSTIN — Gov. Ann Richards on Tuesday gave Democratic Railroad Commissioner Bob Krueger a seat in the U.S. Senate — a prize that has twice eluded him in state-wide elections.

But to keep the prize, Krueger will again have to face voters in a free-for-all special election Richards will set for May 1.

Krueger, appearing with Richards before a House chamber crowded with well-wishers and media, said he knows he must

■ New senator plucked from middle of the road: Page 15A.

please the governor in office and on the ballot.

"I'm ready for a tough, hard, aggressive campaign," he said. "I am not going to let her down."

A former congressman from New Braunfels, Krueger narrowly lost a bid to unseat Sen. John Tower in 1978 and was edged into third place in a Democratic Senate primary six years later.

Richards named Krueger as the interim replacement for U.S. Sen. Lloyd Bentsen, who plans to resign his seat as soon as he is confirmed

as President-elect Clinton's Treasury secretary.

Clinton, who will be in Austin on Friday to meet with Mexican President Carlos Salinas de Gortari, plans to endorse Krueger, Richards said.

Krueger came under fire from two of his expected opponents shortly after winning the nod from Richards.

Former Attorney General Jim Mattox, a fellow Democrat, accused Krueger of being too conservative. And U.S. Sen. J. Lee Roy, a Republican from Austin, labeled

Bob Krueger Page 15A

7

**Rail-Panel Official to Fill
Benton's Seat in Senate**

By a Wall Street Journal Staff Reporter

AUSTIN, Texas—After weeks of deliberation, Texas Gov. Ann Richards settled on Bob Krueger, an erudite state railroad commissioner, as the short-term Senate replacement for Democrat Lloyd Benton, who is slated to become Treasury secretary.

The 57-year-old Mr. Krueger served two terms in the House of Representatives and twice failed to win election to the U.S. Senate. He is a former ambassador to Mexico.

Mr. Krueger will have his work cut out for him to retain the seat in a grueling free-for-all special election that probably will be held in May and could involve dozens of candidates, Democrats and Republicans alike. If no one gets 50% in that election, something that is likely, a runoff election will be held to fill the two years remaining in Sen. Benton's term.

Gov. Richards had interviewed a dozen candidates in reaching her decision. She said Mr. Krueger, elected statewide to the powerful Railroad Commission in 1980, "is a man who will need no on-the-job training."

Democrats had hoped to unify behind one candidate in the special election, but Mr. Krueger is seen as vulnerable enough to draw others into the race. Former Attorney General Jim Matton already has expressed interest in making the run. Likely GOP candidates include Reps. Joe Barton and Jack Fields and state Treasurer Kay Bailey Hutchison.

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NEW PLAN? Education committee chairman working on school finance proposal — A-28

The Houston Post
THURSDAY, January 14, 1994

HOUSTON/TEXAS

A-25

Hutchison, Fields officially enter fray

BY GARDNER SELBY
AND MARK HORVIT
OF THE HOUSTON POST STAFF

AUSTIN — State Treasurer Kay Bailey Hutchison and U.S. Rep. Jack Fields of Humble, both Republicans, each joined the special election race Wednesday for the U.S. Senate seat being vacated by Lloyd Bentsen's move to Treasury secretary.

In separate appearances in Houston and Austin, both candidates vowed to cut federal spending and jettisoned their opponents, including Bob Krueger, the Democrat tapped by Gov. Ann Richards to serve as interim senator until a May 1 special election. The May winner will serve through 1994.

"Bob Krueger is going to have a very

difficult time getting elected," Fields, 48, said. "I've observed that he has a very difficult time connecting with average Texans."

Charging Krueger's campaign with investigating her personal background, Hutchison, 49, said: "I'm expecting a tough race. I hope it will be clean, and that's the way I plan to run it. But beyond that is dirty politics and I think that's what the people of Texas are going to turn against."

Ray Hutchison, the candidate's husband, said he received a call last week alerting him to the hiring of a "smut merchant" identified by Hutchison's Austin political consultant as Carl Eisenhower, who assisted Richards' 1990 gubernatorial campaign.

George Shipley, an Austin consultant

to Krueger, said Eisenhower, now employed by a Washington, D.C., political news service, has not been hired.

"I call this premature paranoia, particularly because it comes from the (Republicans) who invented the term 'dirty tricks,'" Shipley said.

Hutchison, a former Houston television reporter, appeared before about 100 supporters at the Bellaire Civic Center in the Harris County district she once represented in the Texas House. Her morning stop marked the beginning of a 21-city statewide tour, ending Saturday.

In Austin, Hutchison told supporters: "I have to tell you -- I think it's time we had more women in the U.S. Senate."

Fields said that if elected he would

Please see SENATE, A-28

EXHIBIT

7

LOCAL & STATE

JACK FIELDS



- **Current post:** U.S. congressman.
- **Political party:** Republican.
- **Age:** 40.
- **Home:** Humble.
- **Public offices:** U.S. House, 1981-present; ranking Republican member, House Merchant Marine and Fisheries Committee; member, House Energy and Commerce Committee.
- **Education:** Bachelor and law degrees, Baylor University.
- **Family:** Wife, Lynn; two children.

KAY BAILEY HUTCHISON



- **Current post:** Texas state treasurer.
- **Political party:** Republican.
- **Age:** 48.
- **Home:** Austin.
- **Public offices:** State treasurer, 1991-present; vice chair, National Transportation Safety Board, 1978-79; Texas House of Representatives, 1973-76.
- **Education:** Bachelor's and law degrees, University of Texas at Austin.
- **Family:** Husband, Ray; two children.

SENATE: Hutchison, Fields officially enter special election race

From A-25

serve no more than two six-year terms in the Senate. Signing a poster-sized pledge to that effect, the seven-term congressman challenged other candidates to do the same.

Fields said he would limit himself to two more House terms if he loses his Senate bid.

Hutchison said she also would serve no more than two Senate terms.

U.S. Rep. Joe Barton, R-Ennis, who last month became the first major Senate candidate to declare his candidacy, declined. Barton said such a unilateral move by Texas candidates would give senators from other states an unfair edge in seniority.

Krueger, also opting out, said, "We already have an effective system of term limitations. It's called free elections."

Fields said he opposes "any and all new tax increases" and

favors constitutional amendments requiring a balanced federal budget, giving the president the ability to veto individual items in the budget and barring women from receiving abortions except in cases of rape, incest or when the mother's life is endangered.

The former Humble High student body president said his 22 overdrafts in the scandal-closed House bank did not block his re-election last year.

Fields said he opposes a proposed act intended to protect abortion rights at the federal level. Hutchison said she opposes the act because it would stop state lawmakers from imposing any restrictions.

Hutchison said, "I believe the choice on abortion should be between the woman and her family," but said states should have the right to impose "reasonable restrictions."

9 5 0 4 3 6 9 1 8 3 8

THURSDAY
JANUARY 14, 1993
SOUTHWEST
★

San Antonio Light



131st YEAR NO. 361

25 CENTS



Hutchison joins growing field for Senate post

By MICHAEL PAULSON
Staff reporter

Two leading Republican contenders for U.S. Senate sought to highlight their differences Wednesday as they formally announced their long-expected entrances into the race.

State Treasurer Kay Bailey Hutchison called herself a "small-town Texas girl" and a "straight-arrow conservative" who would change Washington with her fiscal conservatism.

And U.S. Rep. Jack Fields, R-Humble, depicted himself as an experienced lawmaker who is better in touch with working-class Texans.

The two join a growing field of candidates seeking to replace U.S. Sen. Lloyd Bentsen, who has been nominated to become secretary of the Treasury.

Already in the field are Railroad Commissioner Bob Krueger, a New Braunfels Democrat, and U.S. Rep. Joe Barton, R-Eagle.

Krueger has been chosen by Gov. Ann Richards to

Please turn to SENATE/AB

SENATE CANDIDATE: Kay Bailey Hutchison makes her announcement in San Antonio.

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SENATE: Race

SENATE/rom AS
replace Benton
from the time the senator resigns
his seat - expected to be next week
- until the special election May 1.
Krueger is also the choice of much
of the Democratic party's state-
wide leadership.

José Angel Gutiérrez, a 48-year-
old Dallas lawyer who founded the
now-defunct Raza Unida Party,
plans to announce his candidacy
Friday. Gutiérrez has been active
with Mexican-American Democ-
rats, and his candidacy is likely to
hurt the efforts of other Democrats
to win that organization's support.

Former Attorney General Jim
Mattox, also a Democrat, has said
he expects to run, and former Re-
publican Railroad Commissioner
Kent Hance is making a bid.

All candidates will run in a free-
for-all election - there are no party
primaries - and if none gets a ma-
jority, a runoff will be scheduled.

Wednesday's two entrants,
Hutchison and Fields, are consid-
ered top contenders - Hutchison
because of her statewide name recog-
nition and Fields because he has
built name recognition by repre-
senting a portion of the state's largest
media market, Houston, in
Congress.

Hutchison said her campaign
will focus on two issues: controlling
the federal deficit and reforming
Congress.

Fields offered a broader run-
down of stands, most aimed at fi-
scal responsibility and the protec-
tion of senior citizens. He also said
he is leading the fight to reform the
Endangered Species Act.

Both candidates said they will
support term limits for Congress,
and each claimed the mantle of an
outsider.

"Some in this race say their
years in Washington mean they're
more qualified to go to the Senate,"
Hutchison said.

"We can't make these changes by
sending the same old faces, behold-
en to the same interest groups,
back to Washington."

With 17 years as a congressman,
Fields has a harder time arguing

that he is an outsider. But he is
making the argument nonetheless.

"I never moved my family to
Washington," he said. "We are Tex-
ans first, and have maintained our
home in Humble on the same piece
of property owned by my family
since the 1960s."

And Fields signed a pledge not to
serve more than two full terms in
the Senate.

Hutchison appeared somewhat
touchy about her position on abor-
tion rights.

"Before viability, that is a deci-
sion that should be left to the wom-
an, except for reasonable restric-
tions," Hutchison said. She refused
to say what restrictions she would
support.

And Fields, who opposes abor-
tion rights, tried to limit the impact
of his position. He said he does not
believe the Supreme Court will ban
abortions, and that the debate to-
day is about what restrictions
should be allowed.

Hutchison, a 49-year-old native
of La Marque, was the first Republi-
can woman elected to the Texas
Legislature. In 1994, she was elected
treasurer and became the first
Republican woman elected to
statewide office.

Fields, 49, was a cemetery plot
salesman and lawyer before being
elected to Congress in 1988.

Hutchison said she hopes to raise
\$2 million for this campaign. Fields
says he needs \$3 million.

One of Hutchison's statewide co-
chairmen is former San Antonio
Mayor Lita Cockrell, and she said
local supporters include automo-
bile magnate Ernesto Ancira, city-
Councilman Lyle Larson, state GOP
Secretary Diane Rath and longtime
Republican activists Joci Straus
and Theo Wickertman.

Fields' Bexar County chairman is
Republican activist James Jones.

He claims the support of former
U.S. Rep. Tom Loeffler and state
Rep. Frank J. Corio Jr.

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19A

Texas

FORT WORTH STAR TELEGRAM

Thursday, January 14, 1988

5

Hutchison, Fields enter Senate fray

BY WILLIAM A. SCOTT
AND ROBERT V. CAMUTO
Fort Worth Star-Telegram

State Treasurer Kay Bailey Hutchison and U.S. Rep. Jack Fields of Humble, both Republicans, barnstormed across Texas yesterday, preaching fiscal conservatism and declaring their candidacies in the May special election to replace Lloyd Bentzen in the U.S. Senate.

Their formal announcements, both of which had been expected for weeks, bring to three the number of Republicans in the race. U.S. Rep. Joe Barton of Ennis declared his candidacy Dec. 17.

To kick off their campaigns, Fields and Hutchison made stops in the state's major media markets of Austin, Dallas, Houston and San Antonio.

Fields, elected to the House six times since 1968, began his day in Austin, where he pledged — and asked his opponents to do the same — to limit his future government service to two terms.

With his wife and two children at his side, the 44-year-old congressman outlined his position on a number of other issues, including his support for constitutional amendments requiring a balanced federal budget, granting the president line-item veto power and limiting the terms of federal judges to 10 years.

On the issue of abortion, which is likely to surface in the race, Fields said he opposes abortion but supports a woman's right to one in cases of rape, incest or when pregnancy jeopardizes her life.

Hutchison, meanwhile, started her day in Houston and arrived at Dallas Love Field before noon for a news conference there. More than 100 cheering sug-

(More on GOP on Page 22)

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The Dallas Morning News

Texas' Leading Newspaper

Dallas, Texas, Sunday, May 2, 1993

34 Sections

\$1.25

School finance proposal defeated; Krueger, Hutchison head to runoff

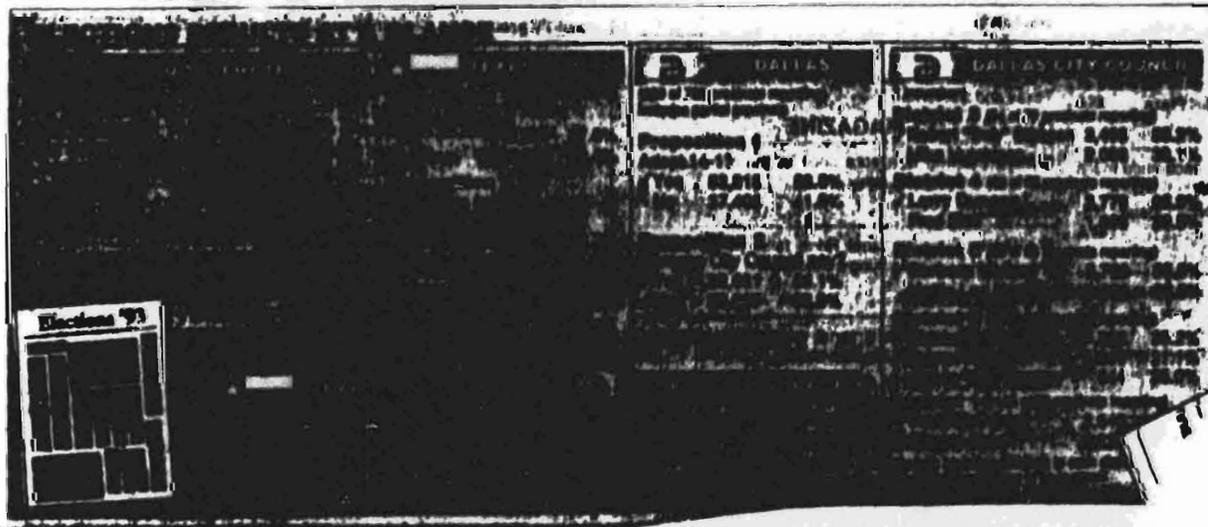


EXHIBIT
4

Partisan battle is expected

By Alan Adelman
Special Writer of The Dallas Morning News

DALLAS — Democrat Bob Krueger and Republican Kay Bailey Hutchison grabbed the top two spots in the special U.S. Senate election, advancing to a runoff scheduled to be a battle of political styles.

Mr. Krueger, who last two bids for the Senate and was named to the post in January, and Ms. Hutchison, the state treasurer seeking to become the first woman senator from Texas, overwhelmed a field of 22 candidates.

Mr. Krueger was leading with 30 percent of the vote compared with Ms. Hutchison's 29 percent, with nearly 50 percent of the state's precincts counted.

"I'm not too bit concerned about facing Kay Bailey Hutchison," Mr. Krueger said at a victory party in Dallas, noting that he plans to paint his house as an anti-family, "country club candidate."

Mr. Krueger promised an intense runoff campaign, saying he will press his accusations that Ms. Hutchison is more concerned about Wall Street investment bankers than average Texans.

At her headquarters in Dallas, a jubilant Ms. Hutchison said the results were "better than we ever hoped or dreamed it would be."

She said she was looking forward to the runoff when she will continue to run as a Washington "outsider who wants to make a difference."

Ms. Hutchison said that Mr. Krueger was beholden to special interests and that voters are "saying they want something different. They don't want the same old thing in Washington anymore."

A runoff between the top two finishers is required because no candidate received a majority of the vote. The runoff probably will be scheduled for June 5.

Fight for 3rd

Two other Republicans, U.S. Reps. Jack Fields of Humble and Joe Barton of Ennis were fighting to finish third Saturday.

Mr. Fields, in Houston, pledged to support Ms. Hutchison in the runoff and to be her first \$1,000 contributor.

"I told her I was going to do everything I possibly could to make sure that our state has a second Republican senator," he said referring to Sen. Phil Gramm.

Mr. Barton blamed the loss on never having run statewide, the difficulties of putting together such an organization in a short time and being outspent in the end.

"I wish I was in the top two, but the voters didn't see it that way," he said in Dallas.

He said he called Ms. Hutchison and promised to back her in the second round. But he acknowledged that some of his supporters may not

be swayed so easily. "I'm not sure I have Ms. Hutchison's support in abortion rights. This is going to have some problems," he said.

Dallas financier Richard Fisher, a Democrat who aimed his appeal at independent voters and spent \$2.1 million of his own money, was running fourth.

Mr. Fisher said that he was felled by a lack of time and that he wasn't immediately ready to endorse one of the runoff contenders.

"In four months, we went from zero to wherever we end up," he told supporters in Dallas. "If we could compound that at an annual rate everyday, we would probably be at 5,000 percent of this vote — if we had enough time."

"Our message is strong. We represent the people."

Dallas lawyer Jose Angel Gutierrez, a Democrat, apparently was headed for a fifth-place finish.

Mr. Gutierrez said he would not concede "until the last votes are tallied." He said that Mr. Krueger will have to seek out his support and that the two would have to talk before he would urge his voters to back the senator.

The 18 other candidates on the special election ballot were pulling a total of less than 5 percent of the vote.

Party pride

The one-two finish by Mr. Krueger and Ms. Hutchison sets the stage for a partisan fight for a seat that Democrat Lloyd Bentsen gave up to become treasury secretary.

Democrats say they will wage an intense campaign to prevent Republicans from holding both Senate seats in Texas for the first time in history.

Republicans say they will try to make the race a referendum on President Clinton and Gov. Ann Richards, who named Mr. Krueger to the Bentsen vacancy.

Mr. Gramm, chairman of the National Republican Senatorial Committee, said Saturday's election was a referendum on Bob Krueger and 70 percent of the people of Texas said no.

The Senate race was tame by Texas politics standards.

Analysts and consultants for other candidates conceded almost from the start that Mr. Krueger, 57, a former congressman from New Braunfels and Railroad Commissioner, would lead the pack.

The only key question mark was the battle for second. Mr. Hutchison, 49, was the only other challenger with statewide name identification.

Near the end of the campaign she faced allegations that she physically abused employees at the state treasury. Ms. Hutchison denied the accusations made by former aides and took a polygraph test that she said proved her denials.

She had an early advantage. She announced early and she was being supported by the political establishment. She got a lead and she won on it," said John Weaver, a consultant for Mr. Fields.

Dane Strother, a consultant for Mr. Fisher, said the other candidates were never able to gain enough exposure to overtake the two candidates with better name identification.

For a the state's two most people. Justice of Dallas and Harris was larger than expected, officials in the Secretary of State's elections division said Saturday.

Texas Secretary of State John Hannah, the state's chief elections officer, had projected the state's turnout at 30 percent of the 8.5 million registered voters.

Saturday's Senate contest was the first special Senate election since 1961 when Republican John Tower won in a race that helped make Texas a two-party state. Seventy-one candidates ran in that campaign compared with the 24 hopefuls who filed for Mr. Bentsen's seat.

Mr. Krueger, a member of the Railroad Commission who twice had lost races for the Senate, was the immediate front-runner. But he drew fire from some Democrats for opposing parts of Mr. Clinton's economic initiatives in Congress. The president and other administration officials backed his election, however.

Mr. Krueger was far from the governor's first choice, but better-known Democrats turned down her offer or were eliminated from consideration for a variety of reasons.

The unprecedented show of support for Mr. Krueger by the Democratic Party establishment drove at least one high-profile Democrat, former Attorney General Jim Mattox, from the race.

The winner of the runoff will serve through 1994.

Also running are Billy Brown, Louis Davis, Rick Drabain, Rose Floyd, Lottie Holling Hancock, Roger Henson, Stephen Hopkins, Charles Ben Howell, Gene Kelly, C. "Sonny" Payne, Don Richardson, Chuck Sibley, Thomas Spink, Herbert Spiro, Maco Stewart, James Vallaster, Clymer Wright and Lou Zaeske.

Staff writers Christopher Lee, Anne Marie Kilday, Gayle Rousso, Ann Scates, Bruce Tomaso and Ellen Gold Scott contributed to this report.

U.S. SENATE		
■ For leading candidates, see Page 1A.		
Precinct reporting: 5,000 of 8,007		
Billy Brown	1,780	0.1
Louis C. Davis	1,229	0.1
Rick Drabain	4,388	0.3
Rose Floyd	1,880	0.1
Lottie Holling Hancock	1,784	0.1
Roger Henson	2,431	0.1
Stephen Hopkins	10,794	0.7
C. "Sonny" Payne	3,215	0.2
Gene Kelly	8,243	0.5
C. "Sonny" Payne	5,986	0.3
Don Richardson	6,363	0.3
Chuck Sibley	2,145	0.1
Thomas O. Spink	2,078	0.1
Herbert Spiro	3,093	0.2
Maco Stewart	1,040	0.1
James Vallaster	1,191	0.1
Clymer Wright	4,026	0.2
Lou Zaeske	1,736	0.1

SOURCE: Precinct results provided by Secretary of State.

95043691892

Name factor kept 2 leaders at top of pack

Strategy expected to sharpen as runoff nears

Wayne Steer
and Anne Marie Kilday

SENATE — After four months and \$8 million dollars, the first round of the U.S. Senate race ended much as it had begun — with the top leaders still in the hunt.

Senator Sen. Bob Krueger and state Treasurer Kay Bailey Hutchison, boosted early by their state-wide name identification, were able to fend off a field of lesser known challengers in a campaign that never riveted the voters.

"Nothing struck a spark — no issues, no personality," said Bruce Buchanan, a University of Texas political strategist. See NAME on Page 2A.

DALLAS COUNTY ELECTION RESULTS

Number of precincts reporting includes split precincts

<p>U.S. SENATOR (678 of 1,313 precincts reporting)</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>Key Bailey Hutchison</td><td>52,940 - 38.43%</td></tr> <tr><td>Robert "Bob" Krueger</td><td>29,290 - 27.04%</td></tr> <tr><td>Joe Burton</td><td>26,829 - 18.46%</td></tr> <tr><td>Richard Faler</td><td>13,848 - 9.53%</td></tr> <tr><td>Jack Fields</td><td>5,245 - 4.30%</td></tr> <tr><td>Jose Angel Gutierrez</td><td>2,851 - 1.82%</td></tr> <tr><td>Rich Draham</td><td>568 - 0.38%</td></tr> <tr><td>Stephen Hopkins</td><td>478 - 0.33%</td></tr> <tr><td>Roger Hanson</td><td>256 - 0.18%</td></tr> <tr><td>Ross Floyd</td><td>253 - 0.17%</td></tr> <tr><td>Charles Ben Howell</td><td>253 - 0.17%</td></tr> <tr><td>Gene Kelly</td><td>228 - 0.16%</td></tr> <tr><td>C. "Sonny" Payne</td><td>221 - 0.15%</td></tr> <tr><td>Thomas D. Speck</td><td>200 - 0.14%</td></tr> <tr><td>Don Richardson</td><td>174 - 0.12%</td></tr> <tr><td>Chad Sibley</td><td>133 - 0.09%</td></tr> <tr><td>Leas C. Davis</td><td>124 - 0.09%</td></tr> <tr><td>Lou Zeebe</td><td>115 - 0.08%</td></tr> <tr><td>Clymer Wright</td><td>113 - 0.08%</td></tr> <tr><td>Herbert Spitz</td><td>104 - 0.07%</td></tr> <tr><td>Mace Stewart</td><td>87 - 0.07%</td></tr> <tr><td>Billy Brown</td><td>83 - 0.06%</td></tr> <tr><td>Lottie Bellinger Hancock</td><td>82 - 0.06%</td></tr> <tr><td>James Vellestar</td><td>29 - 0.02%</td></tr> </table> <p style="font-size: x-small;">* — numbers</p>	Key Bailey Hutchison	52,940 - 38.43%	Robert "Bob" Krueger	29,290 - 27.04%	Joe Burton	26,829 - 18.46%	Richard Faler	13,848 - 9.53%	Jack Fields	5,245 - 4.30%	Jose Angel Gutierrez	2,851 - 1.82%	Rich Draham	568 - 0.38%	Stephen Hopkins	478 - 0.33%	Roger Hanson	256 - 0.18%	Ross Floyd	253 - 0.17%	Charles Ben Howell	253 - 0.17%	Gene Kelly	228 - 0.16%	C. "Sonny" Payne	221 - 0.15%	Thomas D. Speck	200 - 0.14%	Don Richardson	174 - 0.12%	Chad Sibley	133 - 0.09%	Leas C. Davis	124 - 0.09%	Lou Zeebe	115 - 0.08%	Clymer Wright	113 - 0.08%	Herbert Spitz	104 - 0.07%	Mace Stewart	87 - 0.07%	Billy Brown	83 - 0.06%	Lottie Bellinger Hancock	82 - 0.06%	James Vellestar	29 - 0.02%	<p>PROPOSED STATE CONSTITUTIONAL AMENDMENTS (678 of 1,313 precincts reporting)</p> <p>Proposition No. 1 School taxes</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>For</td><td>36,988 - 25.20%</td></tr> <tr><td>Against</td><td>108,716 - 74.80%</td></tr> </table> <p>Proposition No. 2 Unfunded educational mandates</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>For</td><td>70,885 - 51.32%</td></tr> <tr><td>Against</td><td>67,245 - 48.68%</td></tr> </table> <p>Proposition No. 3 \$750 million school bonds</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>For</td><td>55,563 - 40.91%</td></tr> <tr><td>Against</td><td>80,253 - 59.09%</td></tr> </table> <p>DALLAS COUNTY SCHOOL BOARD Precinct 1 (201 of 597 precincts reporting)</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>Bernad M. Gaulton</td><td>38,478 - 100.00%</td></tr> </table> <p>Precinct 4 (133 of 381 precincts reporting)</p> <table border="0" style="width: 100%; font-size: x-small;"> <tr><td>Ruthie Jackson</td><td>15,312 - 100.00%</td></tr> </table>	For	36,988 - 25.20%	Against	108,716 - 74.80%	For	70,885 - 51.32%	Against	67,245 - 48.68%	For	55,563 - 40.91%	Against	80,253 - 59.09%	Bernad M. Gaulton	38,478 - 100.00%	Ruthie Jackson	15,312 - 100.00%
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Runoff election plans

In each race in which no candidate received at least 50 percent of the vote, a runoff will be held between the top two vote-getters.

The runoff for the U.S. Senate race has not been scheduled. Gov. Ann Richards, who has authority to set that date, has indicated that she will pick June 5 for the election.

The Dallas City Council is expected to set a runoff date of May 29 but may leave itself the option of changing it.

Runoff dates vary in suburban elections. A complete list of suburban candidates and runoff dates will appear in Monday's paper.

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Name recognition helped front-runners keep lead

Continued from Page 1A.

cal science professor. "The only thing that stayed was name recognition," he said. "That's what remains standing at the end as the dust settles."

Political analysts agreed Saturday that winnowing the field to two candidates — Democrat Krueger and Republican Hutchison — will sharpen the focus of the race for the runoff, probably June 5.

Saturday's voting indicated that Mr. Krueger did well in traditionally Democratic East Texas and South Texas.

Ms. Hutchison, who is from Dallas, capitalized on her North Texas base and ran consistently well against her two major Republican challengers over much of the rest of the state.

With 38 percent of the ballots counted in Dallas County, Ms. Hutchison had slightly more than one-third of the vote, about 10 percent more than Mr. Krueger.

Varied support

Karl Rove, a political consultant for Ms. Hutchison, said his candidate was particularly successful among women, including independents and some Democrats targeted by her campaign.

"She has been able to emerge as a different kind of coalition, a coalition that has a lot of the traditional Republican elements — Republican volunteers, Republican activists, people in the business community — and younger working women," said Mr. Rove. "One place where she has run better than any Republican ought to run is among younger women, especially working women under the age of 45 or 50 who see her as one of their own."

Mr. Rove attributed Ms. Hutchison's strong showing statewide to a high name identification, a vigorous schedule of nonstop campaigning in major cities and Republican-rich West Texas and a successful strategy to blunt the contention that she once struck a former employee.

After the employee, the daughter of former Gov. John Connally, passed a lie detector test, Ms. Hutchison took the politically risky step of calling a news conference in the final 10 days to announce that she had passed a lie detector test to disprove the story.

"This was not going to go away unless she made a dramatic gesture," said Mr. Rove.

As for Mr. Krueger, who was appointed to the job by Gov. Ann Richards after Lloyd Bentsen became treasury secretary, his campaign sought to hold on to the traditional moderate Democratic base and to win voters with a message of personal sacrifice, according to Mottie Williams, a Krueger political consultant.

In particular, Mr. Krueger's television commercials focused on how he cut his salary and reduced office expenses and mass mailings.

On the attack

For the runoff, Mr. Krueger's strategists plan to attack Ms. Hutchison's claim that she is a political outsider, in part by portraying her as the candidate of privilege.

On Saturday night, Mr. Krueger lost little time directing his campaign at Ms. Hutchison, saying his would be a candidacy directed at "public service and not private gain."

"In the next five weeks, the voters of this state are going to learn more about Kay Bailey Hutchison than they know before," he said. "Rather than have someone fighting for the interests of Wall Street in-

vestment bankers, they want someone who is fighting for families like yours."

For her part, Ms. Hutchison told supporters in Dallas that her campaign represents a fresh, new message for the political insiders in Washington.

"They don't want the same old thing in Washington anymore," she said. "They don't want the same old face."

The proximity to last year's presidential election and the lack of charismatic candidate that could break out of the field likely contributed to the low voter interest, according to political analysts and campaign operatives.

"I love politics and I am tired of it," said Charles Elliott, a political science professor at East Texas State University.

Diane Strother, communications director for Democrat Richard Fisher, said Mr. Fisher spent \$2 million of his own money to mount his campaign as a fiscally responsible, nontraditional candidate with a Ross Perot-like message.

"But we couldn't get through," said Mr. Strother. "No matter how loud we screamed, no one listened. It was as if we were gladiators in an empty stadium."

Mr. Strother noted that the only significant bump for Ms. Hutchison — a story in *The Dallas Morning News* that she steered a no-bid state contract to a financial supporter and the allegation that she let up employees — were overshadowed by other events. In particular, he noted that much media attention was focused on the religious cult stand off near Waco involving doomsday

profit David Koresh.

"When the no-bid state contract story broke, that was about the time Koresh started his showmanship," he said. "When we got to the sleeping story, Koresh burned the place down. Waco was very instrumental to Kay Hutchison's showing."

Barton loss

For his part, U.S. Rep. Joe Barton, a Republican from Dallas, blamed his loss on never having run statewide and the difficulties of assembling such an organization in a short time.

"I wish I was in the top two, but the voters didn't see it that way," said Mr. Barton, who called his Hutchison on Saturday night to pledge his support for her in the runoff.

Mr. Fields, whose campaign never succeeded in broadening its support beyond his Houston base, said he called Ms. Hutchison to congratulate her and indicated to supporters in Houston that this would not be his last campaign.

Sen. Phil Gramm, R-Texas and chairman of the National Republican Senatorial Committee, called the results "a referendum on Bob Krueger, and 70 percent the people of Texas said no."

Mr. Gramm, whose committee will give \$1.4 million to Ms. Hutchison for the runoff, contended that Mr. Krueger's showing would hampering his effort to raise money.

Mr. Williams disputed that, saying the Democratic candidate will have money from the National Democratic Party Senatorial Committee and from anticipated fund raising in the days ahead.

95043691894

Lone Star

Fort Worth Star-Telegram

SUNDAY, MAY 2, 1983

Fort Worth, Texas ★ Where The West Begins

Price \$1

Hutchison, Krueger in final

Barton and Fields trailing far behind

By JOHN GONZALEZ
Fort Worth Star-Telegram Staff Writer

Democrat Bob Krueger rode his incumbent's advantage into a runoff slot against Republican state Treasurer Kay Bailey Hutchison, who was outdistancing 22 other candidates in partial returns from yesterday's special Senate election.

The winner of the Krueger-Hutchison showdown will complete the two remaining years in the term of Democrat Lloyd Bentsen. Bentsen served in the Senate from 1971 until January when President Clinton appointed him Treasury secretary.

In early returns, Krueger and Hutchison were each collecting about one-third of the votes. If the

pattern holds and no one captures a majority, the two top finishers will meet in a runoff sometime between May 28 and June 5.

In Austin, Krueger said he was pleased with his performance. He said he plans to continue running on his brief Senate record and his extensive record in other public offices, including the Texas Railroad Commission and the U.S. House.

"We're very encouraged. We feel very, very good about it," Krueger said.

"I'm not one bit concerned about facing Kay Bailey Hutchison. I think it's going to be very, very clear which is the country-club candidate

(More on SENATE on Page 20)

Kay Bailey Hutchison... manager Jim Francis.



Sen. Bob Krueger, left photo, stops to talk to sisters Natalie Kuntz, 8, left, and Kristin, 11, on his way to vote yesterday in New Braunfels. At right,

state Treasurer Kay Bailey Hutchison, one of Krueger's opponents in the senatorial election, enters her polling place in Dallas.

Senate

From Page 1

and which is the family candidate," Krueger said.

At her Dallas headquarters, surrounded by 300 supporters, Hutchison was elated at catching the runoff spot against Krueger.

"I am truly overwhelmed. It's better than we ever hoped or dreamed," she said.

"I will speak out against new taxes. I will speak out against new spending. I would like to work with the Democrats in the Congress to get this budget deficit down," Hutchison said.

Two Republicans and two Democrats were among the other top vote-getters, but none was able to approach Krueger and Hutchison. U.S. Reps. Joe Barton, R-Ennis, and Jack Fields, R-Humble, were capturing about one in 10 votes each. The Democrats — attorney Jose Angel Gutierrez and businessman Richard Fisher, both of Dallas — trailed them with less than 10 percent each.

Krueger was selected by Gov. Ann Richards to hold Bentsen's seat until yesterday's election. The special election was a rare event. The last such vacancy was filled in 1961 when John Tower ascended into the Senate to replace Lyndon B. Johnson when Johnson became vice president.

More than 70 candidates jostled Tower in the 1961 race, and the void created by Bentsen's promotion threatened to produce a similarly tangled field.

Twenty-four candidates made the race, and 23 campaigned. Houston businessman Maco Stewart withdrew too late to be removed from the ballot. Even so, he drew hundreds of votes as one of the six independent candidates on the ballot.

Other independent candidates were attorney Louis Davis of Sealy, retired teacher Lottie Bolling Hancock of Austin; engineer Roger Henson of Richardson; computer programmer Don Richardson of Houston; and Bryan businessman Lou Zarske.

In addition to the six major-party candidates who led the field, two Democrats and seven Republicans were listed on the ballots; few of them had any political experience.

Running as Democrats were perennial candidate Gene Kelly, a Universal City attorney; and Friendswood restaurateur C. "Sonny" Payne.

Republican long shots included abortion opponent Stephen Hopkins, a Burnet businessman; semi-retired Dallas Judge Charles Ben Howell; Dallas economist Chuck Sibley; Irving insurance agent Thomas J. Spink; retired diplomat Herbert Spiro of Austin; Granbury construction worker James Vallaster; an Houston insurance agent Clymer Wright.

Three alternative-party candidates completed the field: People's Party candidate Billy Brown, a Santa Rosa retiree; Socialist Workers Party candidate Rose Floyd, a Houston postal employee; and Libertarian Rick Draheim, a Rockwall auc.

The large field practically guaranteed a runoff. Richards has three dates to choose from for the deciding vote: May 29, June 1 or June 5, and Mark Bell, spokesman for Secretary of State John Hannah.

Richards will canvass the votes from yesterday's election on Thursday. She must then set the runoff date at least 20 days, and not later than 30 days, after the canvassing.

Of the three proposed dates, two are Saturdays — May 29 and June 5 — and the other, June 1, is a Tuesday.

The short span of the runoff campaign could make it intense, and a spokesman for Hutchison predicted that it could be spirited.

"We're going to run a positive campaign as long as we can. We're not going to get beat just because we're staying with a positive message," said spokesman David Beckwith.

"Everybody says they want to run a positive campaign, but negative campaigning works," Beckwith said.

Hutchison added: "If he's going to throw mud, I'll take it, but I think he should get the message. We can differ on the issues. We can give the people of Texas the choice they deserve," Hutchison said.

Krueger said that the runoff's less-crowded field will make it easier to grab attention, but he added that it has been clear for at least a week that none of the other contenders would catch him and Hutchison.

"Now we've got one-on-one, and that's how we like to play it," Krueger said.

"What happened evidently around Sunday is some of the other candidates seemed to just kind of implode. They just didn't proceed any further. It essentially became a two-person race about a week ago.

"We are very ready to have our record compared to hers. I've been looking forward to this for some time," he said.

Hutchison countered: "He is going to be the old-time liberal tax-and-spend. I'm going to be the new generation of leadership that wants to change the way they do things in Washington, D.C."

Staff writers Robert Cameto and Susan Falgout contributed to this report.

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The Houston Post

Weather

Votes and voltage
Scattered thunderstorms
High 82, low 64
Details, page A-42



★★ FINAL EDITION

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SUNDAY, May 2, 1983

\$1.00

It's Krueger vs. Hutchison

2 candidates top balloting for Senate post

By KEN HERMAN
POST AUSTIN BUREAU

Democratic interim U.S. Sen. Bob Krueger, rejected in two previous Senate races, and Republican state Treasurer Kay Bailey Hutchison, who needed a polygraph exam to help her

■ A county-by-county report of state, municipal and school board results/A-36-37

weather a political storm, topped the 24-candidate U.S. Senate ballot on Saturday and advanced to a runoff.

Krueger slightly led the ballot, but despite the advantage of incumbency and the backing of all Democratic constituency groups, collected only about three of 10 votes.

Hutchison did about the same despite battling two other major GOP contenders.

Krueger and Hutchison ran first and second in all regions, easily outdistancing the crowded field, which included Republican U.S. Reps. Jack Fields of Humble and Joe Barton of Ennis, and Democrats Richard Fisher and Jose Angel Gutierrez of Dallas.

With 73 percent of the 8,007 precincts, Krueger had 487,544 votes, or 30 percent. Hutchison had 474,517 votes, or 29 percent.

Barton and Fields were fighting for third place.

Gov. Ann Richards, who appointed Krueger when Lloyd Bentsen became U.S. Treasury



Krueger:
Democrat



Hutchison:
Republican

How Texans cast ballots

Here are the final, unofficial statewide results compiled by the Texas Secretary of State's office for Saturday's special election balloting, with 73 percent of the state's precincts reporting.

U.S. Senator		
	Votes	Pct.
Krueger (D)	487,544	30%
Hutchison (R)	474,517	29%
Barton (R)	223,371	14%
Fields (R)	217,224	13%
Fisher (D)	132,180	8%
Gutierrez (D)	42,711	3%
Happene (R)	10,794	1%
Kelly (D)	9,243	1%
Payne (D)	5,988	0%
Richardson (I)	5,053	0%
Draheim (L)	4,350	0%
Wright (R)	4,048	0%
Howell (R)	3,215	0%
Spro (P)	3,083	0%
Henson (I)	2,431	0%
Staley (R)	2,143	0%
Spink (R)	2,076	0%
Floyd (SWP)	1,880	0%
Vallier (R)	1,761	0%
Brown (P)	1,760	0%
Hanco x (I)	1,754	0%
Zanake (I)	1,738	0%
Dave (I)	1,229	0%
Stewart (I)	1,040	0%

Amendment No. 1		
	Votes	Pct.
No	972,300	62%
Yes	583,682	38%

Amendment No. 2		
	Votes	Pct.
No	772,327	52%
Yes	726,485	48%

Amendment No. 3		
	Votes	Pct.
No	844,926	56%
Yes	659,678	44%

Please see ELECTION, A-32

Harris County voting results

Here are the latest, unofficial Harris County results compiled by Harris County Clerk Anita Rodenhaver's office for Saturday's special election, including, with 89 percent of the county's precincts reporting.

U.S. Senator

	Votes	Pct.
Fields (R)	48,068	29%
Krueger (D)	48,394	29%
Hutchison (R)	41,986	24%
Barton (R)	13,286	8%
Fisher (D)	12,450	7%
Gutiérrez (D)	4,710	3%
Wright (R)	1,200	1%
Richardson (I)	780	0%
Payne (D)	781	0%
Hopkins (R)	684	0%
Kelly (D)	594	0%
Draheim (L)	442	0%
Vallaster (R)	320	0%
Floyd (SWP)	137	0%
Brown (P)	119	0%
Zaaska (I)	111	0%
Hovell (R)	110	0%
Henson (I)	104	0%
Hancock (I)	98	0%
Sibley (R)	85	0%
Spiro (R)	70	0%
Devs (I)	60	0%
Spink (R)	59	0%
Stewart (I)	26	0%

Amendment No. 1

No	114,240	66%
Yes	61,311	36%

Amendment No. 2

Yes	80,042	64%
No	77,524	48%

Amendment No. 3

No	80,884	64%
Yes	77,613	48%

ELECTION: Krueger, Hutchison will be in June runoff for U.S. Senate seat

From A-1

secretary, will set the runoff date, probably June 8. The winner will serve through 1994, the remainder of Bonior's term.

Hutchison on Saturday labeled Krueger as a "liberal of the old style." Saturday night, she predicted Krueger would run a negative campaign. She said she was prepared for that.

Said Krueger, "I am so ready to draw distinctions between her record and mine."

Krueger said sending Hutchison to Washington to join GOP Sen. Phil Gramm would give Texas "two senators who spend every day attacking the administration that is in power."

In Saturday night comments to backers in Austin, Krueger said, "We are going to win this seat and we are going to win for a very simple reason because the people of Texas want someone who cares about their families and is willing to fight for their needs."

Krueger, 57, a former New Braunfels congressman, won a 1990 Railroad Commission race but lost 1976 and 1984 Senate bids.

Hutchison, 49, a former Houston TV reporter and Dallas legislator, became the only GOP woman ever elected to statewide office in Texas when she won the treasurer post in 1990, replacing Richards.

Hutchison could be the runoff favorite because of the impressive cumulative vote total garnered Saturday by GOP candidates.

Hutchison believes she has a shot at every runoff voter except "liberal Democrats," according to spokesman David Beckwith.

Krueger believes he can pull many of the GOP and independent voters whose candidates lost on Saturday.

"I think it isn't just ideology. It's a whole sense of who the person is that people vote on," said Krueger. "People get a whole

person. They don't get just a single issue."

At the heart of the runoff could be the basic difference between Democrats and Republicans, and the underpinnings of a referendum on both Richards and President Clinton.

Krueger is trying to paint Hutchison as heartless, pointing to her opposition to increased funding for programs such as Head Start.

"It's one of the things Republicans are calling pork," Krueger said Friday as at an Austin Head Start program. "Look behind us. That does not look like pork to me. That looks like children."

The Hutchison camp says Krueger is out of step with Texas.

"His ads stress government as the solution to all problems," said Beckwith. "Her ads stress independence, empowerment of people, hard work, individual initiative."

Beckwith expects Krueger to

attack Hutchison's integrity. Monte Williams, a Krueger spokesman, said the campaign will "show that Kay Bailey Hutchison is not what she claims to be."

Hutchison's strong showing came despite a controversy that culminated with her taking a polygraph test to counter a former employee's allegation, backed by an eyewitness, that Hutchison had struck her with a binder in August 1991.

Sharon Ammann, daughter of former Gov. John Connally, said Hutchison hit her while angered by a delay in looking up the phone number of a political supporter. After Ammann took a polygraph exam indicating she was telling the truth, Connally, a Fields backer, challenged Hutchison to take the test.

While publicly scoffing at the challenge, Hutchison quietly took the test two nights later and announced she had passed.

Ammann, a Fields supporter,

also claimed Hutchison requested her to do personal chores on a time.

Hutchison denied all she claimed Krueger and Fields had peddled the story to reporters.

Barton targeted the state's most conservative voters, offering himself as the candidate most passionately against the proposed end of the ban on homosexuals in the military.

Fields, a funeral-home millionaire, tried to appeal to wealthy class Texans. He railed against government benefits for illegal aliens and called for spending cuts.

The Senate scramble began December when Richards searched for an appointee, a process that dragged on for weeks as contenders jockeyed for the job.

Post staff writers Mary Loug in Austin and Mark Morris in Houston contributed to this report.

San Antonio Express-News

San Antonio's quality newspaper

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SUNDAY

MAY 2, 1993

STATE

Krueger, Hutchison in Senate runoff

2 emerge from crowded Senate field

Associated Press

AUSTIN — Democratic appointee Bob Krueger and Republican state Treasurer Kay Bailey Hutchison appeared headed for a runoff Saturday as they led a crowded field in a special election to fill Lloyd Bentsen's Senate seat.

Krueger, who lost two previous Senate bids, hoped to hang onto the job given him by Democratic Gov. Ann Richards in January after

■ Roddy Stinson 2A
 ■ Area races 28A
 ■ David Richelieu 1B

Bentsen was appointed U.S. Treasury secretary. The Senate term expires at the end of 1994.

Since 34 names were on the ballot, it was unlikely any candidate could win a majority. Unless that happened, the top two finishers

would meet in a runoff in late May or early June.

Anticipating a runoff against Hutchison, Krueger said, "It's going to be a race I'll enjoy. I am so ready to draw distinctions between her record and mine. I think I'll be a hard race. But I certainly expect to win."

Dallas investor Richard Fisher, a former adviser to independent presidential candidate Ross Perot,

was running fifth and Dallas lawyer Jose Angel Gutierrez was sixth.

Secretary of State John Hannah predicted that fewer than one-third of the state's 8.5 million registered voters would turn out. One poll showed 23 percent undecided only days before the election.

Some analysts said a public

See KRUEGER/3A

ELECTIONS '93

Krueger, Hutchison facing Senate runoff

Continued from 1A

school funding referendum on the same statewide ballot, along with judge mayoral and city council elections, were drawing more interest. In early returns, voters by nearly a 3:2 margin were rejecting the school measure, which would have taken money from more affluent districts and distribute it to poorer ones.

"It's been very, very difficult for anyone to just overwhelmingly im-

press the voters," said George Christian, an Austin political consultant and former press secretary to President Lyndon Johnson.

The race was the first special Senate election in Texas since 1981, when Wichita Falls college professor John Tower defeated 71 candidates and became the state's first Republican senator since Reconstruction. That seat remains in GOP hands, now held by possible 1996 presidential candidate Phil Gramm.

Krueger, 57, served two terms in the U.S. House in the 1970s before losing a 1978 challenge to Tower. He failed to win the Democratic Senate nomination in 1991, but won a statewide Railroad Commission race in 1992.

He was appointed by Richards in January and immediately sought to build an anti-spending reputation. He cut his salary and office budget by 25 percent.

"Government isn't working right. We're not getting what we pay for. And we've got to change that," he said.

Hutchison, 46, who won the treasurer's post in 1990 and was temporary chair of the 1992 GOP National Convention in Houston, joined other Republicans earlier but stood alone among them in favoring some abortion rights. She geared much of her campaigning to women voters.

"Women voters are very important," she said. "I think we need another voice at the table, and I will be that voice."

Her campaign was hit by the charges — strongly denied — of a former Typing professor, Sharon Ammann, that Hutchison had struck her with a knife. Both the candidate and Ammann, daughter of former Gov. John Connally and a Fields backer, took to detector tests to back up their arguments.

Fields, 41, denied any involvement. "It was just...



Jack Fields, Republican candidate for U.S. Senate, talks to the media Saturday afternoon as he stumps for last-minute votes in Houston.

U.S. Senate race	Total precincts	Precincts reporting	Candidates					
			Krueger	Hutchison	Fields	Stuenkel	Fisher	Culliver
Perthande	431	299	13,315	21,277	10,975	10,918	2,825	1,045
North	2,589	422	99,676	66,835	10,478	41,266	21,001	2,345
East	2,509	844	82,247	52,901	31,442	19,984	17,596	2,176
Central	779	216	29,534	22,375	6,848	12,213	6,067	2,079
South	1,276	416	95,802	52,444	21,900	12,074	3,608	10,017
West	529	242	18,312	19,456	9,464	7,912	4,848	2,574
Totals	6,087	2,239	348,888	236,298	83,107	103,488	61,944	20,156

Kris-1

A Whitmire gives thumbs-down sign on another

WHILE THE dust settles from Saturday's U.S. Senate election, there are nuggets on the local front.

Gov. Ann Richards almost appointed former Houston Mayor Kathy Whitmire, a certified public accountant, to the board that oversees the insurance of state bonds.

Almost.

Around early March, the governor's staff followed the protocol and asked for clearance from Whitmire's state senator.

He said "no way." He is John Whitmire, whose brother Jim was married to Kathy until Jim's death in 1978.

John Whitmire and his ex-sister-in-law have found themselves disagreeing over a number of issues over the years. And they have had their private episodes.

When Jim Whitmire was suffering from diabetes, John was asked to donate one of his kidneys to his brother.

John declined on advice from his doctor. Diabetes led to Jim's death.

But the state senator says his rejection of Kathy Whitmire's would-be nomination to the state post was nothing personal.

Rather, he says, it was political.

Kathy Whitmire could have used the position on the board of the Public Finance Authority to carp at current Houston Mayor Bob Lanier's plans to issue bonds and refinance city debts, says John.

It was Lanier, of course, who beat Kathy Whitmire in the last mayoral election.

Kathy Whitmire says she was surprised to hear from a reporter about John's explanation. They never talked to each other about it, she says.

And she points out that as a commentator on radio and television shows, she already has a soapbox from which to criticize Lanier, should she ever want to.

The non-salaried position on the state financing



**Alan
Bernstein**
Politics

board remains unfilled.

Shortly after President Clinton's election, Kathy Whitmire talked to the White House about an administrative job, she says. Obviously, nothing has come of it yet, even while Lee P. Brown, who Whitmire hired as police chief, has become Clinton's anti-drug czar.

It's easy to see Whitmire, with her administrative and political skills, fitting into a number of federal jobs.

But, like John Whitmire, the White House might not want to upstage Lanier, who has been as supportive of Clinton and the Clinton budget plan as any non-partisan mayor can be.

Brown's departure from his post at Texas Southern University removes from the scene a potential successor to Lanier.

Some progressive activists had been telling Brown that he should seriously consider running for mayor — and becoming the first black to occupy the office. And Brown wasn't rejecting the advice, according to these people.

Who knows? Maybe he'll move to Houston for a third time.

If all went according to schedule Saturday, Controller George Greentias wasn't out among the voters, and Rodie Walker was.

The U.S. Senate election provided a captive au-

dience of registered voters who could be asked to sign petitions allowing veteran council members to override the term limit law and seek re-election on Nov. 2.

Greentias, too, would need these petitions to seek another two-year term. But last week he said he wouldn't be gathering signatures on Saturday, because he still hasn't decided what, if anything, to run for.

Greentias is a critic of Lanier's financial proposals and is once again thinking about running for the top job.

Walker, a zoning advocate and community activist, was scheduled to go on an all-night walk through urban neighborhoods, ending Saturday morning, to highlight her effort to "get back to basics in public life."

Walker is walking, on, running, against Councilwoman Eleanor Finley.

In Los Angeles, a wealthy white man named Michael Riordan placed first in the mayoral election but must face a Democratic member of an ethnic minority group in a runoff. It's Riordan's first try for public office. He says the top issues are "safety, safety, safety."

Shades of Lanier.

A word from our sponsors

Last week, U.S. Sen. Bob Krueger announced that he was recommending former Judge Gaynelle Griffin Jones of Houston to be U.S. attorney for the Southern District of Texas.

The announcement came 13 days after a Houston fund-raiser for Krueger's campaign that was sponsored by about 100 supporters — including Jones and others angling for the federal prosecutor job.

delivered from a 1
 continued about Kay Bailey
 Hutchison.

Krueger led the field in Central
 and South Texas, but split West
 Texas and East Texas, a crucial
 Democratic base, with Hutchison.
 Hutchison won big in North Tex-
 as, including her home base of Dal-
 las, and in the Panhandle.

Hutchison's showing had Re-
 publicans jubilant.

Before even 10 percent of the
 vote was in, state GOP Chairman
 Fred Meyer began crossing. "Turn
 out the lights, the party's over."

Meyer said Krueger had a united
 Democratic Party behind him but
 could not muster a third of the
 vote. Almost half of the vote went
 to Hutchison, Barton and Fields.

"The voters of Texas know Bob
 Krueger, from his voting record as
 a congressman, is in the mode of
 the Clinton administration," Meyer
 said. "He talks one way in Texas
 and says another way in
 Washington."

Krueger was a U.S. represent-
 ative from New Braunfels in the
 mid-1970s.

Krueger said Saturday's election
 became a two-candidate race after
 the other major challengers
 "seemed to implode" during the fi-
 nal week of the campaign.

Barton, Fields, Fisher and Gu-
 tierres had been considered long-
 shots to slip into the runoff with
 Krueger.

At Krueger's post-election rally
 at an Austin hotel, Democrats put
 on their game face.

Hutchison edged past Krueger
 when the Texas secretary of state's
 office tabulated the last boxes.

Speaking while Krueger still was
 ahead, Gov. Ann Richards said,
 "We started out with 24 in the
 race, and today Bob Krueger beat
 22 of them and came out ahead of
 the 23rd."

Land Commissioner Garry
 Mauro, who directed Bill Clinton's
 presidential campaign last year,
 instructed an emotionally flat
 crowd of 300 to cheer for Krueger

in front of television cameras.

"We're going to have enough
 money for this campaign," Mauro
 said. "The question is, are we go-
 ing to have enough people?"

Former Attorney General Jim
 Mattox, a Democrat who threat-
 ened to run against Krueger earlier
 this year, said of Krueger: "I think
 he has a lot of work to do."

But Mattox said the Democrats
 had saved their campaign money
 and party muscle for the runoff.
 Richards will set the date for the
 runoff, which might be June 5.

The contest is shaping up as a
 referendum on President Clinton's
 policies and a challenge to Texas'
 32-year tradition of having one
 senator from each political party.
 Phil Gramm, the state's other sen-
 ator, is a Republican.

Richards appointed Krueger in
 January to fill the Senate seat va-
 cated when Democrat Lloyd Bent-
 sen became Clinton's treasury
 secretary.



Kay Bailey Hutchison checks election results in Dallas with her campaign chair-
 man, Jim Franca. The winner will be determined in a runoff.

Kay Bailey Hutchison

Party: Republican
 Age: 49

Residence: Dallas

Career: State treasurer since
 1991. Has been an attorney,
 business owner and associa-
 tor. Was the first Republican
 woman in the Texas House in
 1972-76. Was on the National
 Transportation Safety Board,
 1977-78.

Education: Law degree, Univer-
 sity of Texas, 1967.

Strengths: Hutchison is running
 as a Washington outsider. Be-
 ing a woman running for the
 male-dominated Senate rein-

forces that theme. As state
 treasurer, Hutchison has built
 on her record as a fiscal con-
 servative. She is a rising poli-
 tical star who addressed the
 Republican National Convention
 last summer.

Weaknesses: Hutchison's
 stance on abortion has changed
 over the years, and both abor-
 tion rights opponents and sup-
 porters have criticized her. She
 must unite a Republican Party
 that was divided in Saturday's
 election. Some former employ-
 ees have accused Hutchison of
 being an abusive boss, a
 charge she has denied.

From his four-month tenure,
 Krueger cited his support of Head
 Start, childhood immunizations,
 abortion rights, unemployment
 benefits and medical leave for fam-
 ily emergencies.

Krueger said Texans must de-
 cide whether they will trust him or
 Hutchison to vote for such
 programs.

"I think it's going to be very
 very clear which is the country-
 club candidate and which is the
 family candidate," he said.

Krueger also has distanced him-
 self from Clinton's call for new tax-
 es and allowing gays to openly
 serve in the military.

He supported Clinton's econom-
 ic stimulus package, which stalled
 in the U.S. Senate, and called for a
 top-to-bottom audit of the federal
 bureaucracy before he would vote
 for new taxes.

Krueger also has cut his Senate
 salary and office budget by at least
 20 percent.

Republicans have criticized
 Krueger's brief U.S. Senate voting
 record as an election-time ploy.

Austin American Statesman

NOV 02 1993

Hutchison said she is the true fiscal conservative.

"If we had a sign in this campaign," she said, "it would be, 'It's spending, stupid.'" Clinton's presidential campaign last year used the slogan, "It's the economy, stupid."

Hutchison said she does not even want to talk about raising taxes. "I want to be talking about cutting government spending."

The Democrats said Texans need a Democratic senator to have entree to the Clinton White House. "This race is going to determine

whether Texas has influence in Washington," Richards said.

Mauro also said the state must have a Democrat to counterbalance Gramm in the Senate. "Can you imagine Texas being represented by two Republicans?"

Texas has always had at least one Democratic senator. The Democratic Party controlled both seats until 1961, the last special Senate election, when Republican John Tower beat a Democrat in a runoff.

Saturday's results indicated that 11th-hour attacks against Hutchison did not work.

A few former employees at the state treasury said Hutchison had pinched or swatted workers out of anger. They claimed she also directed employees to do personal errands for her on state time.

Hutchison's primary accuser was the daughter of a prominent Republican, John Connally, a Fields' supporter. Hutchison denied the charges and passed a polygraph test.

If the Republicans unite behind Hutchison, analysts said she is well-positioned for the runoff.

"You have to figure in a low-turnout election, you normally expect that a solid Republican candidate will have an advantage just because of the reliability of his or her base," said Charles Elliott, a political science professor at East Texas State University.

"It's going to be easier for her to mobilize her constituents than for Krueger to mobilize his," Elliott said.

Staff writers Debbie Graves, David Elliot and Jen Sansbury contributed to this report.



Gov. Ann Richards cheers for U.S. Sen. Bob Krueger, who holds his daughter, Mariana, as they listen to election returns. At right, state Treasurer Key

Bob Krueger

Party: Democrat
Age: 57
Residence: New Braunfels

Career: Member, Texas Railroad Commission, 1966-68; U.S. ambassador-at-large, 1973-81; U.S. representative, 1975-76; English professor and dean, Duke University, 1961-73.

Education: Bachelor's degree, Southern Methodist University, 1967; master's degree, Duke University, 1968; doctoral degree, Oxford University, 1964.
Strength: As interim senator appointed by Gov. Ann Rich-

ards, Krueger is the incumbent — albeit only for a few months. He has never identified himself with three other statewide races. He has a record as a fiscal conservative and a progressive on social policy.

Weakness: He has lost two previous races for the U.S. Senate. He must be loyal to his party's leader, President Clinton, without being too closely identified with Clinton's more unpopular policies. Krueger's intellectual manner distances him from some Texans. Some see his middle-of-the-road approach as waffling.

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Houston Chronicle

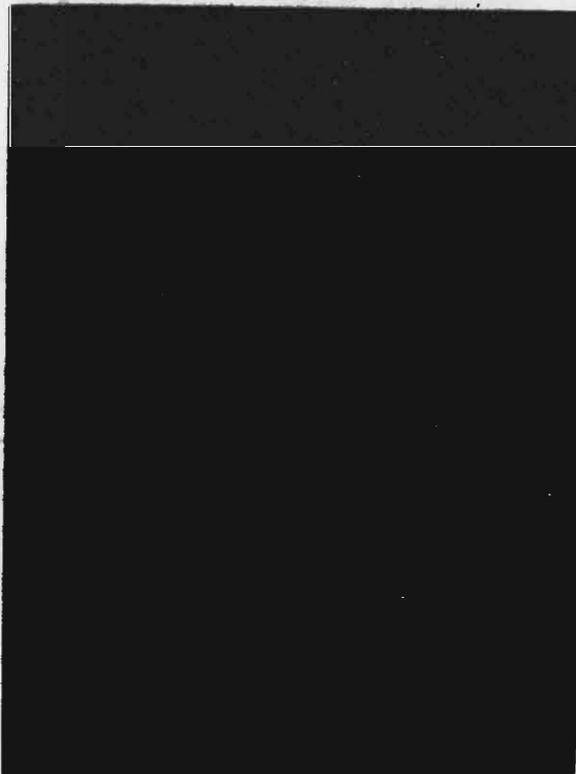
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Sen. Bob Krueger, in left photo, talks with Natalie Kuntz, 8, left, and her sister, Kristin, 11, on his way to vote Saturday at the Eagles Hall in New Braunfels. Republican challenger Kay Bailey Hutchison, in



right photo, staffs the phone bank at her campaign headquarters in Dallas. Krueger and Hutchison advanced to a runoff in the election to fill the seat vacated by Treasury Secretary Lloyd Bentsen.

Krueger, Hutchison in runoff

By R.S. RAYLOPPE
and ALAN BERNSTEIN
Houston Chronicle Austin Bureau

AUSTIN — A pair of moderates, Democrat Bob Krueger and Republican Kay Bailey Hutchison, clinched their Saturday's voting to advance into a runoff for a Texas U.S. Senate seat.

With half of the state's precincts reporting, Krueger was leading the field of 34 candidates with about 30 percent of the vote. Hutchison, the state treasurer, was close behind with about 28 percent.

Republican U.S. Rep. Jack Fields of Humble and Joe Barton of El Paso were locked in a fight for third place. Barton had about 14 percent of the vote and Fields had about 13 percent.

Democrat Richard Fisher, who made a direct appeal to voters who backed independent Ross Perot in last year's presidential election, was fifth with about 8 percent. He was followed by another Democrat, Jose Angel Gutierrez, who had about 5 percent. The other 18 candidates

See SENATE on Page 94K.

Houston Chronicle

NR 02 1993

Senate

Continued from Page 1A.

shared the remainder of the vote. Fields was making his strongest showing on his home turf, the Houston area, where he was running second to Krueger with about 25 percent.

Krueger was running a strong first in South Texas and also led in East Texas, while Hutchison is leading in her home region of north-central Texas.

Saturday's first-round balloting capped what had been a generally low key campaign to replace Lloyd Bentsen, but the runoff battle between the two middle-of-the-road candidates is expected to generate more fireworks.

Krueger has been serving as temporary senator since January. He was appointed to the post by Gov. Ann Richards after Bentsen resigned to become U.S. Treasury secretary.

The runoff winner will finish Bentsen's term through 1994. A runoff date has not been set, but it likely will be June 5.

A Houston Chronicle Poll conducted last week showed Hutchison would start a runoff campaign with 40 percent of the vote and Krueger with 35 percent, with the remainder undecided. The poll had a margin of error of four percentage points, meaning that Hutchison and Krueger would be running even as of

today.

The runoff probably will put Hutchison in the spotlight as another woman trying to break into the mostly male bastion of the Senate. Six women — one Republican and five Democrats — serve in the 100-member body, and four of them were just elected in November.

Some campaign commercials in the waning days of the first-round campaign may have provided a preview of the runoff rhetoric.

In one Krueger radio commercial, Hutchison was twice accused of "lying." The commercial questions how she handed out state contracts and casts doubts on Hutchison's denials that she required a Treasury employee to perform personal chores for her on state time.

Krueger's campaign also recast a television commercial late last week to focus attention on Hutchison — rather than attacking all his Republican opponents. The ad accused Hutchison of opposing federally funded childhood immunizations, a charge she denies.

Republican radio ads portrayed Krueger as a "waffler" who was "too liberal, too weak and two-faced." The commercials claimed "Texas Bob" favors federal budget cuts while "Washington Bob" votes for spending increases. The ads also attacked Krueger for supporting President Clinton's efforts to end the ban on acknowledged homosexuals in the military.

Hutchison and Krueger may beat a path to Perot's door during the days before the runoff.

Perot and his United We Stand America organization didn't back a candidate in Saturday's election, but he has reserved the option of picking a favorite in the runoff. The organization played a pivotal role in helping a Republican win a Georgia Senate election runoff last year.

Hutchison, a one-time television reporter and former state legislator, won election as state treasurer to replace Richards in 1990.

Krueger was the Democratic Senate nominee in 1978, but lost to Republican John Tower by about 12,000 votes. In his second try for the Senate in 1984, he was edged out of a Democratic primary runoff by about 1,200 votes. He was elected to the Texas Railroad Commission in 1990.

During his current campaign, Krueger has promoted himself as a thrifty cost-cutter who wants to perform audits to find waste in government.

Hutchison styled herself as a "new generation" conservative who wants to change the way business is done in Washington.

Democratic maneuvering for Bentsen's Senate seat began immediately after Clinton announced his appointment as Treasury secretary late last year.

Former San Antonio Mayor Henry Cisneros and Comptroller John Sharp were early favorites to be appointed by Richards, but both turned her down.

The governor then briefly considered appointing herself, but rejected that idea.

Then she considered the possible

appointment of Democratic U.S. Rep. Mike Andrews of Houston, John Bryant of Dallas or Jim Chapman of Sulphur Springs. But Andrews and Bryant were perceived to be politically vulnerable because of the checks they had bounced at the now-closed House bank, while minority and gay rights leaders objected to Chapman.

Krueger, who had been quietly lobbying for the job, clinched the appointment during a New Year's Day meeting with Richards at the Governor's Mansion. Official announcement of his appointment followed the next week.

However, Richards' former party foe in the 1990 governor's race, former Attorney General Jim Matton, immediately announced that he wanted to run for the seat. Matton bedeviled Krueger for three months. But Richards effectively lined up the party's machinery and money behind Krueger, forcing Matton to drop out.

Some Republican leaders tried early on to consolidate their party behind a candidate, with the focus on Hutchison, but were unable to dissuade Burton and Fields from entering the race.

Burton made his primary appeal to conservatives and "religious right" voters by straining his opposition to abortion and gays in the military.

Fields offered a more moderate message, underscoring his opposition to the Endangered Species Act, tax increases and federal benefits for illegal immigrants.

Lone Star

Fort Worth Star-Telegram

MONDAY, MAY 3, 1993

Fort Worth, Texas • Where The West Begins

PRICE 50¢

Krueger hunts votes cast for opponents

Senator confident of runoff win

By SUSAN FATHIGREN
Fort Worth Star-Telegram Austin Bureau

AUSTIN — Interim U.S. Sen. Bob Krueger says he's not worried that the Republican field — including runoff opponent, state Treasurer Kay Bailey Hutchison — garnered more votes in Saturday's election than he did.

"I don't think those were Republican votes. I think they were votes for a lot of different candidates throughout the race," Krueger, a Democrat, said yesterday at the Radisson Hotel.

"I expect that a number of those candidates will have had voters who decide to stay home [for the runoff election]. I think a lot of them ... will come [More on KRUEGER on Page 3]."



Sen. Bob Krueger, who slightly lagged Kay Bailey Hutchison, speaks in Austin.

Hutchison basks in No. 1 finish

Texas' treasurer admits surprise at strong showing

By MAX B. BAKER
Fort Worth Star-Telegram

DALLAS — State Treasurer Kay Bailey Hutchison was relishing her first-place finish in the U.S. Senate race yesterday as the National Republican Party prepared to throw its weight and its money into her runoff campaign to unseat incumbent Democratic Sen. Bob Krueger.

Hutchison surprised even herself by edging out Krueger by 497 votes — 593,479 to 592,982 — in Saturday's unofficial election



Kay Bailey Hutchison works the crowd at a union hall in Dallas.

returns. Each received 29 percent of the total votes cast.

Clov. Ann Richards is expected to set the runoff election for June 5 (for the seat vacated by U.S. Treasury Secretary Lloyd [More on HUTCHISON on Page 3]).

Fort Worth Star-Telegram

Krueger

From Page 1

our way, and I certainly want to reach out to every one of them and try to attract their support," Krueger said.

Krueger, who was appointed in January to temporarily fill the seat of Sen. Lloyd Bentsen, who became U.S. Treasury secretary, had been the front-runner among 24 candidates in the special election to complete Bentsen's term.

But after the final ballots were counted, Hutchison led the group with 593,479 votes, 497 more than Krueger. Each had 29 percent of the

ballots cast. Republican Reps. Joe Barton and Jack Fields finished third and fourth respectively, each with about 14 percent of the vote.

But Krueger said he is confident of victory over Hutchison in the runoff, which is expected to be set for June 5.

"I think every vote is available. I don't rule out anybody's votes. I don't rule out any vote Kay Bailey Hutchison got and I shouldn't think that she'd want to rule out mine," Krueger said. "This is a contest and we are going now down to one on one, and that's what we were expecting. This is the real choice."

Krueger, from New Braunfels, began campaigning for the runoff in Austin yesterday and said that he will meet with advisers for a strategy session before resuming work

today.

"I don't expect it to be dirty," he said of the campaign. "I think it is very important, however, that people understand the differences between the candidates."

"This is really a broader issue than simply Kay Bailey Hutchison and Bob Krueger," he said. "This really is a question of whether Texans want to have someone there who is simply a part of the forces for filibuster and delay or whether they want a force for families and change and progress, and I think that those lines will be drawn quite clearly."

Krueger indicated that he will again attack Hutchison on her "multiple-choice" stand on the abortion issue and her opposition to funding such programs as Head Start, childhood immunizations

and the Family Leave Act.

He said that he believes he can pick up votes from Barton and Fields supporters based on common interests for the family, a balanced budget and the interest of finding jobs for Texans.

"I always want it clear that I'm an independent," Krueger said. "I don't run on anybody else's coat-tails and I don't need to. I think I have probably one of the most independent records of anyone serving in the United States Senate during the three months that I have been there, and I am proud of that record."

Krueger said he will continue that strategy in the runoff. "I am what I am."

He sidestepped questions about whether he would use allegations

from Hutchison's former staff members that she had them do personal business for her on state time and that she hit and pinched some of them when frustrated.

"I would point out that most of the questions of her integrity were raised by Republicans," Krueger said. "It was all Republicans who took the lie detector tests" about the incidents.

But he said the matters could help

Texans get a good glimpse of "the whole person" for whom they would be voting.

"I want to have my record assessed. I want her record assessed," he said. "I want people to have some sense of whether or not they had in that United States senator someone who was going to reach out and be inclusive and try to speak for the best instincts of those people who have not had a voice in the Senate."

Vote totals ~~ADH~~ spell trouble for Krueger



CAROLYN
BARTA

Saturday's election results in the U.S. Senate race spell trouble for Bob Krueger and the Democrats — trouble with a capital T. Any way you slice those results, they come up short for Democrats.

Gov. Bailey Hutchison said that the results were better than she ever dreamed — obviously

because Sen. Krueger, the interim senator and heir apparent, got only 29 percent of the vote. And that was precisely her percentage as a Republican challenger in a field of three competitive Republicans.

If you add up the vote for the top GOP candidates — Ms. Hutchison, Joe Barton and Jack Fields — you come up with 55 percent. That's cause for some Democratic head wringing.

Ms. Hutchison, however, can't assume that all Republican voters will end up supporting her. Voters who are strong in the pro-life movement already have served notice that they don't intend to go back to the polls for her in the runoff. They largely favored Mr. Barton.

Nonetheless, one has to ask: Where does Mr. Krueger draw the rest of his support? Where does he go to build a winning coalition? When you leave out the top three Republicans, support for all of the other candidates combined does not a majority make.

Tom Loss, a candidate for the GOP nomination for governor in 1990, in a talk a few weeks ago at Harvard, forecast problems for the Krueger candidacy if the interim senator drew below 40 percent in the first election.

Saturday's results indicate that Sen. Krueger picked up very little of the undecided vote and failed to build his voter base during the campaign — even after the Democrats scored off other opposition from within party ranks, including Jim Mattox.

Part of that could be attributed to his lackluster performances in the debates, a paucity of public appearances and the inclination of the liberal wing of the party to take a hike.

In the runoff, the stakes go up — and not just for Mr. Krueger and Ms. Hutchison. The runoff outcome will be viewed as a referendum both on President Clinton and Gov. Ann Richards.

Gov. Richards, who made the Krueger appointment, cannot be faulted, however, for the non-aggressive campaign conducted by Mr. Krueger. As even some Democrats complained, he was almost a no-show on the campaign trail, relying largely on unimpressive TV spots. The fact that he reduced his Senate staff, while commendable, hardly provided a foundation for a campaign strategy.

While Mr. Krueger tried to cast himself as independent-minded and a fiscal conservative by voting against Mr. Clinton's stimulus package, voters may have perceived that, once the election was over, he would support the administration in most instances.

Texas may just rather have another Republican to share up Bob Dale's party than following the 30-year rule of having a senator on each side of the aisle.

Additionally, the "women's vote" appears to have helped Ms. Hutchison at Mr. Krueger's expense. His campaign must have seen that coming. In the final week, in an effort to draw back to the fold Democratic women crossover and independent women voters, he began touting his support for the Family Leave Act, which Ms. Hutchison had spoken out against.

The runoff also has long-term implications for Republicans. U.S. Sen. Phil Gramm is chairman of the GOP Senatorial Campaign Committee, and his potential presidential campaign isn't going to look too hot if he can't impact a Senate election in Texas. Additionally, the struggle continues in the Texas GOP over party ownership — between the pro-life, social issue-oriented Republicans and those who would focus on budgetary and foreign affairs. If the pro-lifers work to defeat Ms. Hutchison, that says something about who's winning the battle for GOP control.

Finally, as in all runoffs, this one will be determined by which side turns out. Republicans have a history of getting their hard core support out, while Democrats are sometimes prone to complacency. Ms. Hutchison has a grass-roots organization, while Mr. Krueger will be relying primarily on party organization.

To win the runoff, Democrats will have to unite and campaign, campaign, campaign — with Mr. Krueger and Gov. Richards leading the way. As for Ms. Hutchison, she had better circle the wagons. The only sure way of leveling her will be with more background dirt.

Carolyn Barta is editor of *Viewpoints*.

95043691909

Texas braces for political brawl

Race for Senate promises to be nasty, negative

By Maria Puente
USA TODAY

An open photo finish in the Senate primary has Texans eyeing a runoff race that's likely to be neck and neck and nasty to the finish.

Appointed Democratic Sen. Bob Krueger and Republican Kay Bailey Hutchison, the state treasurer, each got 29% of the vote in the special election's open primary Saturday, with Hutchison leading Krueger by about 500 votes.

State GOP leaders were thrilled, and with Republicans finishing third and fourth as well, were proclaiming the collapse of the Democrats in Texas. But Democrats sound ready for a fight.

"We were outpied 4-1, with five candidates attacking us from the right and left," said Krueger campaign manager Greg Hartman. "Now it'll be one-on-one and we'll be able to focus our fire."

Krueger and Hutchison will compete for the 1 1/2 years left in the term of Democrat Lloyd Benson, who quit to be Treasury secretary. The runoff date isn't set, but is expected to be June 5.

Pre-election polls had Krueger besting Hutchison by a few percentage points. But Krueger, 57, a former congressman and a Shakespeare scholar, was hurt by an image of weakness and by President Clinton's unpopularity.

A ballot proposition calling for affluent school districts to share their wealth with poor districts also may have brought out conservative voters.

Sunday, Krueger said, "I am so ready to draw distinctions between her record and mine" and said voters "will clearly want to assess questions of integrity."

Hutchison, 40, was stung by charges from fellow Republicans she hit her state employees. She passed a lie detector test denying the charges, but said she's preparing for a negative race.



IN AUSTIN: Sen. Bob Krueger, appointed by Gov. Ann Richards, at left, speaks to supporters after Saturday's special open primary election.



IN DALLAS: Kay Bailey Hutchison checks election results Saturday with campaign chairman Jim Francis.

'Robin Hood' school tax plan defeated

By Mimi Hall
USA TODAY

Texas lawmakers returned to work Sunday in a race to comply with a state Supreme Court order to equalize school funding between poor and rich districts by June 1.

"If the Legislature is unable to come up with a solution, then our greatest fears are realized," said Democratic Gov. Ann Richards, who has warned of school closings.

Voters Saturday rejected 62%-37% a proposition, backed by Richards, to

shift state property tax money from rich to poor school districts.

Supporters of the "Robin Hood" plan said it was the best way for the state to meet the deadline. Opponents warned of higher property taxes.

"The voters of Texas demonstrated they can't be blackmailed, they can't be misled, and they don't like Ann Richards' tax increases," said Texas GOP Chairman Fred Meyer.

A Texas court ruled in 1990 the school system violated the state constitution because the 100 wealthiest districts spent on average about

\$4,000 more than what the 100 poorest districts spent per student.

"Today about half the states are involved in litigation" over such disparities, said John Augspick, a Denver-based school finance consultant.

"Because states are financially strapped and residents are unwilling to pay higher taxes, legislators are in a panic," he said.

Among alternatives in Texas, which has no state income tax, large tax increases, a constitutional amendment limiting court involvement in school funding and school closings.

"It's going to be a tough four or five weeks," she said. "I am so proud the people will no more of this dirty campaigning. Let's talk about issues."

Hutchison said she will campaign as an outsider, an anti-tax conservative and a social moderate, while holding up Krueger as a Clinton-backing, big

spending insider. Krueger is attacking her as a 20-year professional politician who was elected before he was. He also said she'll have to felly answer allegations she ordered employees to do her personal work on state time.

Republican Reps. Joe Barton and

Jack Fields were third and fourth, with 14% each among 24 candidates. Both join Hutchison on a "runoff" today.

Richard Fisher, a millionaire businessman and Bush-Peot advisor, came in fifth with 9%. He hasn't said whom he will endorse but noted Krueger is a personal friend and "in the human bring."

POLITICS & POLICY

Hutchison's Texas Senate Race Finish Is Big Boost for GOP

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Kay Bailey Hutchison's strong finish in Texas' special Senate election spells trouble for President Clinton and gives Republicans a big lift toward winning the seat vacated by Treasury Secretary Lloyd Bentsen.

The 49-year-old state treasurer — hoping to be Texas' first female senator — narrowly topped a field of 24 in Saturday's balloting. She will face Democratic Sen. Bob Krueger, who finished second, in the runoff expected in early June.

Mr. Krueger, appointed to Mr. Bentsen's place in January, had been the early favorite. His problems are now compounded by the fact that Ms. Hutchison shared the Republican vote with Reps. Joe Barton and Jack Fields, who finished third and fourth.

The three top Republicans captured about 57% of the ballots, compared with less than 40% for Mr. Krueger and two other Democrats, including Richard Fisher, a wealthy Dallas businessman and former adviser to Ross Perot, who came in fifth.

With Senate Republicans filibustering Mr. Clinton's initiatives, the loss of Mr. Bentsen's seat would leave the Democrats with a 56-vote majority — four votes shy of the number needed to invoke cloture, to end the filibuster and bring the legislation to a vote. And facing next year's elections, there is fear the new president will be unable to protect other Democratic incumbents. Moreover, the Texas campaign demonstrated a broad unease over both new taxes and foreign commitments to Bosnia and Russia.

For Gov. Ann Richards, who herself must run next year, the results reveal

some chinks in her considerable armor. The governor frustrated liberals by her choice of Mr. Krueger for the Senate slot, and she was rebuffed directly Saturday when voters overwhelmingly rejected a public school financing measure that she had backed and predicted would pass.

The conservative opposition to the referendum issue appeared to be a force in turning out the larger Republican vote, and the national GOP invested in anti-Krueger radio ads and heavy direct mail.

The second-place finish follows losses for Mr. Krueger in Senate races in 1978 and 1984. "A pair of boots, a promise and a mission" reads a flyer for this Elizabethan scholar. But after two decades in and out of public life, he resembles less a typical Lone Star politician than a shy Oxford don who wanders inadvertently into the tumult of Texas politics.

He begins the runoff as the clear underdog, which could force him to adopt a more freewheeling style. But given his relatively high negatives in polls, the race could turn nasty, as Democrats try to overcome Ms. Hutchison's position by cutting her down.

"She's definitely undefined in the voters' minds," said Greg Hartman, Mr. Krueger's campaign manager. "Now we finally have a chance to go one-on-one."

Ms. Hutchison's Republican rivals tried as much in the final weeks after media reports of allegations that the treasurer had physically abused state employees. But Mr. Fields, who had enjoyed a surge in the polls, fell back later. Mr. Barton, an earnest former industrial engineer, overtook his congressional colleague by appealing to bedrock conservatives in the GOP.

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IN THE 147TH JUDICIAL DISTRICT COURT
TRAVIS COUNTY, TEXAS

IN THE MATTER OF THE *
GRAND JURY SUBPOENA FOR * NO. _____
KAY BAILEY HUTCHISON *

C-SPAN POST-ELECTION SYMPOSIUM
WASHINGTON, D.C.
JUNE 15, 1993

TRANSCRIBED BY VIDEOTAPE

SPEAKERS:
MARK MCKINNON, MEDIA CONSULTANT
DAVE BECKWITH, KAY BAILEY HUTCHISON CAMPAIGN
DAVID WEEKS, KAY BAILEY HUTCHISON CAMPAIGN
DANE STROUTHER

ORIGINAL

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C-SPAN POST-ELECTION SYMPOSIUM
WASHINGTON, D.C., JUNE 18, 1993
10:00 A.M.

MARK MCKINNON: In the primary, the fundamental message, at least, was this idea of driving a federal audit time and -- and -- and -- and as evidence of his -- his -- his commitment to that, the things that he had done to personally sacrifice, which was -- we knew was important to voters.

In the -- in the runoff, you know, we -- we had these sort of typical debates that go on inside any campaign that's in a difficult situation about whether to go negative, when to go negative, that sort of thing; but, you know, it was -- it was very difficult, as I said before, when -- when somebody comes through a primary untouched to raise issues at least on paid media that hadn't been raised before without it looking overtly political.

And -- and the fact is that coming out of that primary, you know, the voters saw -- perceived Senator Krueger as being very political, and -- and they had done a good job of -- of establishing Kay Bailey Hutchison as the nonpolitical entity so --

DAVE WEEKS: I have a question.

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MARK MCKINNON: Yeah.

DAVID WEEKS: What happens to Krueger now? What does he do? Do you know?

MARK MCKINNON: I don't know.

DAVE WEEKS: Where does he go?

MARK MCKINNON: I don't -- I don't know -- private business.

DAVE WEEKS: I see. I see.

MARK MCKINNON: But so there was -- then there was an attempt toward the end of the campaign or in the runoff, really, to -- by the way, let me also just say, you know, it was very difficult because, I mean, he -- the -- even the -- the president's own pollster told us at the time that it would be difficult to run on the economy or or jobs.

And in a -- you know, in a top of the line ticket race for the U.S. Senate race or governors race, if you can't run on the economy or jobs, it doesn't leave you a hell of a lot, but there -- there was the health care issue.

And -- and in -- and in reality, it became a fairly substantive dialogue about a real issue and some different approaches to that issue. And there was a little bit of a window there. And I think

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1 that had we, you know, another few weeks and a
2 couple more million dollars -- I mean the fact is
3 Krueger just didn't have any money in the runoff.

4 DANE STROUTHER: Why not?

5 MARK MCKINNON: Because he ran
6 second out of a primary when he was an incumbent
7 senator.

8 DANE STROUTHER: But did -- no
9 one could raise it?

10 MARK MCKINNON: No, I mean --

11 DANE STROUTHER: Establish it?
12 No?

13 MARK MCKINNON: No. So -- and I
14 think there was a substantive dialogue about some
15 real differences on that issue. And -- and I think
16 that it was -- it was a potential opening. And --
17 and we tried to -- to drive it a little; but
18 obviously, we just didn't have the time or
19 resources. I don't know what you thought about that
20 issue at the time, David, but --

21 DAVE BECKWITH: It was a problem
22 for us, but it was too late by that time.

23 (End of tape.)
24
25

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Hutchison top fund-raiser

By R.G. RYCLIFFE
and ALAN BERNSTEIN
Houston Chronicle

Republican Kay Bailey Hutchison raised four times as much money as Democratic runoff rival Bob Krueger in the two weeks after the May 1 special Senate election.

Hutchison amassed \$1.4 million in campaign funds following her first-place finish in the balloting, compared with about \$366,000 raised by Krueger, according to federal campaign reports released Monday.

The good news for Krueger was that both candidates ended the reporting period with about \$550,000 in cash on hand for their June 5 runoff.

Hutchison surprised many by finishing 90 votes ahead of Krueger in the first round of voting to replace Lloyd Bentsen in the U.S. Senate. Krueger was appointed to temporarily fill the seat until voters could pick Bentsen's successor.

The campaign finance reports, which covered the period from April 12 to May 16, showed Hutchison raised a total of \$1.9 million and spent \$1.8 million. Krueger raised \$1.1 million and spent \$932,000 in the period. Both campaigns had cash balances due to funds raised in earlier reporting periods.

The campaigns also are being financed by two national party committees. Before the runoff, the Democratic Senate Campaign Committee had spent about half of its allocated \$1.4 million on Krueger's campaign. The National Republican Senatorial Committee had spent about \$300,000 of its authorized total.

Krueger's largest set of contributions during the period was about

\$86,000 raised at a Chicago affair hosted by Eugene Pavalon, the past president of the American Trial Lawyers Association. The association also gave Krueger \$5,000.

Krueger received \$1,000 contributions from U.S. Reps. Jack Brooks of Beaumont, Chet Edwards of Waco and J.J. "Jake" Pickle of Austin and former Houston Mayor Fred Hofheinz. Democratic U.S. Sens. Bob Graham of Florida, Harris Wofford of Pennsylvania and Bob Kerrey of Nebraska also donated \$1,000 each.

Krueger — who has been critical of a deal Hutchison gave to the Goldman Sachs Co. as state treasurer — took a \$5,000 from Goldman Sachs' political action committee.

Hutchison got \$1,000 contributions from Republican U.S. Sens. Strom Thurmond of South Carolina, Alan Simpson of Wyoming, Don Nickles of Oklahoma, Paul Coverdell of Georgia and Phil Gramm of Texas.

Former Commerce Secretary Robert Mosbacher and his wife, Georgette, each gave Hutchison \$1,000, as did George W. Bush, managing partner of the Texas Rangers and son of the former president.

Meanwhile, Hutchison, at a Houston fund-raiser where former U.S. Secretary of State James A. Baker III was guest speaker, kicked off an exchange over U.S. military moves with the Krueger camp.

After describing how Baker lined up allied support for using military force to expel Iraqi troops from Kuwait, Hutchison said Krueger considered the resulting war a conflict over access to Middle Eastern oil reserves.

"If anyone thought Desert Storm was fought over oil, they should not be in the United States Senate,"

Hutchison said.

In a May 1991 essay published in the Houston Chronicle, Krueger wrote about the Persian Gulf conflict: "We came for one reason oil. If Kuwait had produced broccoli and endive, we would never have sent troops to the Middle East. But the United States could not afford to allow Saddam Hussein to take over Saudi Arabia and control 65 percent of the world's oil reserves."

Krueger went on to call for changes in U.S. energy policy that would make the nation less dependent on foreign oil.

When the essay was published, Krueger was serving as an elected member of the Texas Railroad Commission, which regulates oil and gas production.

Hutchison announced endorsements Monday from former Defense Secretary Dick Cheney and more than 90 retired military officials in San Antonio, saying that Krueger's statements and voting record "raise serious doubts about his support for a strong American defense."

Krueger blasted Cheney's involvement in the campaign, saying Cheney's tenure at the Pentagon included the closing of three military installations in Texas.

"Texans ought to be outraged that this outsider, who cost Texas so many jobs, can come into Texas and place blame on someone else," Krueger said.

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SENATE: Hutchison spending, war chest double opponent's

From A-13

during the last seven days, spokesman Dave Beckwith said. The runoff is 12 days away, on June 5.

At least \$300,000 was raised at fund-raisers in Houston, local campaign spokeswoman Sue Walden said. The campaign took in about \$200,000 when Barbara Bush came to town last week, and about \$75,000 at a luncheon with former Secretary of State James Baker on Monday, she said.

The Krueger camp wouldn't say how much money has been taken in since May 16.

The flow of money from political action committees has swung in favor of Hutchison as well. She took in \$411,375 in PAC money, compared with Krueger's \$199,554. But Krueger received much more PAC money during

the first reporting period, so he still leads in overall PAC contributions by about \$100,000.

Hutchison gains another financial edge when money from political parties is added to the mix. Beckwith said the National Republican Senatorial Committee spent about \$600,000 for Hutchison during the latest reporting period, leaving the committee another \$500,000 available for the last two weeks.

The national Democratic committee has about \$350,000 left to spend on Krueger, campaign spokeswoman Samantha Smoot said.

In another development Monday

■ The U.S. Chamber of Commerce announced it is supporting Hutchison. The business group will send a mailing to its 12,000 members in Texas urging them to vote for her.

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H. Post 6-17-93

Democrat knew party would lose Bentsen's seat

By JOHN CRAVENS
POST WASHINGTON BUREAU

WASHINGTON — Democratic consultant Mark McKinnon made a startling post-election confession this week — he and his party brethren knew from the outset a Republican would snare Lloyd Bentsen's seat in the U.S. Senate.

"If James would have run as a Democrat he probably would have gotten (no more than) 40 percent," intimated McKinnon, referring to the June 3 special election in which Republican Kay Bailey Hutchison trounced interim Democratic Sen. Bob Krueger by a 57 percent to 23 percent margin.

Democrat Bentsen vacated the seat after two decades to become President Clinton's Treasury secretary.

"Frankly," McKinnon said, "the state is turning Republican."

Krueger has taken a lot of flak for being a weak candidate, but McKinnon, who tried to make Krueger look more like a regular

guy with the now infamous *haste is haste* ad, said it would have taken a lot more than a bright personality to beat Hutchison.

Texas voters were demanding change, and Hutchison was "the perfect change candidate," he said at a political consultants' conference. "We would have likely lost no matter who we had in the campaign."

Hutchison spokesman David

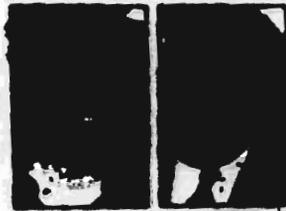
“Frankly, the state is turning Republican.”

— Mark McKinnon, Democratic consultant

Beckwith said he was glad to hear a prominent Democrat admit Texas is turning increasingly Republican in statewide races.

"That is going to be Texas' future," Beckwith said. "I think (Gov.) Ann Richards and others knew (Hutchison) was probably the one to beat from the outset."

Considering that Bentsen has



HUTCHISON: WINNER
BENTSEN: DEMOCRAT

said he would have given up his Senate seat next year anyway, Beckwith said the bottom line of Hutchison's victory is that the post "just went to the Republicans a year and a half early."

While Democrats are dwelling on the prospects of Hutchison being damaged by an ongoing Travis County grand jury investigation, Beckwith said voters appear to be putting it in what he considers the proper perspective — "as a rather naked political action."

"Despite the headlines, her popularity has never been higher," Beckwith said.

McKinnon was quick to counter that the GOP trend could well evaporate by the time Hutchison seeks a full six-year term next year. "1994 is a lifetime away," he said.

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GOP

From Page 19

porters greeted her at the airport.

Long considered a rising political star among Republicans, an image bolstered by her 1990 statewide victory in the treasurer's race, Hutchison is believed to have high name identification among Texans.

She counts among her supporters former Dallas Cowboys quarterback Roger Staubach and has strong support among the GOP state hierarchy.

But Hutchison, 49, told reporters in Dallas that she is seeking votes from a camp outside the GOP — that of billionaire Ross Perot and his independent group United We Stand, which may make an endorsement in the Senate race. She said she met with Perot in his office for an hour in Las Vegas.

"I asked for his advice and I told him what I wanted to do," she said. "I think my message is one they [Perot volunteers] will like because I have been an outsider and I've been successful in doing things against



Kay Bailey Hutchison: Sought Perot's advice on campaign

the way they've always been done before."

Later, in Austin, Hutchison appeared to take a middle-of-the-road approach on abortion, saying she does not believe that the government should interfere with a woman's right to one except to provide "reasonable restrictions" such as parental consent for minors seeking the procedure.



Jack Fields: Pledges two-term limit if elected

Unlike Barton, she agreed to sign the pledge initiated by Fields limiting themselves to two terms in office, if elected.

Said Barton about Fields' challenge: "Lloyd Bentsen did not become chairman of the most powerful committee in the U.S. Senate by limiting his own term. I encourage Jack to circulate his pledge among senators from other states to limit

their terms so Texas can continue to enjoy the advantage of seniority we have traditionally had."

The election most likely will be May 1, and all candidates, regardless of party affiliation, will be on the same ballot.

A runoff will be held between the two top vote-getters if no one receives more than 50 percent of the vote. The winner will serve in the Senate until the next general election, in November 1994, when Richards is expected to seek reelection as governor.

As the campaign heats up in traditional Texas style, the first glimpse of negative campaigning emerged when Hutchison's campaign adviser, Karl Reve, accused Democrats of hiring someone to investigate her and her husband's personal and financial background.

Fields said he expects his opponents to exploit his bouncing of 22 checks totaling about \$10,000 in last year's House bank scandal, but he said it would not damage his efforts.

"It was an issue in the last election that I just ran in a new congressional district," he said. "And I won with 78 percent of the vote."

Texas & Southwest

Overnight
Weather

Thursday, January 14, 1993

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The Dallas Morning News

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27 A

Hutchison, Fields enter race Republicans running for Senate now total three

By Sam Attlesoy

Political Writer of The Dallas Morning News

AUSTIN — The cast of Republicans in the special Senate election tripled Wednesday.

One new contender, U.S. Rep. Jack Fields, R-Humble, said his congressional experience is an asset for the Senate seat, making him familiar with highly technical issues that could affect Texas industries.

"I don't think you can walk into the United States Senate having no experience in Washington," Mr. Fields said.

The other candidate, state Treasurer Kay Bailey Hutchison, said she can help produce real reform because she is a new face.

"I want to change the system and I don't



THE RACE FOR THE SENATE

think we can do it if we send the same old people back to Congress," Mr. Hutchison said.

Both Mr. Fields and Ms. Hutchison, who declared their candidacies in separate appearances in Austin, said they would push for term limitations in Congress. Mr. Fields called on all candidates to serve only two full terms if

Please see **REPUBLICANS** on Page 22A.



Kay Bailey Hutchison ... "I want to change the system and I don't think we can do it if we send the same old people back to Congress."



Jack Fields ... "I don't think you can walk into the United States Senate having no experience in Washington."

Republicans Fields, Hutchison announce bids for U.S. Senate

Continued from Page 27A.

elects, a challenge Ms. Hutchison later accepted.

They join U.S. Rep. Joe Barton of Ennis as the only announced Republicans in the May 1 election to replace veteran Sen. Lloyd Benisek, who is joining the Clinton Cabinet as treasury secretary.

Meanwhile, another Republican said Wednesday he is seriously considering jumping into the race.

"I'm leaning to do it," said Kent Hance, a former West Texas congressman who now practices law in Austin.

"I've got strong name identification and I've never lost a general election," said Mr. Hance, who has lost three statewide races — two for governor and one for the Senate — in the primaries.

Because of the special election rules, all candidates, regardless of party, will be listed on the same ballot. Democrat Bob Krueger is running for the seat after being named by Gov. Ann Richards to serve as interim senator.

Ms. Hutchison and Mr. Fields sought to paint themselves as the best Republican candidate in the race.

Ms. Hutchison, 49, who lost a GOP primary race for the 3rd Congressional District in Dallas in 1982, said she was an "outsider in the congressional arena."

She touted her name identification achieved from her successful bid for state treasurer in 1990 when she became the first Republican woman elected to a statewide post.

Ms. Hutchison, who has a law degree, became the first Republican woman elected to the Texas House in 1972 from a district in Houston. She now calls Dallas home.

Ms. Hutchison said she met last week with independent presidential candidate Ross Perot and will solicit the support of his volunteer organization.

"I think my message is one that they will like, because I have been an outsider and I've been successful at doing things against the way they've always been done before," Ms. Hutchison said.

Mr. Fields, 40, acknowledged his lack of statewide exposure but said that would not hurt him. "While I may be unknown to some in this state, I am not unproven. I have a record of service, representation and accomplishment for the hard-working men and women of Texas," he said.

Without mentioning her name,

REPUBLICAN PROFILES

JAMES H. FIELDS

- Occupation: Member, U.S. House
- Born: Feb. 3, 1932, in Hamble, Texas
- Academic: Law degree, Baylor University, 1977
- Career highlight: Lawyer, vice president of Rosewood Memorial Park and Funeral Home and Cemetery, 1977-89
- Previous political races: Elected to the U.S. House, 1980-82

KENT HANCE

- Occupation: State treasurer
- Born: July 22, 1943, in Galveston
- Academic: Law degree, University of Texas at Austin, 1967
- Career highlight: Member of the National Transportation Safety Board, 1979-75; owner of McCraw Candies Inc., 1980-88
- Previous political races: Elected to Texas House, 1972 and 1974; lost primary race for U.S. House, 1982; elected state treasurer, 1990

The Dallas Morning News

Mr. Fields implied that Ms. Hutchison might have appeal in "Highland Park" but only he could win the support of workers "at the plant gates at Deer Park," an industrial area in Harris County.

"It's easy to give a speech in Highland Park and get a good reception," Mr. Fields said. "It's another to be in Mesquite, communicating with average Texans and receiving their support."

He also downplayed the 22 overdraft checks, worth about \$10,000, that he wrote on his House bank account.

Mr. Fields said his opponent tried to use the bounced checks as an issue against him in the 1992 race but he won re-election with more than 70 percent of the vote. Mr. Fields, a lawyer and former federal home executive, was first elected to Congress in 1980 from the Houston-area district.

As for his challenge about limiting terms for the winner of the Texas Senate race, Mr. Barton refused to accept that. He said Texans would suffer from lack of seniority if its senators "unilaterally" limited their terms but senators from other states did not.

Democrats and Republicans predict the special election will be dirty, and Ms. Hutchison's husband, Ray, a Dallas lawyer, said the "smut merchants are already working."

Karl Rove, a consultant for Mr. Hutchison, said a researcher hired by Democratic consultant George Shipley is making calls about the Hutchisons' private and business lives.

Mr. Shipley, who is expected to be a consultant for Mr. Krueger, said the allegations were "pre-mature paranoid campaign piffers and mildly amusing."

He said Mr. Krueger intends to run a positive campaign.

On the issue, Ms. Hutchison said her view on abortion is that "I do not think the government should be in that position before viability except for reasonable restrictions," such as parental consent.

Mr. Fields said he would support a constitutional amendment banning abortions except in cases of rape, incest and when the life of the woman is in danger.

Mr. Fields said he supports the North American Free Trade Agreement, a balanced budget amendment and the presidential line item veto. He said he opposes a waiting period for handguns, opposes any effort to change Medicare eligibility and opposes an increase on gasoline taxes.

"I will oppose any and all new tax increases," he said, claiming the budget can be balanced by cutting wasteful government spending, such as federally-funded research on potatoes and mink reproduction.

Mr. Hutchison said one of her main goals is to eliminate the federal deficit by "controlling spending and creating more jobs and economic growth."

Aides to Ms. Hutchison said she also favors the free trade agreement, a balanced budget amendment and a line item veto.

David Beckwith, her communications director, said Ms. Hutchison opposes a waiting period for handguns but favors a national computer system that would immediately be able to check for criminal backgrounds of any potential handgun buyer.

Staff writer David Jackson in Dallas contributed to this report.

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Thursday morning

Green & grunge

Grunge music scene, ecological awareness inspire new attire

Fashion



Bowled over

NCAA exec draws fire for proposing football title game

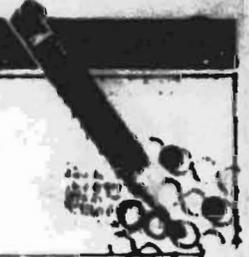
Sports



Getting better

Less than half of HISD 11th-graders pass TAAS, but scores are improving

Page 17A

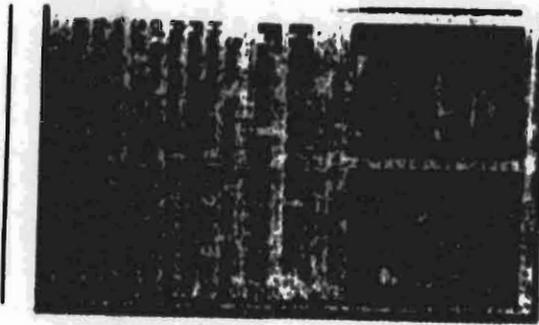


Houston Chronicle

Vol 92 No 93

Thursday, Jan. 14, 1993

69 Cents ★★



9



Two more Republicans jump into Senate race

By ALAN BERNSTEIN
and R.L. RAYLUPPE
Houston Chronicle

With Democrats rallying behind Bob Kraeger, two more Republicans jumped Wednesday into the special election race for the U.S. Senate seat Kraeger is set to occupy temporarily.

State Treasurer Kay Bailey Hutchison and U.S. Rep. Jack Fields of Humble announced they will join fellow Republicans U.S. Rep. Joe Barton of Ennis in the campaign for outgoing Sen. Lloyd Bentsen's post.

Gov. Ann Richards has named Kraeger to replace Bentsen until a special election is held, most likely on May 1. Bentsen is expected to be confirmed next week as U.S. Treasury secretary.

Kraeger won endorsements for the special election this week from the Texas AFL-CIO and the state Democratic Party's governing committee. Richards and party leaders are working to unify Democratic activists behind Kraeger to thwart

the potential candidacy of former Attorney General Jim Mattox, a Democrat.

Hutchison has served in a variety of public posts but cast herself as the outsider candidate for Bentsen's seat, while Fields portrayed himself as the candidate who can best appeal to blue-collar and working Texans.

Both promised to serve a maximum of two six-year terms in the Senate and support term limits for members of Congress.

Hutchison said her goal as senator would be to erase the federal deficit, create jobs and pass a balanced budget law.

She said she has voluntarily reduced her state agency's budget, beyond the 19 percent cuts ordered by the Legislature, and would take the same approach to the Senate.

In what could be viewed as an attack on Barton and Fields, Hutchison said voters can't change government "by sending the same old faces back to Congress."

After four years as a state lawmaker from Bellaire and West University Place, Hutchison served in 1976-77 on the National Transportation Safety Board in Washington, D.C. She moved to Dallas in 1978 and made an unsuccessful bid for a U.S.

See SENATE on Page 23A.



CITY & STATE News & Features

Houston Chronicle
Section A, Page 17
Thursday, Jan. 14, 1983

9 5 0 4 3 6 9 1 9 2 4

Continued from Page 17A.

House seat there in 1982.

Yet Hutchison told reporters that she is the "outsider" candidate because she is not part of the congressional network.

Fields took a veiled swipe at Hutchison, who has been part of the Dallas political establishment associated with the exclusive neighborhood of Highland Park.

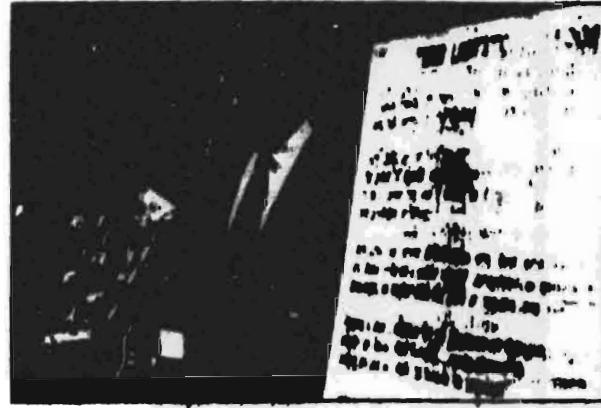
"It's easy to give a speech in Highland Park and get a good response. It's another thing to be at the plant gates of Deer Park, communicating with average Texans," he said.

Fields, outside the city hall in his hometown of Humble, said he wouldn't vote for any new taxes and would work to block attempts to trim benefits for senior citizens and boost inheritance taxes.

He said he was the only candidate whose record and accomplishments have been tested long-term in "a major media market," the Houston area.

Fields wrote 23 overdrafts for a total of \$10,000 at the now-closed House bank. But he said the check-bouncing was not an issue in his last campaign, in which he trounced a little-known Democrat, and he does not expect it to become an issue in the Senate race. Fields has served in the U.S. House since 1981.

B2 Austin American-Statesman Thursday, January 14, 1983



U.S. Rep. Jack Fields of Humble says he is the only Republican candidate who can appeal to Texas' blue-collar voters.



State Treasurer Kay Bailey Hutchison, the only woman in the campaign, says she will stress her experience in winning a statewide election.

Hutchison, Fields join race for U.S. Senate

By Laylen Cepelin
American-Statesman Capitol Staff

Two Republicans on Wednesday crowded into the special election for U.S. senator, saying they will help cut the federal deficit and pledging to limit their Senate tenure.

The GOP candidates also will give Texans a range of choices in the abortion-rights debate.

U.S. Rep. Jack Fields, 41, of Humble and state Treasurer Kay Bailey Hutchison, 40, kicked off their campaigns in a series of stops around Texas. Each claimed to be the strongest candidate to replace Democratic Sen. Lloyd Bentsen, who is resigning to become U.S. treasury secretary.

Bob Krueger, a Democrat, will serve as interim senator until the May 1 special election, in which all candidates will run on the same

ballot. If no one gets a majority, the two top vote-getters will advance to a runoff.

Krueger, unsuccessful judicial candidate Gene Kelly and U.S. Rep. Joe Barton, R-Evan, already announced as candidates. Democrat Jim Mattox, a former attorney general, said he plans to run.

Hutchison stressed that she is not part of the Washington establishment, already has won a statewide race and is the only woman in the campaign.

Fields described himself as the Republican candidate who can appeal to blue-collar voters. "It's a lot different to give a speech in Highland Park or River Oaks than it is to go to Channelview, Texas, or Deer Park, Texas, or Baytown — someplace you've got to talk to working men and women about the issues that affect and concern them the most," Fields said.

Both candidates promised to limit their tenure in the U.S. Senate to two full terms and work for term limitations for their colleagues. Hutchison balked at whether the term limitation should apply to Texas' other senator, Phil Gramm, a Republican who has served since 1985. She said that is a personal choice.

Hutchison and Fields also called for cutting the federal deficit without citing specific sacrifices Texans would have to make.

On abortion, Fields said he opposes the procedure except in cases of rape or incest, or to save the life of the woman. Barton takes a harder line: He would allow abortion only to save the woman's life.

Hutchison took a middle-of-the-road position on abortion.

"I do not think government should be in that decision before viability except for reasonable re-

strictions such as parental consent," she said.

But Hutchison said she opposes federal legislation to solidify the U.S. Supreme Court's Roe vs. Wade decision that legalized abortion. She said the legislation would erode states' newly upheld rights to require parental consent before a minor could get an abortion.

Both Republicans took shots at Krueger, a former congressman from New Braunfels who now is on the Texas Railroad Commission.

Fields said he thought Krueger, a literary scholar turned businessman and politician, has a hard time relating to average Texans.

Hutchison said Krueger invited a long list of special-interest groups to the public announcement of his appointment. "I don't have any special-interest group here but one — the taxpayers."

TEXAS

* GOP hopefuls come to S.A. to vie for Senate

By Bruce Davidson
Express-News Political Writer

The special election to fill U.S. Sen. Lloyd Bentsen's job picked up steam Wednesday as two more Republicans entered the race.

State Treasurer Kay Bailey Hutchison and U.S. Rep. Jack Fields of Humble included San Antonio in their publicity-announcement tours.

Meanwhile, U.S. Rep. Joe Barton, R-Evanston, who already announced he is seeking the Senate seat, urged the State Republican Executive Committee to unite behind one candidate to avoid splitting the conservative vote in the special election, which is expected to be May 2.

Deficit, reform

Speaking to a crowd that included many of San Antonio's most active Republican supporters, Hutchison said her campaign would focus on two major issues: eliminating the deficit by controlling spending, and creating economic growth and congressional reform.

"It takes all of the taxes paid by the people who live west of the Mississippi River just to pay interest on the federal debt. That is a disgrace," Hutchison said.

Hutchison, who was elected state treasurer in 1980, said she favored two terms for U.S. senators, "and I will say with that."

"Some in this race say their years in Washington mean they're more qualified to go to the Senate. The last thing I want is to be considered part of the system in Washington," Hutchison said.

Hutchison is the only woman in the race so far.

"It's time we had more women in the United States Senate. We are underrepresented at this time," she said.

Fields signs pledge

Fields, a 12-year veteran of the U.S. House, also touted term limits. During his announcement news conference, he signed a pledge set to serve more than two terms if elected to the Senate.

Fields added that he wouldn't seek more than two additional terms in the House if he doesn't win the special election.

"While I may be an unknown to some in this state, I am not unproven," Fields said. "I have a record of service, representation and accomplishment for the hard-working men and women in Texas."

He vowed to fight any effort to increase the age for Medicare eligibility, work to eliminate estate

More Texas news..... OE

taxes and "oppose any and all new tax increases."

"When I was elected in 1980, I said I did not want to become part of the Washington establishment. Consequently, I never moved my family to Washington. We are Texas first," Fields said.

Observers say abortion will be a key issue among the Republicans seeking the Senate seat.

Hutchison said that abortion "is a decision that should be left to the woman" with certain reasonable

restrictions.

Fields said: "I am pro-life," but added because of court rulings the real debate must focus on what restrictions states choose to impose.

Barton opposes abortion, except when the life of the mother is endangered.

Meanwhile, U.S. Phil Gramm, R-Texas, said he wasn't taking sides in the election prior to the

anticipated runoff, but he said Hutchison is the front-runner.

Asked if he agreed with calls for a united party behind one candidate in the special election, Gramm said: "I had this Soaring dream that we might just have one candidate, but then I awakened to the real world that we live in. We have three excellent candidates."

The State Democratic Executive Committee has endorsed U.S. Sen. designate Bob Krueger as the official party candidate in the



FIELDS



HUTCHISON

acc. Last week, Gov. Ann Richards selected Krueger as the interim replacement for Bentsen.

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HOME? OFF CANSECO'S HEAD HELPS INDIANS BEAT RANGERS, 7-6. PAGE 1B.

The Dallas Morning News

Texas Leading Newspaper

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Dallas, Texas, Thursday, May 27, 1993

12 Sections

12A

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90 Cents

The Dallas Morning News
POLL

Hutchison **Krueger**

If the runoff for U.S. senator were being held today, would you vote for Bob Krueger, the Democrat, or Kay Bailey Hutchison, the Republican?

Hutchison **54%**

Krueger **36%**

Undecided **10%**

Method: A random sample of 1,000 Dallas-area residents was surveyed by telephone on May 24-26, 1993. The margin of error is plus or minus 4 percentage points.

The Dallas Morning News

Poll finds Hutchison far ahead of Krueger

By Sam Attlesley

Political Writer of The Dallas Morning News
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With 10 days left in the campaign, Republican Kay Bailey Hutchison has built a commanding lead over Democrat Bob Krueger in the special U.S. Senate race, according to The Dallas Morning News Poll.

The survey of likely voters in the June 5 runoff showed Ms. Hutchison favored by 54 percent, thanks in part to support from those who backed other Republicans in the first round of balloting and from independents.

Mr. Krueger, appointed to the Senate in January, was the choice of



- Other poll questions. 11A
- Krueger-Hutchison debate. 12A
- News' debate tonight. 12A

35 percent of those polled, running strongly only among loyal Democrats and minority voters.

The rest were undecided in the survey, which has a margin of error of plus or minus 4 percentage

points.

Poll directors Micheline Blum and Julie Weprin said the results indicate a tough task for Mr. Krueger to mount a come-from-behind victory and keep the Senate seat for Democrats.

"You never say never, but it is highly improbable he could catch her at this point," Ms. Weprin said.

Ms. Blum agreed, saying, "It would take a miracle."

"You can't quote Shakespeare in Texas and expect to win," she said of Mr. Krueger, referring to the former college professor's penchant

Please see POLL on Page 11A.

EX 9

SPECIAL ELECTION: THE RACE FOR THE SENATE

Poll finds Hutchison far ahead

5/27/93

Continued from Page 1A
for touting poets and philosophers.

The survey of 888 likely voters was conducted May 20-25 for *The Dallas Morning News* by the polling firm Blum & Weprin Associates Inc. of New York. All of those questioned voted in the first round of balloting May 1.

David Beckwith, communications director for Ms Hutchison, said the findings were "encouraging, but we've got to guard against complacency."

"We're going to continue to run as if we were neck-and-neck with the temporary senator," he said. He added that such polls can be unreliable in a special election in which turnout is uncertain.

Monte Williams, spokesman for Mr. Krueger, also said turnout is key and noted that the poll did not include Texans who did not vote May 1.

"Polling in a special election is very difficult, and quite often a pollster misses the dynamic of turnout in a race, and we believe that's what happened in this case," he said.

"Obviously, we have our work to do, but we think the trends are there to move upward," he said.

The two Senate hopefuls met in a televised debate Wednesday and prepared for another one Thursday night in Dallas.

Ms Hutchison edged Mr Krueger by 99 votes May 1. They were thrown into a runoff because neither had a majority of the vote, which was divided among the large field of candidates seeking to re-

place Democrat Lloyd Bentsen. Mr Bentsen resigned to become U.S. treasury secretary.

The *News* poll found that Ms Hutchison is picking up nearly all the supporters of two vanquished Senate hopefuls, Republican U.S. Rep. Joe Barton of Ennis, who finished third May 1, and Republican U.S. Jack Fields of Humble, who was fourth.

Ms Hutchison is drawing most of the supporters of another May 1 contender, Dallas Democrat Richard Fisher, who staked much of his appeal to Ross Perot followers in the first round.

She is backed by 55 percent of Texans identifying themselves as Independents and by 61 percent of those who voted for Mr Perot in his losing Independent presidential bid last year.

Ms Hutchison enjoys strong support from better-educated and more-affluent Texas voters.

And, although she is seeking to become the first woman elected to the Senate from Texas, Ms Hutchison has almost as much support among men as she does among women.

"There is no gender gap," Ms Blum said.

Mr Krueger is doing well among backers of Jose Angel Gutierrez, a Dallas Democrat, who finished sixth on May 1.

Mr Krueger's only strengths are among loyal Democrats, Hispanics and blacks, the poll indicated.

"But that's not enough," Ms Weprin said.

As for issues, allegations of misconduct against Ms Hutchison and Mr. Krueger's publicized cut in his Senate salary and staff have had little impact on voters, the poll found.

Nearly 70 percent said their decision on who to support has not been affected by allegations that Ms Hutchison gave preferential business treatment to campaign contributors and ordered employees to run her personal errands on state time. Ms Hutchison has denied the accusations.

Also, nearly two-thirds of those surveyed said Mr. Krueger's self-imposed cuts in his Senate salary and Senate staff have not influenced their vote.

On another subject, both candidates apparently have been successful in painting each other as political insiders. Fifty-five percent of those polled say the candidates are "equally insiders."

Most Texans said endorsements by two other well-known politicians would carry little or no weight.

Sixty-two percent said it would make no difference to them if President Clinton came to Texas to campaign for Mr. Krueger. The Democratic president has not made any such trip recently, but several members of his administration have campaigned with Mr. Krueger.

Seventy-eight percent said an endorsement by Mr. Perot would have no effect on their vote. Mr. Perot's United We Stand America organization sponsored a debate between the two candidates Wednesday.

Poll respondents were split on that organization's purpose. Forty-two percent said they believe Mr. Perot set up the group to promote realistic alternatives to government policies. And 41 percent said they believe it was formed to serve as a political base for another presidential run in 1996. The rest were undecided.

Sharon Holman, a Perot spokeswoman, said Wednesday that the assertion the volunteer group is a ruse for another presidential campaign is driven only by the news media. "He cannot be more explicit about why he's doing this (promoting government reform), and the American people realize that by the thousands," she said.

The survey indicated voters were almost divided in whether they were voting for a particular candidate or against the opponent.

For example, of those who plan to vote for Mr. Krueger, 47 percent said they don't like his views but said Ms Hutchison's views trouble them even more.

Half of Ms Hutchison's backers said they don't like her policies but that Mr. Krueger's policies trouble them even more.

"I just don't like Bob Krueger," said Billie Jean Holden of Galveston, one of those interviewed for the poll. "I voted for Jack Fields the first time, but I will vote for (Ms Hutchison) this time just so I don't have to vote for Krueger."

Dr. Steven Wheeler, a computer science professor from Richardson who is an independent, said he was

The Dallas Morning News
POLL



Of those who plan to vote for Bob Krueger:
47 percent said they don't like his policies but said that Kay Bailey Hutchison's policies trouble them even more.



Of those who plan to vote for Kay Bailey Hutchison:
50 percent said they don't like her policies but said that Bob Krueger's policies trouble them even more.



If President Clinton came to Texas personally to ask Texans to vote for Bob Krueger, how would that affect your vote?

More likely to vote for Krueger: 7%

Less likely to vote for Krueger: 38%

Have no effect: 52%



If Ross Perot were to endorse either Bob Krueger or Kay Bailey Hutchison, how would that affect your vote?

More likely to vote for the candidate endorsed by Perot: 13%

Less likely to vote for the candidate endorsed by Perot: 6%

Have no effect: 79%

Which comes closer to your view:
Ross Perot has set up his United We Stand organization primarily to promote realistic alternatives to government policies: 42%

Ross Perot has set up his United We Stand organization primarily to serve as a political base for a Perot presidential campaign in 1996: 43%

HOW YOUR POLL WAS CONDUCTED
 The poll was conducted by telephone May 20-25 of 888 likely voters in the June 5 runoff. The margin of error is plus or minus 4 percentage points. The United We Stand question involved 1,181 registered voters and has a margin of error of plus or minus 3 percentage points. Those who were undecided are not shown.
 Of the respondents, 58 percent were women, 47 percent men. Seventy-five percent were white, 41 percent Hispanic, 9 percent black and the rest other ethnicities.
 As for political affiliation, 48 percent said they consider themselves Republicans or Independents, leaving around 48 percent said they consider themselves Democrats or Independents, and the rest other.
 Blum & Weprin Associates Inc. in New York conducted the survey for *The Dallas Morning News*.

The Dallas Morning News

supporting Ms Hutchison because he likes her "opposition to the tax-and-spend policy of the Democratic Party."

But Bobby Johnson, a high school teacher from Abilene, said he favors Mr. Krueger simply because he is a Democrat. "We need to

give Clinton's policies a chance to unfold. And Kay Bailey Hutchison will be opposed to most of those," he said.

Audrey Vaughn of Houston said she will vote for Mr. Krueger because "he says he is not a politician."

Poll says 54% support Hutchison, 35% for Krueger

From Staff and Wire Reports

Republican Kay Bailey Hutchison has built a strong lead over Democrat Bob Krueger in the special U.S. Senate race, according to a poll of likely voters by *The Dallas Morning News*.

The poll said 54 percent of the respondents favored Hutchison, the state treasurer, and 35 percent supported Krueger, the interim senator appointed by Gov. Ann Richards.

The survey was conducted May 20-25 by the polling firm Blum &

Weprin Associates Inc. of New York. It has a margin of error of four percentage points.

All of the people questioned voted in the May 1 election, in which Hutchison and Krueger virtually tied and advanced to a June 5 runoff.

Monte Williams, spokesman for Krueger, said, "Polling in a special election is very difficult, and quite often a pollster misses the dynamic of turnout in a race, and we believe that's what happened in this case."

David Beckwith, a spokesman for Hutchison, said, "We're going

to continue to run as if we were neck and neck with the temporary senator."

Krueger and Hutchison are vying to serve the remaining 1½ years of U.S. Treasury Secretary Lloyd Bentsen's term in the Senate.

In a related development Thursday, state Sen. Eddie Lucio, D-Brownsville, blasted Hutchison in a personal privilege speech on the Senate floor.

Lucio said there was "hard evidence" that Hutchison promised a job to someone in return for an en-

dorsement in her 1990 treasurer's race. He apparently was referring to Tom Bowden, a former San Saba County judge.

After losing the Democratic primary for state treasurer, Bowden endorsed Hutchison. Less than two weeks after Hutchison took office, Bowden got a \$31,000 job at the state Treasury, according to a *Houston Chronicle* report.

Lucio called on the Travis County district attorney's Public Integrity Unit to investigate. "This is not just unethical. This is potentially criminal," he said.

Republican senators said they were stunned by Lucio's speech.

On Thursday night, Krueger and Hutchison met for their third and final debate.

Krueger accused Hutchison of changing her position on abortion and on government spending.

Hutchison said Krueger "waffled on the issue" when he was in Congress from 1975 to 1979 and earlier in the Texas Legislature.

Near the end of the debate, each candidate was asked to name minority role models, and Krueger noted that his opponent was able

to name only Martin Luther King Jr.

"It didn't surprise me. I think it shows that she doesn't think about minorities much," said Krueger, who also listed Cabinet members Henry Cisneros, Federico Pena and Ron Brown. Krueger also noted that Hutchison had opposed giving Texans a holiday for Martin Luther King Jr.'s birthday.

"That was for budgetary reasons," Hutchison objected.

"It may have been budgetary, but it was symbolic," Krueger replied.

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Texas' Leading Newspaper

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27 Sections

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Krueger steps up attack on challenger Hutchison

By **Erin Atkinson**
and **David Jackson**
Staff Writers of The Dallas Morning News

In his harshest language of the U.S. Senate campaign, Democrat Bob Krueger accused his GOP foe Saturday of engaging in "Watergate-style" cover-ups and of "shameful" behavior as a state official.

Republican Kay Bailey Hutchison, the state treasurer, dismissed Mr. Krueger's assault as desperation tactics by a losing candidate. She said Mr. Krueger is renewing the kind of negative campaigning he used in previous races.

SPECIAL ELECTION



THE RACE FOR THE SENATE

Blind in Jones County	2AA
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Mr. Krueger and Ms. Hutchison met in a runoff Saturday to replace Lloyd Bentsen, who resigned to become U.S. ambassador to Mexico.

Please see **KRUEGER** on Page 20A.

Krueger steps up attack on challenger Hutchison

Continued from Page 1A.

come U.S. treasury secretary.

Mr. Krueger, behind in the polls and seeking to keep the Senate seat to which he was appointed just four months ago, called for a district attorney's investigation of misconduct allegations against Mr. Hutchison.

"It would be devastating to the state of Texas to send someone to office who has covered up so consistently and whose ethics are so grossly in question," Mr. Krueger said.

Mr. Hutchison, who began the day on a bus tour in Carthage and ended it in Terrell, emphasized her basic campaign themes, pressing for spending cuts, lower budget deficits and political reform.

Responding to her opponent, she said: "Bob Krueger has run for senator twice before and, each time, as it appeared he was losing, he resorted to wild, personal, unsubstantiated attacks. Now he's doing a third. He appears to be veering out of control."

'Going negative again'

David Beckwith, her communications director, said she plans to try to ignore the Democratic senator. "We're going to avoid trading mud pies with this man," he said.

"It looks like he's going negative again, so hold on," Mr. Beckwith said.

Mr. Krueger, stumping in South Texas, said Mr. Hutchison may have committed a felony by offering a job to an unsuccessful candidate for state treasurer in exchange for an endorsement.

Mr. Hutchison has denied the allegation.

In interviews Friday with *The Dallas Morning News*, two former campaign aides to unsuccessful treasurer candidate Tom Bowden said he told them Mr. Hutchison offered him a job in exchange for an endorsement.

Mr. Bowden could not be reached for comment, but he previously has denied any such deal.

In 1990, he stepped down as San Saba County judge to run for state treasurer but lost the Democratic primary. He then announced his backing of Mr. Hutchison, who won the post. Shortly after she assumed office, Mr. Bowden took a job at the treasury.

Mr. Krueger portrayed incident



Kay Bailey Hutchison



Bob Krueger

"as an indictable offense, and it is grounds for being kicked out of office."

"She could go to the prison for that," he said at a rally in Brownsville.

Calling for inquiry

Mr. Krueger said that the Travis County district attorney's office should investigate.

"We can't have shame brought to the U.S. Senate seat of Lloyd Bentzen, and we are going to save Texas from that embarrassment," he said.

Mr. Beckwith of the Hutchison campaign denounced the accusation as a "cheap shot."

A spokesman for the district attorney's office in Austin declined to comment other than to say that prosecutors would not act on complaints involving political candidates until after elections.

She said the policy was to avoid the appearance that the criminal justice system was being used for political purposes.

Mr. Krueger said that the accusations he referred to have been made by former employees of Mr. Hutchison or by former aides of current treasury workers.

Two former Hutchison aides have said she struck agency employees and required some of them to perform personal errands — allegations that Ms. Hutchison has disputed.

The two candidates have both declined to appear Sunday on the ABC news

program *This Week With David Brinkley*. It airs at 9:30 a.m. Sunday on WFAA-TV (Channel 8) in Dallas.

Krueger logs in polls

The latest poll by *The News*, published Thursday, showed Mr. Hutchison leading Mr. Krueger, 54 to 35 percent. The rest of the potential voters were undecided or picked someone else.

The statewide telephone survey of 600 likely run-off voters, taken May 20-25, has a margin of error of plus or minus 4 percentage points.

Mr. Krueger said the survey was meaningless because it included only those who voted in the first round of balloting May 1. He said, "different election results turn out for the runoff."

Early voting in the Senate race continues through the Memorial Day weekend, including Monday, and ends at 7 p.m. Tuesday.

Officials in the secretary of state's office say early turnout is surprisingly high.

Voters in Texas' most populous counties generally are going to the polls in greater numbers than they did May 1, said Mark Bell, a spokesman for Secretary of State John Hanen, Texas chief election officer.

Turnout is up in all the counties. Traditionally, more people vote during the final days of early voting, but officials say the holiday weekend may affect that trend.

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Vietnam vets' group backs Hutchison

6/11/93

Krueger campaigns across state

By David Jackson and Sam Arlinery
Staff Writers of The Dallas Morning News

Republican Kay Bailey Hutchison won the endorsement of a Vietnam veterans group Monday and called on Democratic U.S. Sen. Bob Krueger to spend the final days of the campaign on issues rather than accusations.

Ms. Hutchison attended only one Memorial Day event as Mr. Krueger tried to rally support across the state, seeking to paint Ms. Hutchison as an unethical officeholder with a harmful health care plan.

The two meet Saturday in the special Senate runoff to replace Lloyd Bentsen.

Meanwhile, Gov. Ann Richards, who appointed Mr. Krueger as Mr. Bentsen's replacement, expressed concern about losing a seat that has been in Democratic hands.

"Frankly, I'm concerned about the race," she said. "I'm very concerned that if the decision is to send a Republican to the Senate, a lot of victories that we've made in Washington that mean jobs to Texans are going to be lost."

Ms. Richards, who said she will

SPECIAL ELECTION



THE RACE FOR THE SENATE

campaign for Mr. Krueger this week, cited the Superconducting Super Collider project near Waco, the Super Collider project near Waco, the possible closure of several military bases.

The state's other senator, Phil Gramm, is a Republican.

Ms. Hutchison held a 19-point lead in a poll published last week by *The Dallas Morning News*.

In accepting the endorsement of the National Vietnam Veterans Coalition, Ms. Hutchison said she would fight the size of defense cuts proposed by President Clinton and oppose normalization of relations with Vietnam until all prisoners of war are accounted for.

"A strong military is the only thing that will deter aggression, and I am pledged to make sure that we have a strong military," Ms. Hutchison said in paying tribute to about 75 people gathered at the Dallas Vietnam War Memorial in Fair Park. Please see VETERANS on Page 21A.

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Continued from Page 15A.
Park

"Your blood and the blood of your brothers and sisters was spilled, and we will never forget it," Ms Hutchison said.

The coalition said it consists of 70 veterans' organizations across the country, and its leaders said they decided on an endorsement after reviewing both candidates' stands.

The event came after a weekend filled with accusations of unethical conduct Mr Krueger hammered in accusations that Ms Hutchison, the state treasurer, violated ethics laws by promising a job to a former opponent in return for an endorsement. She has denied that.

Three former aides to Tom Bowden said he told them that Ms Hutchison promised a job in exchange for an endorsement Mr Bowden, who lost the 1990 Democratic primary for state treasurer, endorsed Ms Hutchison, the Republican Ms Hutchison later hired Mr Bowden, but the two said no deal was cut before the election.

"This is all just a ridiculous lie, and I have no further comment," said Mr Bowden, a former San Sabo County judge.

On Monday, one of those former campaign aides, Harley Spoon, accused Mr Bowden of "selling his soul" to Ms Hutchison and said he would be willing take a lie detector test with Mr Bowden to see who is telling the truth.

Mr Krueger said "there are an awful lot of ethical questions" that Ms Hutchison needs to explain to voters before Saturday's election. He hinted that his campaign may begin broadcasting television commercials Tuesday that question Ms Hutchison's ethics as state treas-



Associated Press

Republican Kay Bailey Hutchison admires a medal presented to her Monday by Kent Farquar of the National Vietnam Veterans Coalition at Fair Park in Dallas.

urer

"We might call that to people's attention," he said.

Ms Hutchison said Mr Bowden "has been harassed to death by the Krueger people to try to get him to say something that is not true," a charge that Democratic campaign officials have denied.

Hutchison aides said they are particularly incensed that Mr Krueger cites "newspaper stories" as if the accusations are the result of journalists' investigations. Instead, newspapers are reporting allegations made by Democrats at the Krueger campaign's behest, aides said.

"There are two ways to lose a race — gracefully and the way Bob Krueger is doing it," Ms Hutchison said. "I hope that he will get off this personal attack stuff and get on the issues that the people of this state

want to hear about."

During stops in San Antonio, Houston, Corpus Christi and Waco, Mr Krueger said Ms Hutchison is trying to run away from her earlier proposal to phase out employer-based health care.

"Kay can run away from her health care plan, but she can't hide from her health care record," Mr Krueger said at a news conference in San Antonio.

Mr Krueger said that during her "20-year political career," she compiled a "record of chronic indifference, ignorance and insensitivity." He contended that as a member of the Legislature and a member of the Dallas County Hospital Board, she voted against everything from inexpensive generic drugs to prenatal care.

In a news release, the Krueger campaign suggested that Ms. Hut-



Associated Press

Democratic U.S. Sen. Bob Krueger visits with Sue Lovell, holding 2 1/2-year-old Celia O'Kane, during a campaign appearance Monday in the Houston Heights area of Houston.

chison is sick when it comes to health care and offered to check her into "The Good Samaritan Hospital," which specializes "in treating sick politicians with shady records."

Aides disputed that, saying her votes were to save money and did not prevent people from getting health care.

Ms Hutchison, who has proposed offering tax credits so people can buy health insurance, said her plan would not eliminate employer-based insurance, only expand the options available to individuals. She said Mr Krueger's proposal for health care price controls would lead to medical shortages.

On other issues, Ms Hutchison said after her speech in Dallas that she reiterated her opposition to lifting the ban on gays serving in the military, including a new proposal

in which the prohibition would be maintained but officials would not ask about a recruit's sexual orientation.

"I think it is a mistake to just go forward and risk the discipline and the morale of our armed services," she said.

Meanwhile, Ms Hutchison prepared to go on the air Tuesday with a blitz of television ads aimed at portraying her as a "different kind of senator."

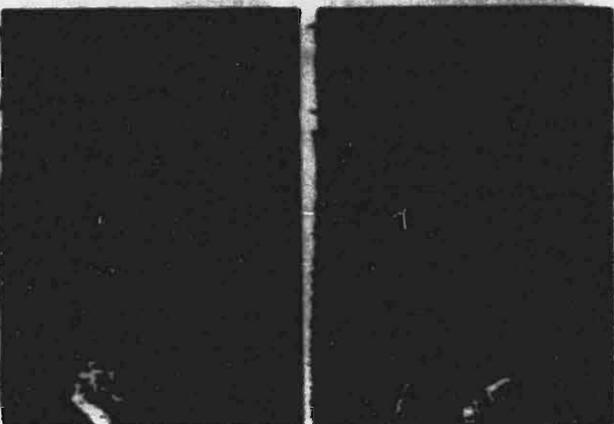
In one commercial, Ms Hutchison is shown standing in front of a fork in the road.

"On Saturday, we decide which path to take and to send Washington a message," she says in the spot. "A message to cut spending, reduce the deficit, hold down taxes, to reform the system, to make it work for us for a change."

Staff writer Wayne Slater contributed to this report.

6/15/93 C-116

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Key Bailey Hutchison . . . "I want to make sure health care is available to everyone. What Bob Krueger wants is price control."

She said the 2 percent figure is an average that can be obtained by cutting unnecessary programs, leaving entitlements alone.

In Corpus Christi, Ms. Hutchison accused Mr. Krueger of misrepresenting her views and engaging in negative campaign tactics.

"I want to make sure health care is available to everyone. What Bob Krueger wants is price control. He will create shortages and who does that hurt? The poor and the sick."

On another subject, Mr. Krueger also stood behind his latest television commercial, which repeats accusations that Ms. Hutchison misused her office as state treasurer.

"I think that those charges are very, very well documented and they raise some very, very serious questions," Mr. Krueger said.

The Hutchison camp has denied the allegations and said the commercial cites newspaper stories that quote accusers with Democratic ties.

Ms. Hutchison said the Krueger's ad was "outrageous." She said the campaign is so negative that he has lost both his "dignity and his credibility."

During Mr. Krueger's appear-

ance in Dallas, state Rep. Sylvester Turner, D-Dallas, in the 1991 session, Turner said, reminded me of a man that during a televised debate, Ms. Hutchison could cite only one person — slain civil rights leader Dr. Martin Luther King Jr. — when asked to name an minority role model.

"Let me tell you something — there are a lot of black heroes today," Mr. Turner told the group. "Each one of us will be a hero when we send her back to the state treasury where she belongs."

Ms. Hutchison was joined on the campaign trail by actress Susan Howard, a Texas native who was one of the stars of the Dallas television series.

Citing the attention that some entertainers have received in backing President Clinton, Ms. Howard said, "Hollywood has gone to the White House, but this coming Saturday, Texas is going up there and moving some of them out."

In another development, early voting ended Tuesday in the Senate race. Dallas County recorded 41,833 in-person ballots over a 12-day early voting period, compared with 53,508 early votes over 14 days in the first round.

Punching at Shadows in Texas Contest

By SAM HOSE VANDOVER

BOSTON, June 2 — The ball is about to start in the final round of the fight for a United States Senate seat from Texas, but this is no no-ho-ho contest.

It's more as if only one of the candidates — the Democratic incumbent, Bob Krueger — is throwing punches the way he is all to every corner of Texas, avoiding all manner of current accusations against his Republican challenger, State Treasurer Kay Bailey Hutchison.

But Mrs. Hutchison, ahead in the polls, seems to be getting the blues, and she jabs at her adversary with what amounts to a two-word snarl: Bill Clinton.

Using virtually every campaign stop to assure that a vote for her is a vote against the President's tax increase proposals, Mrs. Hutchison is on the verge of becoming the first woman ever elected a senator from Texas — not to mention a major new lieutenant for Mr. Clinton. The President can little afford to lose a Democrat just before the Senate fights over his budget, appointments and health-care plans.

Mrs. Hutchison Leads in Polls

Although the election is Saturday, Mr. Krueger insists that Texas are only now beginning to make up their minds about the race. Nevertheless, there is wide agreement among consultants and insiders of both parties that Mrs. Hutchison is the front-runner for the seat vacated by Lloyd Bentsen when he became Treasury Secretary. Mr. Krueger was selected by Gov. Ann W. Richards to fill the seat until the election.

One poll, published by The Dallas Morning News last week, showed her leading Mr. Krueger by 10 points, 64 to 54 percent, with 11 percent undecided. The poll of 682 registered voters who said they planned to cast ballots this Saturday, had a margin of sampling error of plus or minus four percentage points.

Mr. Krueger said in an interview today that polling before special elections, in which the turnout is usually low, can be decidedly misleading.

Krueger on the Attack

He also argued that people were only now starting to pay real attention to some accusations of misbehavior, some by former state workers, that Mrs. Hutchison used state employees to perform personal errands, such as one of them in a fit of pique and traded the proceeds of a state job to a former political opponent who endorsed her in

her 1980 race for State Treasurer. He has also accused her of mismanaging money to entertain, an accusation that stems from a recent debate where she rambled over a question in which she was asked to cite some minority rule details.

Mrs. Hutchison has staunchly denied the accusations, and she said today that Mr. Krueger's reporting that she showed that he was "out of control."

"Can you imagine someone who has already lost his deputy now being his own adversary?" she said a rally in Austin after criticizing a Krueger spokesman's accusation that calls for such to be a senator.

Republicans are reluctantly willing to pry the state, at least in part, and referendum on Mr. Clinton. For their part, Democrats like Governor Mark White are avoiding issues like Lyndon B. Johnson and Mr. Bentsen is arguing that it is vital for Texas, which already has one Republican Senator, Phil Gramm, to retain a Democratic voice in Congress's upper house.

For Mrs. Hutchison in particular, a Democratic loss on Saturday, especially a big one, would be a major political embarrassment, in winning Mr. Bush-

A Republican challenger leads in a Senate race.

sen's fourth successor, she passed over several lesser-known candidates in favor of Mr. Krueger, a former Congressman and twice-elected Senate candidate with no big names in Texas politics.

Preoccupied in recent weeks by a crisis over the financing of the state's public schools, a provision whose solution seems to have partly resolved her struggle for now, Mr. Richards is making a major campaign push with Mr. Krueger.

As a Democrat, Mr. Krueger is plugging a tricky path. He says he has more than shown his stripes as an independent voice in Washington, willing to stand up to Mr. Clinton if need be. Bentsen has pledged to oppose parts of the President's budget, including an energy tax, he says voters will realize that it is possibly unfair for Mrs. Hutchison to argue that a vote against him is a vote against new taxes.

"It's about as fair as we holding her accountable for Volkswagen," he said in an interview today between campaign

stops, using an analogy that will not compare him to the Clinton Administration.

And although it was John Texas, a Republican, who first successfully pointed upon the argument that it would be a good thing for Texas to elect a Senator from each party, Mr. Krueger is now enthusiastically making the case. Victory by Mrs. Hutchison would end the first time since Reconstruction that Republicans have held both Texas Senate seats.

"We can have Phil Gramm stepping on the front door and Kay Bailey Hutchison knocking on the back door," Mr. Krueger said recently. "But if Bob Krueger is not there, the White House is not going to knock."

He is not the only person making the case. Another is Mr. Bentsen himself, who said Democrats at a rally had more on long ago that the state needed a Democratic Senator "with access to the White House" in order to help protect Texas's interests. Republicans increasingly accused Mr. Bentsen of hesitating to push the issue if Mr. Krueger lost, an accusation he denied.

Mrs. Hutchison, whose credentials include a law degree from the University of Texas, has spent freely in an unrelenting, anti-Clinton campaign.

She tells voters everywhere that the Federal budget deficit results not from taxes that are too low but from Washington spending that is too high.

But Mrs. Hutchison has also made campaign that could hurt her at the polls. One was at a debate in suburban Dallas last week, when she lapsed over the question about minority rule details. The only voice she could come up with was the Rev. Dr. Martin Luther King Jr., and then she added, "I think it's very important that our sports arenas do take the time and become rule breaks, that they not be people who are using drugs or that sort of thing."

Mr. Krueger called upon the answer to reducing unemployment to increase and said it was evidence of Mrs. Hutchison's "true country-club Republican colors."

Senator Krueger does not seem to have caught fire with a series of television commercials intended to speed his staff's image. In one, Mr. Krueger, who taught Shakespeare at Duke University for 12 years, came Arnold Schwarzenegger's name and said, "Was a Shakespeare who said, 'There is vast, baby?'"

Mrs. Hutchison responded with a television commercial a few days later that attacked Mr. Krueger and concluded with the punch line, "There is vast, baby."

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Chronicle
Houston, Texas

MAY 29 1993

Senate runoff campaign heats up

Krueger says Hutchison is out of touch with minority groups

By ALAN BERNSTEIN
Houston Chronicle Political Writer

With their criticisms of each other getting more heated, U.S. Sen. Bob Krueger accused rival opponent Kay Bailey Hutchison on Friday of being out of touch with minority groups.

Krueger's charge came the day after a televised debate in which Hutchison appeared to fumble a request to name two or three minority role models. Hutchison named the late Dr. Martin Luther King Jr. then referred to sports heroes, actors and lawmakers without naming any.

Krueger said Friday that Hutchison's answer "showed her true country-club Republican colors" and amounted to "racist comments." He said Hutchison doesn't understand the concerns of minorities and even "does not know who they are."

Hutchison spokeswoman David Beckwith said she has an outstanding record of hiring minorities at her state treasury office. He added that the debate question, posed by reporter Nancy Holland of Channel 11 in Houston, was "stupid."

"One thing we've learned as racial tolerance has increased in this country is that minority groups have the right

to assist their own role models," the spokeswoman said.

Krueger, the Democrat appointed to the Senate seat by Gov. Ann Richards last January, faces Republican Hutchison, the state treasurer since 1990, in the June 5 runoff.

Campaigning in East Texas, Hutchison alleged Friday that Krueger's campaign staff tried to blackmail one of her employees into making charges against her. She didn't name the worker, or offer any proof, according to the Associated Press. The Krueger camp denied involvement in such an incident.

Former state Attorney General Jim

Matties, a Democrat who had considered running for the Senate seat and had accused Krueger of lacking courage on the issue, added to the anti-Hutchison rhetoric.

Campaigning with Krueger, Matties said Hutchison loses a grand jury investigation over allegations that she forced employees to perform personal and political tasks on state time and otherwise misused her work force.

The Travis County district attorney's office, which handles charges of official misconduct by state officials, has declined comment on whether it is

See SENATE on Page 37A.



Hutchison



Krueger

Senate

Continued from Page 25A.

investigating Hutchinson and said any action would come after the election. "Although Mr. Motton has cooperated with Travis County grand jury proceedings, in this case he doesn't know what he is talking about," Beckwith said.

Motton was acquitted in 1978 on a commercial bribery charge.

At a lunch-time rally in Houston Friday, Krueger's wife, Kathleen, and some of his black supporters criticized

Hutchinson's debate remarks.

"There's a difference between a woman who cannot think of role models in the minority community and a man who has appointed more African-Americans for federal posts in one day than has been appointed in the whole history of our state," Mrs.



Motton

Krueger told the customers at the Family Cafe, a black neighborhood restaurant southeast of downtown.

Krueger recently sent President Clinton a list of recommendations for federal judgeships and federal law enforcement posts. They include the unprecedented selection of blacks for posts such as U.S. attorney in the Houston area.

State Court of Criminal Appeals Judge Morris Overstreet told the lunch crowd that a statewide official such as Hutchinson should be more familiar with living minority role models other than athletes and actresses.

"We've got to start teaching our kids the key is to get a good education," Overstreet said. "Everybody can't be a Michael Jordan."

Krueger has recommended Overstreet for a federal appellate judgeship.

Houston Councilwoman Sheila Jackson Lee said some voters in Houston may not have been wooed yet by the Krueger campaign, but "this is a serious time in our history."

"Do you want to have a situation where the door is closed and you don't have a Democratic senator who can make a difference?" she asked.

Hutchison, ^{5/20/93} Krueger trade accusations

By David Jackson
and Sam Attlesley

Staff Writers of The Dallas Morning News

The Texas race for U.S. Senate grew more heated Friday as Democrat Bob Krueger called Republican Kay Bailey Hutchison a racist and she accused him of unethical behavior.

Mr. Krueger and former Attorney General Jim Mattox suggested that a grand jury review Ms. Hutchison's use of employees as state troopers.

Mr. Krueger also branded Ms. Hutchison a racist for her comments during a debate Thursday night. He blasted her for being able to name only Dr. Martin Luther King Jr. as a minority role model.

Ms. Hutchison, whom polls show holding a commanding lead over Mr. Krueger for the June runoff, dismissed the allegations as acts of desperation by the Democrat. She then accused the Krueger campaign of trying to blackmail a treasury employee into making allegations against her — which a Krueger spokesman denied.

As for Mr. Mattox, Hutchison aides said he is launching a campaign for the Senate seat in 1994.

Mr. Mattox, who had criticized Mr. Krueger's appointment to the Senate as Lloyd

Please see KRUEGER on Page 37A.

Krueger, Hutchison accuse each other of unethical acts

Continued from Page 37A.

Bentzen's replacement and almost ran for the job himself, spoke up for Mr. Krueger at a Dallas breakfast.

He reminded the crowd of allegations that Ms. Hutchison struck some employees and used others for personal errands and political business.

"Those are felony offenses," Mr. Mattox said. "And I can tell you this: Whether she's elected or not elected, she's facing a grand jury inquiry. Texas doesn't need to be embarrassed by a senator like that."

Mr. Krueger also mentioned the allegations but later stopped short of formally calling for an investigation.

"There are charges in the press, all made by former employees, that she has violated the law," Mr. Krueger said. "I mean, at some point, I think she owes the public an explanation for what is going on."

Mr. Krueger and Mr. Mattox spoke at a breakfast that was scheduled to feature two Democratic senators, Carol Moseley Braun of Illinois and Barbara Boxer of California. Both stayed in Washington, citing important Senate votes, but phoned in their endorsements of Mr. Krueger.

"When he wins this election, we as women win," Ms. Moseley-Braun said.

Ms. Boxer said Mr. Krueger can help protect funding for such Texas projects as the space station and Superconducting Super Collider.

Ms. Hutchison and her staff said the Democrats are recycling trumped-up allegations that Republican foes spread in the weeks leading up to the May 1 Senate election.

"Around every election in a state capital, charges start flying into the DA's office," Hutchison spokesman David Beckwith said. "I wouldn't be surprised if there were charges against Krueger and Kay. And I'm sure the public integrity unit will sort it all out."

On the issue of minority role models, Mr. Krueger said Ms. Hutchison's claim that as a state legislator she voted against making Dr. King's birthday a state holiday because of budgetary reasons was false.

Mr. Krueger said the vote was simply to commemorate Dr. King's birthday, not make it a holiday.

"Kay's vote against the commemorative clearly shows the woman's true colors. She was just as racist then as she is now," Mr. Krueger said.

Mr. Mattox also bashed Ms. Hutchison for her response.

"Her position on minority issues is just absolutely a joke," Mr. Mattox said. "She can't even name who minority leaders are."

Mr. Beckwith said he didn't think the debate question was very good because minorities are in a position to pick their own role models and "they don't need other people doing it for them."

"I don't know what the point was," Mr. Beckwith said.

He also said Ms. Hutchison has "hired more minorities and promoted more minorities than any state treasurer in history."

For her part, Ms. Hutchison won endorsements Friday from two business groups, the U.S. Chamber of Commerce and the National Federation of Independent Businesses.

She campaigned in East Texas and said members of the Krueger campaign have approached members of her staff, trying to get them to make negative comments against her.

"One of my employees was blackmailed by some of Bob Krueger's people to try to get him to sign an affidavit that would make a charge against me," Ms. Hutchison told WFAA-TV (Channel 8) in Dallas. "Now I think that is out of line, I think it is outrageous, and I think the Krueger campaign needs to stop this kind of tactic."

Mr. Krueger's staff denied that. "That's a pretty heavy charge to lay down without any proof," said Krueger spokesman Monte Williams.

Meanwhile in Austin, two former campaign aides for unsuccessful state treasurer candidate Tom Bowden said Friday that he told them he was going to endorse Ms. Hutchison in exchange for a position at the treasury in 1990.

Mr. Bowden, a former San Saba County judge who lost the Democratic nomination for treasurer and then endorsed Ms. Hutchison in the general election, was given a job at the treasury soon after she took office in 1991.

The two former campaign aides for Mr. Bowden said he told them shortly after the Democratic primary in 1990 that he had decided to openly endorse Ms. Hutchison, a Republican, because he needed a job.

Mr. Bowden could not be reached for comment but previously has denied there was any such deal.

Mr. Beckwith also rejected the allegation, saying, "This is the last of election eve cheap shot that gives Democratic politics a bad name."

Steve McDonald, a computer program operator for the State Democratic Party, and Frank Ortega, who works for an Austin mortgage company, both said they would be willing to give sworn statements to the Travis County district attorney's office that they heard Mr. Bowden say he was endorsing Ms. Hutchison because he needed a job.

State law prohibits candidates from offering someone something in exchange for support in a political campaign.

Mr. McDonald and Mr. Ortega, both of whom describe themselves as loyal Democrats, said they were together when Mr. Bowden told them about the deal.

Mr. McDonald quoted Mr. Bowden as saying that "he had been guaranteed the job and that he was going to endorse Kay Bailey because he needed the job. . . . He had all the debts from his campaign he had to pay off."

Gary Brown, who was Ms. Hutchison's campaign manager in the 1990 treasurer's race, said those allegations were "infamous."

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5/20/93

The Houston Post/Saturday, May 29, 1993/A-39

LOCAL & STATE

Candidates trade allegations of improprieties

BY MARK HORVY
POST POLITICAL REPORTER

Both candidates in the U.S. Senate race traded accusations Friday, setting up an ugly finish for the final week of the campaign.

Interim U.S. Sen. Bob Krueger, a Democrat, said unproven allegations involving his opponent are reminiscent of two Republican scandals, Watergate and the Iran-Contra affair.

Republican challenger and state Treasurer Kay Bailey Hutchison accused Krueger of getting desperate and leveled an unsubstantiated charge of her own — that Krueger workers have tried to blackmail an employee into making charges against her.

Also jumping into the fray was former state attorney general — and former Krueger opponent — Jim Mattox.

With eight days remaining until Saturday's runoff election, polls indicate that Krueger is trailing Hutchison who beat him by 99 votes

in the initial May 1 election.

Krueger said Friday that allegations against Hutchison, and what he believes are her efforts to cover them up, bring to mind "shades of Nixon and Iran-Contra."

Among Krueger's complaints are telephone records pertaining to a phone line which Hutchison had installed in the treasury office. A Hutchison spokesman said those records will remain private because the calls were not paid for with state money.

Mattox, who now is campaigning with Krueger, referred to other charges, all of which have been denied by Hutchison. Among the allegations are that Hutchison instructed employees in her state treasury office to perform personal work for her on state time.

Mattox admitted he doesn't know if the allegations are true, but nevertheless raised the spectre of a possible grand jury investigation.

Hutchison, campaigning in McKinney and Greenville, discounted the allegations.

"I think the Krueger campaign is getting desperate," she said. "But let me tell you something. One of my employees was blackmailed by some of Bob Krueger's people to try to get him to sign an affidavit that would make a charge against me."

Krueger spokeswoman Samantha Smoot dismissed Hutchison's charges. "She was lying, basically," Smoot said.

Hutchison told a WFAA reporter that she got her information from the Houston Chronicle, but a spokesman for the newspaper said he was "unaware of any reporting that we have done that would form the basis of Mrs. Hutchison's statement."

Hutchison spokesman Dave Beckwith gave little additional detail, but said the information didn't come from a newspaper.

"It's being handled by the proper authorities," Beckwith said, declining to say which law enforcement agencies had been contacted.

The Associated Press contributed to this report.

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News & Features

Krueger urges probe of Hutchison endorsement

By ALAN BERNSTEIN
and R.G. RATCLIFFE
Houston Chronicle

U.S. Sen. Bob Krueger called Sunday for the Travis County district attorney to act before Saturday's runoff election on allegations that Republican challenger Kay Bailey Hutchison traded a state job for a political endorsement.

"We know what happened in Watergate," Krueger told reporters in Houston. "The process began to reveal things and the public was not aware of it until after the fact. At this time it's important that these questions be addressed in advance of the election." Krueger said Travis County District Attor-

ney Ronnie Earle has an "obligation to the public" to pursue the allegations.

Claire Dawson-Brown, who heads Earle's public integrity unit, said the district attorney's policy is to refrain from investigating charges against a political candidate in the midst of a campaign unless there is a compelling need, such as the possibility that evidence will be destroyed.

"That's our policy, and we're not commenting further," she said.

Earle, a Democrat whose office handles charges of misconduct against state officials, has declined comment on whether he is "hecking" the state that Hutchinson hired former San Saba County Judge Tom Bowden to work for the state treasurer's office in direct return for his endorsement of her in

the 1990 treasurer's race.

Bowden was a Democrat who endorsed Hutchison after failing to win the Democratic nomination for the seat. Hutchison and Bowden deny wrongdoing. It is a felony to promise a state job in return for political favors.

Houston businessman Michael Graham, who has done business in Bowden's county in a deal involving Hutchison's husband, has told the Chronicle he has provided information about the Bowden hiring to prosecutors in Travis County.

Graham's N-Group Securities was involved with Ray Hutchison, a bond lawyer, in the financing of a private prison facility in San Saba County while Bowden was county judge there.

Kerley Spoon, a Dallas free-lance writer and Democratic political operative, contacted the Chronicle and other newspapers Sunday and said Bowden had told him that Kay and Ray Hutchison promised him a job in return for his endorsement and help with Kay Hutchison's campaign.

Spoon said he was the treasurer of Bowden's losing Democratic primary campaign.

The Dallas Morning News on Saturday quoted two men who worked in Bowden's campaign as saying that Bowden told them he would endorse Hutchison in exchange for a job.

The men were identified as Steven McDonald, a computer spokesman for the state Democratic Party, and Frank Ortega, who works for an Austin mortgage company.

Like Spoon, McDonald and Ortega said they would be willing to give statements to the Travis County district attorney.

Hutchison spokesman David Beckwith on Sunday questioned why the men are just now airing their allegations.

"Where were these people for the three years? Why are they coming a week before the election?" he asked.

Bowden, whose hiring was revealed by the Chronicle two weeks ago, is a \$23,000-a-year employee in Hutchison's agency. He has been unavailable for comment since Friday.

During an appearance Sunday with Hutchison on ABC-TV's *This Week with David Brinkley*, Krueger claimed it was the state's

See SENATE on Page 26A.

*Legislature OKs
handgun measure



KEY TO CONDITIONS: overcastly, drizzle, etc. Partly, hazy, partly cloudy, mostly, occasional, shower, etc. 101/81/66 67/72/66 Monday

San Antonio 88/65 0 10 10:00
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Victoria 88/70 0 01 09:45

Senate

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large newspapers — and not him — that are raising charges about Hutchison.

He said he had simply quoted newspaper stories "that indicate that one person has already issued a sworn statement saying that she offered a job in exchange for political support."

He was referring to copies of an unsigned affidavit circulated to reporters by Democratic state Sen Eddie Lucio of Brownsville, who in speech on the Capitol floor Friday called for Earle to investigate the allegations but admitted he did not know if they are true.

Hutchison told Brinkley show moderator Sam Donaldson that Krueger has "gotten out of control."

"He is brow beating my employees, trying to make them sign statements that I've done something that I have not done," she said. "This is crazy I mean, absolutely ludicrous newspapers have not made those charges."

Chronicle reporter Jim Simmon contributed to this story

Holiday

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after a double service.

In 1945 two of their first cousins also would die as a result of their World War II duties.

Sherwin Ball was a pilot who helped train British fliers before going to work for the Chinese National Aviation Corporation. His job

Girl

Continued from Page 33A

who might have done this," Scoggins said. "We have some pretty good suspects and hope to make an arrest soon."

Duncan, a second-grader at Chatham Elementary, died of a gunshot wound to the head. The gunfire also wounded her great-grandmother, Virginia Jones, in the right knee. Jones was treated and released from LBJ Hospital.

Police were searching for several suspects who fired at the house in the 6700 block of Roscoe from a blue van. Duncan's grandmother and several friends were on the porch but were not injured.

Two other children asleep in the house, were not injured. Duncan's mother was not at the house when the shooting occurred.

"It was definitely drug-related," Scoggins said. "I don't think they hit their intended target."

"People just don't go by shooting at houses for nothing," Scoggins said.

"They (certain family members) seem to have a vigilante mentality," he said. "They want to get the suspects themselves and are hampering our attempts to find them."

Ball, an Army officer, and Ray Ball, a Naval officer.

Clarence Ball's brother, the late Julius "Babe" Ball, assigned to an Army Air Force unit in the China-Burma-India theater. The malaria that infected him there troubled him until his death in 1978.

Vernon Ball, who began his Army service during the war and became a career officer, and his sister, Bonnie Ball Doppie, who joined U.S. Navy's reserve unit known as the Woman Accepted for

Metro

Continued from Page 33A

cial frequency, will show where each vehicle and rider can be found so dispatchers can arrange pickups efficiently.

The service is being tested for one year on an experimental basis from PacTel Teletrac, which has erected 25 towers in the Houston area to receive and send the location data.

The system is in place in six cities. Its users include a Chicago taxicab company and buses of the Dallas Independent School District and the Riverside, Calif., Transit Agency, said Steve McNulty, the firm's vice president and general manager in Houston.

PacTel is also marketing its service to fleets, giving businesses an Orwellian way to keep track of their drivers.

"Until now, side jobs and unauthorized use of your vehicles were facts of life," says a brochure. It boasts that Teletrac's "alert capabilities can even warn you when a vehicle is deviating from its planned destination, or being used during off-hours."

If successful, Puckett said, the system may be used on other Metro buses to prevent buses "bunching" along a route.

MetroLift vehicles will eventually have two-way messaging capabilities, giving drivers instructions on small computer screens and allowing them to respond.

Other technologies are also being developed to pinpoint vehicle locations, including systems that work off satellites.

But Puckett said that currently it would cost about \$9,000 to equip a Metro vehicle with such technology, compared with about \$300 to equip one with PacTel's ground-based system.

Airport

Continued from Page 33A

and parking. An estimated 50 small planes would be housed there, increasing to 141 planes within 20 years.

Of six proposed sites, the committee initially picked U.S.X. Realty property near Trinity Bay east of Baytown and had been conducting an environmental impact study of the site.

Partly because of the protests, the airport committee reconsidered its proposal and is now looking at sites between Dayton and Westport.

U.S.X. property was dropped from consideration after the committee

live.

"This is very preliminary," said Mark Tiller, another Baytown committee member.

The committee has approached Sun Oil Co. and a few other major oil company landholders around the Chambers-Liberty county border about the possibility of donating the 500 acres necessary for the project, Payne said.

"We're asking for a gift which would be worth around half a million dollars," he said. "But it would benefit the landowner in the long run."

Sun Oil has 14,000 acres that it's been trying to develop, and this would more than double the price of the remaining land. Plus they could have a tax write-off.

Both sites being explored are described as flat farmland.

Deaths

Continued from Page 33A



IN LOVING MEMORY OF MICHAEL LOUIS FRIEDMAN APRIL 5, 1964-JUNE 1, 1988

Formerly of Houston, Michael was a sensitive and caring individual who looked for the good in everyone and everything, and gave of himself to others, on a personal level and through community service.

A graduate of Westbury High School in 1972, Michael Friedman graduated from the University of Texas in Austin with a business degree, and then worked as a real estate broker.

He attended law school in Houston and Los Angeles, remaining in Los Angeles in 1980 to practice law.

On June 1, 1988, at the young age of 24, Michael was murdered at the Los Angeles County Law Library by a psychopathically unstable alien who he was representing in a civil case. Survivors include his mother, Suzanne Friedman; brother, Ben Friedman, attorney and brother-in-law, Dr. Alvin Friedman, Janet Blum and Andrew Blum, Linda Frowde Horvath and Richard Horvath, a close and faithful, and numerous friends.

Funeral services were held in Houston officiated by Rabbi Jack Segal, and in Westbury officiated by Rabbi Mordecai Westbury, Rabbi David Adkins, and Rabbi Daniel Swartz.

Michael made arrangements years before to have his body preserved through

2007 In Remembrance



OUR DEAREST LOVED ONE TERRY LYNN MARVIN

Our daughter Terry Lynn Marvin passed away on Sunday, May 23, 1993, surrounded by everyone who loved her.

Terry had a love for life, a great sense of humor, and a special love for her family. She had such a special life. Her parents were blessed to have her in this world and she had to leave us. We will miss her forever. She is now with God's angels.

Survived by: Jack Bushard, Jr., Jack Bushard, III, and Jack Bushard, IV.

Also survived by: Mrs. Lucille Ray Mason and Mrs. Minnie and Mr. Lawrence Daniel Lee Mason. Neighbors: Jack Wade, Jr. and Mrs. Lynn Marie Bushard. Aunt: Grandmother: Al Weaver, great-grandmother: Bill and Mrs. W. W. Weaver. Friends: Mrs. J. W. Weaver and Mrs. W. W. Weaver.

Funeral services will be held on Friday, May 28, 1993, at 10:00 a.m. at the funeral home.

Funeral home: The Funeral Home, 1111 West 28th Street, Houston, TX 77018.

Interment: The Funeral Home, 1111 West 28th Street, Houston, TX 77018.

Family: Terry Bushard, Terry Lynn Marvin, and Terry Lynn Marvin.

Funeral home: The Funeral Home, 1111 West 28th Street, Houston, TX 77018.

TEXAS SENATE STAFF SERVICES
pa/06-27-93
73RD LEGISLATIVE SESSION
EXCERPTION: SENATORS LUCIO, SIBLEY, LEEDOM
AND BIVINS ON PERSONAL PRIVILEGE
MAY 27, 1993
TAPE 2, SIDE 2 (ONLY)

(Senator Haley Presiding)

LUCIO : Mr. President could I be recognized in a matter of personal privilege?
PRESIDENT : Chair recognizes Senator Lucio
LUCIO : Members if I could have your attention please.

Members, I rise today on a matter of personal privilege. I rise today not as a Democrat or a Republican, and maybe not even as a Senator, but as, but as a concerned citizen. A citizen who has committed his life to the issue of fairness, members. In fact many of my fellow Democrats have criticized me for not being partisan enough. For example, when our Agriculture Commissioner, a Republican, Rick Perry, got caught up in a fire storm of controversy concerning what I perceive as simply a slip of the tongue, rather than a racist remark against Hispanics, I aggressively defended him because what was happening to him was not fair, and Rick Perry is my friend. Recently, to the great dismay of my friends and colleagues in the Re-Democratic Party, I sided with the Republicans on the issue of Senate redistricting. Again, because I believe what was happening was not fair, Senator Shapiro. Today I stand before you again in the name of fairness. Only a few months ago there was a Hispanic woman who was a statewide public official, she had been appointed to fulfill a seat on the Texas Railroad Commission and then decided to seek the election for a full term. Right before the election, serious questions of impropriety were raised both by her political-political opponent, as well as by the press. In addition the Public Integrity Division of the District Attorney's Office in Austin led an investigation concerning alleged, certain alleged improprieties. Lena Guerrero was on the front page, members, of every newspaper and on the ten o'clock news of every television station in Texas. I am not standing here today to defend Lena Guerrero. In fact, as most of you know, when I talked to you individually and collectively as we sat in that lounge, I was very critical of Ms. Guerrero. I felt, and I said publicly, that as a role model she had let her community down. The people of Texas, however, were privy to the facts of the case and the voters of this state were able to make a decision on its merit, out in the open, the way democracy should run. I think we all agree with that. Fellow members, today I am calling upon the Public Integrity Unit to do its job again. We have, this time, an Anglo woman, a statewide official who has been the subject of many former employees saying that she misused her public office for political and personal gain. And yet not one word, not one action, not one subpoena has come forth from the District Attorney's Public Integrity Division. This was the same division that had no qualms about pulling the trigger during an election year with a statewide office holder who was a Hispanic and a woman. But so far this division is silent in dealing with a statewide Anglo woman. I am, I am asking whether or not, members, this is fair. I am asking whether or not this is right. I am asking, members, whether or not this is just. There's something else, members. I recently had a private conversation with a most distinguished fellow State Senator who is representing individuals involved in a matter, in a matter so serious and so potentially criminal that I feel compelled (sic) to share the information with you. There is hard evidence that in 1990 our State Treasurer, Kay Bailey Hutchison, offered the promise of a job to one of the Democratic candidates if he would endorse her candidacy after this Democratic candidate lost in the primary. Hard evidence, not speculation, hard evidence that Kay Bailey Hutchison blatantly violated the law and offered a job for an endorsement. This is not just unethical, this is potentially criminal. Hard evidence that Kay Bailey Hutchison not only offered the job but delivered the job in return for a political endorsement. Fellow members, do I know whether or not these

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EXHIBIT
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 MAY 27, 1993
 TAPE 2, SIDE 2 (ONLY)

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serious allegations are true? Of course I don't. But do the citizens of the state deserve to know whether these allegations are true without question. The voters of this state judged Lena Guerrero, a Hispanic woman. Shouldn't the voters of this state have the same opportunity to evaluate Kay Bailey Hutchison, an Anglo woman. Today I am calling upon the District Attorney's Public Integrity Division to launch a full scale investigation of the job for endorsement criminal allegation. I am calling upon the Public Integrity Division in the name of fairness and justice to pursue this with vigor. As many of you know, Ms. Hutchison truly, truly, 'cause I've dealt with her, I consider a friend. But if these serious allegations are not true, then I want her fully exonerated--exonerated there Senator Sibley, you laughed, I want her fully exonerated. But the voters of Texas deserve to know the truth, and as always, the truth will set us free. This investigation must begin now, ladies and gentlemen, the air must be cleared now. These allegations are too serious to be ignored, and our U. S. Senate seat is too important to have someone get elected and then be under investigation or indictment after the election has been held. Some of you laugh but let me tell you, it pains me inside, it pains me inside, Senator Leedom, to have to hyphenate, label who we are, simply because ah that wasn't the kind of rearing I had. I was reared by a disabled American veteran and his wife, my mother, who taught us the definition of Americanism as they saw it. That was my upbringing. All of you here, and I'm very proud of all of you, have passed out some significant legislation that dealt with minorities and women. I'm proud of you, you took a stand and you passed 30 to zero historically under utilized bills that were killed over in the House, all but one. You took a stand and I respect you for that. I saw the three Senators that I went to court for, Senator Patterson, and Senator Shapiro, and Senator Nelson just walked out of the-- off the floor. I was nearly thrown in jail back in Hidalgo County because I stood up for what I believe was right, Senator Bivins, when it came to Senate redistricting, and I got Republican Senators, quite frankly, elected to the floor and they didn't give me the courtesy of hearing me out. All I can tell you, members, is that I don't wanna have Ozone Country Clubs in the State of Texas. I'm sorry Senator Sims, I know that's in your district. I don't wanna have that kind of mental--mental attitude in our state, 'cause once again, the way I was reared was to believe that I was part of a family called Americans, and it pains me. And as long as I'm here as a State Senator, I will always be against racism or discrimination of any kind. And I'm told that the District Attorney's Public Integrity Division has had this information for awhile and I wanna know what is really going on. Thank you.

(Lieutenant Governor Bullock Presiding)

PRESIDENT (gavel) The Chair--the next up, Senator Leedom there's one in front of you please. The Chair recognizes Senator Sibley on a matter of personal privilege.

SIBLEY Thank you Mr. President. In the 1950s they had a hearing in Washington held by Senator McCarthy. All McCarthy had to do was make the allegation that somebody was a communist and it ruined peoples lives. It cost 'em their jobs. It never was proven and it wasn't proven in that one of the general's that was called up there sad gentlemen, have you no shame, to make an allegation like that ten days out from an election. Now there's a reason why the Public Integrity Unit does these things in a very business-like manner. It doesn't mean they're covering up anything. If there is nothing there, Senator, you have slandered somebody and it can't be repaired.

TEXAS SENATE STAFF SERVICES
paj06-27-83
73RD LEGISLATIVE SESSION
EXCERPTION: SENATORS LUCIO, SIBLEY, LEEDOM
AND BIVINS ON PERSONAL PRIVILEGE
MAY 27, 1983
TAPE 2, SIDE 2 (ONLY)

LUCIO : I don't've slandered anybody
SIBLEY : I have--who has the floor?
PRESIDENT : Senator, this gentleman is speaking on a matter of
personal privilege. He's not to be interrupted until he finishes.

LUCIO : Yes sir.
PRESIDENT : Senator Sibley.
SIBLEY : You're free to say anything you want on the floor, but

when you say something like that, you cut loose something that can't be retracted later on. Now if it turns out that you're wrong, you have greatly damaged somebody here. And the Public Integrity Unit is suppose to carry it on, just like they carried it on. Now, we were told that somebody might do something like this. And I've been given a whole sheath of information on Bob Krueger, an Anglo male running for the U. S. Senate. And if you think that I'm gonna sit here and make these allegations public, you're out of your mind because it's not right. And I know the Public Integrity Unit has this too. Now, what am I suppose to do, Senator, make these allegations and then try to ta--take it back and say I'm sorry, I'm sorry. And to say that this isn't politically motivated just flies in the face of common sense. And Senator, I respect you, we've worked together on a lot of things, and I will say you've been used, you've just flat been used, I don't know any other way to say it, to make these sorts of allegations like that with no background. You said you didn't have the proof, and you said ill--that's not proof. I, I honestly don't know what to say that, that this floor of this Senate and this body would be used in this manner. It's wrong, it's just wrong, it's wrong whether it's Democratic, it's wrong whether it's Republican, and I'm disappointed. Thank you Mr. President.

PRESIDENT : The Chair recognizes the Senator from Dallas who was up next on a matter of personal privilege.

LEEDOM : And Senator Lucio and all of our colleagues, I think without exception we all share the same feeling that Texans and United States citizens should not be hyphenated in any manner and we should all deal--be dealt with and looked at in the same manner. One of the realities, of course that makes that possible is we do have elections, and the people will make a choice. I think the significant difference, in the--one of the examples you used, the lady was originally--statements were made about an educational qualifications. There wasn't any District Attorney investigation as I recall, it was the media and the political process investigation, not too much different than when we had a President that didn't exactly tell the truth. It was not an investigation till much later, but the public made a choice. And the public made a choice in that case when it turned out that the, the political allegations were correct, there was not indeed a degree. And indeed if, in this case Ms. Hutchison is given a political opportunity to respond and a response becomes incredible, that will develop itself. I have great regard for the investigative nature of the press. I don't always agree with it obviously, but certainly it is effective. I don't believe it's fair, as others said, that I'm not concerned about it, really, because ten days before the election there's gonna be at least a couple million people out there gonna make a decision, and they're gonna make it on many subjects, qualifications, and what have you. I do believe both candidates, and I hope someday we will lift the political process out of being the American version of the bull fight. Back when Senator Clements was--Governor Clements was running one time, one of the reporters called, said you're known as Mr. Clean, what do you think about the campaign? I think I think it's terrible. I don't think our Governor oughta be throwing around rubber chickens and, and I was quoted on that. I don't believe we should let ourselves low--lower ourselves into a--and I don't, I know you don't mean that, I know yo--

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TEXAS SENATE STAFF SERVICES
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AND BIVINS ON PERSONAL PRIVILEGE
MAY 27, 1993
TAPE 2, SIDE 2 (ONLY)

I know you too well and I love you too much to think that you're doing anything but from the depth of your heart, but with ten days out I would like to think that we have a--those are two very important subjects, the education and the budget, and I know where we stand on it. We got some more business things to do and I think, I hope we can lift ourselves out of getting in the, the last ten days of the State Senate--U. S. Senate race.

BIVINS : Will the gentleman yield Mr. President?

LEEDOM : I, I, I'm through, thank you.

PRESIDENT : (gavel) The Chair at this time recognize the next

Senator, Senator Bivins on a matter of personal privilege.

BIVINS : Thank you Mr. President, I'll be very brief. Senator

Lucio, I too am shocked and really saddened that you would use this body for this purpose, but your facts are flat wrong. You (intimated) that the Public Integrity Unit of a Travis County D.A.'s Office had not done anything, investigating prior misdeeds of Kay Bailey Hutchison. Let me read you a press release. November 22, 1992, the Public Integrity Unit of the Travis County District Attorney's office has completed its review of allegations involving the misuse of state property for political purposes by an employee of the State Treasury Department. The misuse of state property was an isolated incident involving a very small monetary loss to the state, and in our opinion the facts do not warrant criminal prosecution. There is no evidence that Kay Bailey Hutchison had any knowledge of misuse of state property. Although the misuse of the state property was minimal, Hutchison has since made extra steps to avoid any further incidents. Get your facts straight Senator.

END OF EXCERPTION

95043691946

Senator demands Hutchison inquiry in unusual speech

By Ed Sells ³³²
Special to the Star-Tribune

AUSTIN — A Democratic South Texas senator started his colleagues yesterday by using the Senate floor to urge the Travis County district attorney to investigate Republican U.S. Senate candidate Kay Bailey Hutchison's hiring of a Democrat who endorsed her after losing a primary in the 1990 insurance race.

The "personal privilege" speech by Sen. Eddie Lucio, D-Brownsville, came hours before Hutchison met U.S. Sen. Bob Krueger in a debate in Dallas. It drew immediate blasts from Republicans and some Democrats, who called it an inappropriate partisan attack aimed at influencing the June 5 runoff election.

The Krueger campaign distanced itself from Lucio's speech, though not from its content. The Hutchison

campaign blamed Krueger for what it called an act of desperation stemming from opinion surveys showing him well behind in the contest.

Citing allegations that he conceded had not been proven, Lucio attempted to liken Hutchison's situation to that of Lena Guerrero, the former Texas Railroad Commission chairwoman who faced a spate of negative publicity and the wrath of voters after it turned out that her longstanding claim that she held a degree from the University of Texas was false.

Lucio alluded to allegations that Hutchison, a Republican, hired Tom Bowden for a \$31,000-a-year job after Bowden, who lost in the Democratic primary, endorsed her in the 1990 campaign. Lucio said the possibility that a job was granted in exchange for an endorsement (More on DEBATE on Page 22)



Debate

From Page 19

could bring criminal statutes into play, if it is true.

"The air must be cleared now," Lucio said. "These allegations are too serious to be ignored, and our U.S. Senate seat is too important to have someone get elected and then be under investigation or indictment after the election has been held."

Lucio said he has no independent knowledge of the allegations, but was relying on an affidavit he had seen.

"Do I know whether or not these allegations are true? Of course not," Lucio said.

A source in the Travis County district attorney's office said recently

that the allegations had not prompted an investigation.

The treasurer's office has made public Bowden's resume and argued that his experience as San Saba county judge provided him "substantial qualifications" for a job as government relations officer in the tobacco tax division. The job required experience in state or local government and the ability to meet with the public and give speeches.

"If the allegations are not true, I want her exonerated," Lucio told reporters after his personal privilege address.

Hutchison's campaign, in a written statement, blamed Krueger's campaign.

"This was an act of a desperate campaign which is 19 points behind and sinking fast," campaign officials said. "There is no truth to Senator Lucio's allegations."

Krueger campaign press secretary

Samantha Smoot, asked whether Krueger's campaign had in any way encouraged Lucio to deliver the speech, said, "Absolutely not."

But Smoot added, "We have been surprised at the lack of public outcry over the string of shady dealings reported just in the last week."

In addition to the allegation about Bowden, Smoot said, those reports include allegations that Hutchison's campaign destroyed public phone records and that former treasurer's office employees were used on Hutchison's personal business. Hutchison has repeatedly said she has done nothing wrong.

Lucio said Krueger's campaign did not ask him to deliver the speech, but knew he would do so.

"They knew," Lucio said. "Of course, they knew."

Some angry senators said that Lucio stepped beyond the bounds of

personal privilege speeches, which are normally used to respond to personal attacks, to comment on perceived legislative wrongdoing or to comment on issues of the day when no other forum is available.

Sen. David Sibley, R-Waco, said Lucio's ~~allegations~~ without proof reminded him of the tactics of former U.S. Sen. Joseph McCarthy, who in the 1950s branded people Communists, often on the flimsiest of evidence. Sibley said the statement amounted to "slander."

Sen. J.E. "Buster" Brown, R-Lake Jackson, called the speech "a cheap political ploy."

Not all the criticism came from the GOP.

"It did not make me at all proud to be a member," said Sen. Mike Monroney, D-Fort Worth, a Krueger supporter. "I think it was a cheap shot, regardless of which political party was implicated."

Lawmaker calls for investigation of Hutchison

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By **CINDY RUGLEY**
Houston Chronicle Austin Bureau

AUSTIN — The U.S. Senate runoff between Bob Krueger and Kay Bailey Hutchison spilled onto the Capitol floor Thursday when a Democratic lawmaker called for a criminal investigation of Hutchison, and Republicans angrily responded by calling his over shameful.

The heated exchange was touched off when state Sen. Eddie Lucio of Brownsville said the Travis County district attorney should investigate an unsubstantiated alle-

gation that Hutchison, a Republican, traded a state job for an endorsement by losing Democratic candidate when she ran for treasurer in 1988.

"Do I know whether or not these serious allegations are true? Of course I don't," Lucio said in a "personal privilege" speech on the Senate floor.

Lucio did not name the former candidate, but the Houston Chronicle reported two weeks ago that Hutchison gave Tom Bowden a \$31,000-a-year job at the Treasury shortly after she took office.

Bowden, a former San Saba County judge, lost a Democratic primary bid for

treasurer in 1988, then crossed party lines to endorse Hutchison in the general election.

Bowden and Hutchison's campaign have denied the job was a reward for the endorsement. A Hutchison spokesman said Lucio's speech was a "desperate" ploy coordinated by the Krueger campaign to bolster the Democrat's lagging effort in the June 5 U.S. Senate runoff.

A Krueger spokesman denied the campaign had a hand in Lucio's action, but said the allegation fits a "pattern of back-

See SENATE on Page 38A.

Senate

Continued from Page 38A.

room deals and public deception" by Hutchison.

"We're surprised there hasn't been more public outrage like Senator Lucio's," the spokeswoman added.

Lucio's speech so angered Republican senators that six walked out while he was talking and three later responded with stern remarks.

"It's completely transparent, and it is inexcusable and it is shameful," said state Sen. David Stolley, R-Waco.

"To make an allegation like that 10 days out from an election... if there is nothing there, senator, you have slandered somebody, and it can't be repaired," said Stolley.

But Lucio claimed there is "hard



Sen. Eddie Lucio

evidence" Hutchison offered for an endorsement and said the action "is not just unethical, it is potentially criminal." He later told reporters that he had been told by Sen. Carl Parker, D-Port Arthur, of an affidavit backing the allegations. Parker would not comment.

Parker is the lawyer for H-Group Securities, a Houston company that built private prisons in San Saba County and other rural counties, in a federal lawsuit filed against it by investors who purchased prison-construction bonds. Hutchison's husband, Dallas bond lawyer Ray Hutchison, also is a defendant in the suit.

In the 1988 campaign, Hutchison's Democratic opponent, Nikki Van Hightower, suggested Bowden's endorsement was connected to the work that Ray Hutchison did on the private prison project in San Saba County in 1988.

MAY 28 1993

State legislators argue about U.S. Senate race

Continued From Page 332

AUSTIN — An explosion of charges and countercharges erupted Thursday when state senators tangled over the U.S. Senate race between Democrat Bob Kraeger and Republican Kay Bailey Hutchison.

In a privileged speech on the Senate floor, Sen. Eddie Lucio, D-Brownsville, alleged that there was "hard evidence" Ms. Hutchison promised a job to a person in return for an endorsement in her 1990 treasurer's race.

He refused to identify the person but he made references to Tom Bowden, a former San Saba County judge who sought the Democratic Party nomination for state treasurer in 1990.

Mr. Bowden was defeated in the Democratic runoff and then endorsed Ms. Hutchison.

Less than two weeks after Ms. Hutchison took office, Mr. Bowden was given a \$31,000 job at the state treasury, according to a Houston Chronicle report.

Mr. Lucio called for an investigation by the Travis County district attorney's public integrity unit. "This is not just unethical. This is potentially criminal," he said.

Mr. Lucio said he didn't know whether the "job-for-endorsement" allegation was true and didn't reveal what evidence he had seen.

Republican senators said they were stunned by Mr. Lucio's speech, defending Ms. Hutchison.

"It's just a cheap political trick," Sen. J.E. "Buster" Brown, R-Lake Jackson, said.

"To say this isn't politically motivated just flies in the face of common sense," said Sen. David Subity, R-Waco.

Ms. Hutchison's campaign spokesman David Beckwith said the accusation was a desperate move by the Mr. Kraeger campaign, which is trailing at the polls.

"This is clearly a political act, coordinated with the Kraeger campaign that is 19 points behind (in the polls) and making fast," Mr. Beckwith said of Mr. Lucio's charges.

Mr. Beckwith defended Ms. Hutchison's hiring of Mr. Bowden. "Who is she supposed to appoint her enemies? Bob Kraeger just appointed nine people to the federal bench who gave money to his campaign," he said.

The Kraeger campaign said it had nothing to do with Mr. Lucio's statements.

Mr. Bowden could not be reached for comment. A person answering the telephone at the Treasury's tobacco enforcement office said Mr. Bowden would be working in the field and probably not return until June.

Mr. Bowden earlier said that he never talked about working for the agency at the time he endorsed Ms. Hutchison and that he didn't believe his endorsement helped him get the job.

Mr. Lucio said he disclosed the allegation because former Democratic Texas Railroad Commissioner Lens Guerrero was dogged by an investigation during her campaign last year. He said it was only fair that the Travis County district attorney investigate Ms. Hutchison, too.

But the district attorney's office said it hadn't investigated Ms. Guerrero.

The office declined to comment on Mr. Lucio's charges against Ms. Hutchison but released its policy on handling accusations made in political campaigns. "In situations where charges of improper or illegal acts are levied by one candidate or his followers against another candidate, the accusation will not be acted upon absent compelling circumstances until the parties in question are no longer political opponents."

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95043691952

1 CHANNEL 8 NEWSCAST SEGMENT, DALLAS, TEXAS

2 MAY 26, 1993

3 6:00 P.M.

4 TRACY ROWLETT: As they vie for
5 Lloyd Bentsen's senate seat, Channel 8's Dave Evans
6 reports.

7 DAVE EVANS: It began just like
8 the organizers had planned, good crowd, small town
9 Texas, and lots of applause for the Republican
10 front-runner. In Dallas, though, Democrats turned
11 tough. First came the gut fighter of Texas
12 politics, Jim Mattox, accusing Hutchison of forcing
13 her treasury employees to work on her campaign.

14 JIM MATTOX: These are felony
15 offenses. To misuse the inappro -- the -- the staff
16 down there is a felony offense. And I can tell you
17 this. Whether she's elected or not elected, she's
18 facing a Grand Jury inquiry.

19 DAVE EVANS: And then Krueger
20 knowing he's behind in the polls sounded an alarming
21 accusation.

22 BOB KRUEGER: She destroyed
23 telephone records and claims they are not public
24 documents. And we knew darn well they are, and
25 she's destroyed them. We know why she destroyed

1 then because for the same reasons Richard Nixon
2 destroyed.

3 DAVE EVANS: As the Hutchison
4 campaign bus tour moved across Northeast Texas,
5 Hutchison began to respond to the latest
6 accusations.

7 KAY BAILEY HUTCHISON: Every
8 campaign is the same. When he sees that he's
9 losing, he goes into a negative paragon attack.
10 And I think the people of Texas are fed up with
11 that.

12 DAVE EVANS: And later, when
13 told exactly what was being said in Dallas,
14 Hutchison countered with her own serious allegation.

15 KAY BAILEY HUTCHISON: Well, let
16 me tell you something. One of my employees was
17 blackmailed by some of Bob Krueger's people to try
18 to get him to sign an affidavit that would make a
19 charge against me. Now, I think that is out of
20 line. I think it is outrageous.

21 DAVE EVANS: Hutchison offered
22 no evidence to support her accusation. Staffers,
23 though, late Friday evening backed up her claims and
24 said she would not retract anything. In Austin,
25 even the Governor seemed a little put off by all the

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1 accusations and counter-charges.

2 ANN RICHARDS: That's a part of
3 this game, you know. And -- and when I went through
4 it, it was so tough and it was so hard; but I'm
5 going to tell you it prepares you for what the job
6 is like. I -- I have no idea, though, on the truth
7 of that because I don't know.

8 DAVE EVANS: The bitter --

9 NEWSCASTER: Hutchison says the
10 charges are desperate campaigning by Krueger forces,
11 and she says the allegations are --

12 (End of Newcast Segment.)
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95043691954

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The Dallas Morning News

\$1.25

B 35 Sections

Dallas, Texas, Sunday, June 6, 1969

© 1969 The Dallas Morning News

Texas' Leading Newspaper

Hutchison wins in landslide

Some say race was a formality

By Wayne Slater

Austin Bureau of The Dallas Morning News

AUSTIN — For all the rigorous campaigning of the last month the Senate runoff may have been over before it began.

Republican Kay Bailey Hutchison's appealing message as an outside and fiscal conservative carried her to a smashing victory

ANALYSIS

■ Perot group's impact	26A
■ Regional vs. urban vote	26A
■ Dallas County voting	27A
■ Hutchison's replacements	27A
■ County-by-county vote	28A

Saturday over Democrat Bob Krueger, whose lackluster campaign never caught on.

Political analysts and party leaders said the demographics of a special election made it difficult for any Democrat for Mr. Krueger, a candidate without a clear message or an energized base. It proved impossible, they said.

"You've heard of campaigns that are dead on arrival? This one was dead before arrival," said Jerry Polk, a political science professor at the University of Texas-Pan American.

Austin political consultant Bill Miller said Ms. Hutchison's strong showing on May 5 in which she led a crowded field to earn a spot in the runoff was a harbinger of her lopsided victory Saturday.

Basically, she was the winner the morning the (May 2) votes were tallied," said Mr. Miller, who was not associated with either campaign. The runoff was irrelevant. The only question was how big her win was going to be.

Message to match

For the Hutchison campaign the strategy was to present a message that matched the moderate, Republican-leaning voters of a special election: less government spending, lower taxes, a Republican alternative to the party in power.

The line that made her an outsider more than anything else was "I want Congress to live under the laws it passes for the rest of us," said Karl Rabe, Ms. Hutchison's political consultant.

"We started out with a big laundry list of things that we talked about. But it was clear that one got the most visceral response from people."

For Mr. Krueger, his strongest argument — keep a Democrat in the U.S. Senate to maintain communication with the White House — proved to be a liability according to political analysts, consultants and party leaders.

His political misuses and tax proposals have damaged the president's popularity in Texas. A majority of Texans in the latest Dallas Morning News poll disapprove of the job President Clinton is doing.

Instead of having Mr. Clinton come to Texas to campaign, the Krueger campaign focused its efforts on turning out traditional Democratic voters, particularly blacks and Hispanics who make up a crucial part of party's base.

But all sides agree Mr. Krueger, a Shakespearean scholar with a star-chy image, failed to energize the party faithful.

'Dull politician'

"He's a dull, dull politician and an abysmal choice by the governor," said Greg Thielemann, a political science professor at the University of Texas at Dallas.

A strong Democratic turnout failed to materialize Saturday and Mr. Krueger failed to win any region of the state. Ms. Hutchison rolled up a 2-1 vote in Dallas and Harris counties and managed 60 percent of the vote in the staunch Democratic stronghold of South Texas.

When Mr. Clinton decided Thursday to withdraw his nomination of Leni Guinier as head of the Justice Department's civil rights division, it proved to be another snowflake in the blizzard.

"Can you imagine anything worse when you are trying to turn out a minority vote, just knocking?

"It's a lot like trying to swim upstream with a battleship anchored to your back."

— Bob Slagle, state chairman, Democratic Party

You're barking out trying to pick up every vote you can," said Austin political consultant George Christian, former press secretary to Lyndon Johnson "and on that day of the election he sacks a black appointee and has every civil rights leader in the country denouncing him."

Gov. Ann Richards, who appointed Mr. Krueger to replace Lloyd Bentsen in the Senate, blamed voters apathy for the size of the defeat.

Bob Slagle, state Democratic Party chairman said "a confluence of events" including the president's "misadventures" contributed to the defeat.

"It's a lot like trying to swim upstream with a battleship anchored to your back," he said.

Republicans were quick to claim the Hutchison victory was a referendum on the Clinton presidency.

CONTINUED

Some say runoff was determined before it began

CONTINUED

KAY BAILEY HUTCHISON

Party affiliation: Republican

Born: July 22, 1943, in Galveston

Academic: Law degree, University of Texas at Austin, 1967

Career highlights: Member of the Texas House of Representatives, 1972-76; member of the National Transportation Safety Board, 1976-78; owner of McGraw-Cardiac Inc., 1986-88

Previous political races: Elected to Texas House, 1972 and 1974; lost primary race for U.S. House, 1982; elected state treasurer, 1990-present; elected U.S. Senate, 1993

The Dallas Morning News

"This election was nothing if not a clear repudiation of everything that Bill Clinton is trying to do in Washington," said Sen. Phil Gramm, R-Texas.

Rep. Sam Johnson, R-Dallas, said, "I think it is a referendum for change."

U.S. Rep. Martin Frost, D-Dallas, credited Ms. Hutchison with running a "smart" campaign.

"This shows what the Republicans can do when they run a good, smart, tough campaign, which is exactly what they did. This campaign was very different from [1990 GOP gubernatorial candidate] Claytie

"You've heard of campaigns that are dead on arrival? This one was dead before arrival."

— Jerry Polinarul, professor

Williams. Mr. Frost said, "It was very controlled on the Republican side. She didn't make mistakes."

Political analysts said gender proved a big plus for Ms. Hutchison, whose television commercials mentioned job discrimination on her own life and promised a brighter future for both "our sons and daughters."

"It's particularly a heck of a message to solidify the female vote," said Mr. Christian. "Kraepel's message has been muddled all the way through. They tried everything under the sun to make something click, either positive or negative, and nothing worked."

Attacks fell flat

Mr. Christian said late-campaign attacks on Ms. Hutchison's character fell flat, in part because she is a woman who was perceived as an outsider in the male-dominated environs of Washington politics.

"None of that stuff stuck," he said. "It just proves again that it is extremely difficult to wage any kind of assault on a woman candidate. It's just a fact of life."

Mr. Thielemann of the University of Texas at Dallas said Ms. Hutchison was the right candidate at the right time. No matter who survived for the runoff, the Republican would win, he said.

"The demographics of the voters in special elections are tremendously different than they are in midterm or presidential elections," said Mr. Thielemann. "All the things we know that tend to reduce turnout — ethnicity, education, income — work against Democrats in special elections."

However, the political landscape will change substantially in the general election in 1994, when Ms. Hutchison must stand for re-election to a full six-year term.

"The question is, is Kay Bailey Hutchison a one-year senator?" said Mr. Thielemann. "My guess is she probably will be because we'll be back to general election politics and you can bet the Democrats will throw up somebody against her."

Rep. Dick Arme, R-Lewisville, said the Kraepel campaign "was clearly one of the weaker campaigns I have ever seen."

"We had a good campaign on our side and a bad one on their side," Mr. Arme said.

"It seems to me that campaign almost fell apart emotionally. I've heard that description 'desperate campaigns' but this is the first time I think I ever saw a campaign become desperate," Mr. Arme said.

Staff writers Anne Marie Kildavick, Washington, D.C., and Sylvia Moreno contributed to this report.

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The Dallas Morning News

Texas' Leading Newspaper Dallas, Texas, Sunday, June 6, 1993 35 Sections B \$1.25

Hutchison wins in landslide

State elects 1st female senator

By Sam Attlesey

AUSTIN — Republican Kay Bailey Hutchison became the first woman elected to the U.S. Senate from Texas on Saturday, wresting control of the seat from Democrat Bob Krueger in a landslide.

Ms. Hutchison propelled by huge vote margins in Dallas County and

THE RESULTS
6,446 of 6,486 precincts reporting

✓ Kay Bailey Hutchison	1,174,115	67%
Bob Krueger	567,154	33%



virtually all other regions of the state overwhelmed Mr. Krueger, 67 percent to 33 percent, with 99 percent of the precincts reporting.

The commanding victory by Ms. Hutchison, a one-term state treasurer, gives Republicans both of the state's seats in the U.S. Senate for the first time since 1875.

For Mr. Krueger, appointed to the post just five months ago, the defeat tags him with the dubious distinction of losing U.S. Senate races in each of the last three decades. He suffered losses in 1978 and 1984.

Ms. Hutchison, appearing before scores of supporters in Dallas, pledged to help break the gridlock in Washington and fight new taxes.

"We made history in Texas today; you placed your trust in me. I am grateful, and I will not let you down," she said.

"I go from Texas to speak for Texas not to become a part of the system in Washington. D.C."

At a subdued election night gathering at an Austin hotel ballroom, Mr. Krueger thanked his supporters, congratulated Ms. Hutchison and joked about being a lousy politician.

"I always said I wasn't a good politician. I guess I proved that. But let me say I do think I've been a very good senator," he said, drawing applause. "Cheer loud enough, we may get 40 percent."

He was flanked by his wife, Kathleen, their two daughters, and Gov. Ann Richards, who appointed Mr. Krueger to the post when longtime Democratic Sen. Lloyd Bentsen resigned to become U.S. treasury secretary.

Richards disappointed

Ms. Richards did not speak to the crowd of almost 200 supporters but later told reporters that she was saddened by the loss.

"You feel like he was a good guy and he ran as hard as he knew how. I just think it was a very, very tough one for him to try to win," she said, praising the demeanor of voters apathy among Democrats.

At her party, Ms. Hutchison said she would work with Ms. Richards on Texas projects. The mention of Ms. Richards drew boos from the crowd but Ms. Hutchison hushed them.

"(Texas Sen.) Phil Gramm and Ann Richards and I will work together," she said.

Ms. Hutchison joins six other women in the Senate — all but one are Democrats. Her win changes the partisan mix of the Senate — Democrats will have a 56-44 edge, still short of the 60 votes needed to break GOP filibusters.

Still, Republicans said Ms. Hutchison's election is expected to give that party a boost in its effort to win a majority in the upper chamber in the 1994 elections.

"There is a shot there to get a majority," said Gary Koops, spokesman for the National Republican Senatorial Committee which Mr. Gramm leads, who joined Ms. Hutchison at her victory party at the Lotwin Anatole.

Mr. Gramm said her election was a referendum on President Clinton's economic politics.

"If President Clinton's image-makers can put a good face on this defeat, they ought to become morticians," Mr. Gramm said. "This election was a clear referendum on President Clinton's tax and spend programs, and the people of Texas said no."

Tax pledge

Not long after the polls closed, Ms. Hutchison said "The first thing I'm going to do is find out when those (Clinton) tax bills come up, so that I can make sure I do everything possible to finish those off."

Texas Democratic Party Chairman Bob Slagle said the election was not a referendum on the president, but he conceded that some of the recent White House "misadventures" hurt Mr. Krueger.

"I don't know that anyone could have won under the circumstances as they came down these last three weeks. It's the misadventures, not just the troubles of the president," Mr. Slagle said.

"You don't sound much like a populist with a \$20 haircut. I don't care whether you held up airplanes

CONTINUED

Hutchison wins in landslide

Continued from Page 1A

CONTINUED

or not," the Texas party chief said. The Hutchison campaign had tried to link Mr. Krueger with Mr. Clinton even though the Democrat had voted against a key budget resolution because it contained an energy tax.

Although numerous members of the Clinton administration campaigned in Texas on Mr. Krueger's behalf, neither the president nor first lady Hillary Rodham Clinton made an appearance in the state.

In racking up the big win, the first special Senate election in Texas in 32 years, Ms. Hutchison drew a bigger percentage of the vote than any Republican victor running for governor or senator this century.

Ms. Hutchison, who already had made history by becoming the first GOP woman legislator in the 1970s and the first Republican woman elected to a statewide post in 1990, carried the vote by a large margin in almost every part of the state.

Even in traditional Democratic strongholds of East and South Texas, for example, Ms. Hutchison pulled more than 60 percent of the vote.

Outlook for '94

Ms. Hutchison will serve the remaining 18 months of Mr. Bentsen's term and must face re-election next year to serve a full six-year term.

Analysts said her landslide victory Saturday will make it difficult for Democrats to unseat her in 1994.

But former Democratic Attorney General Jim Mattox, who opted not to run in the special election indicated Saturday that he will consider challenging Ms. Hutchison next year.

As Mr. Krueger's election night party, Mr. Mattox was repeatedly asked whether he will run next year. "It's simply too early for me to make a decision like that," he replied, quickly adding, "I have a very strong interest in public service, whether it is elective or appointive."

Mr. Krueger said he did not know why he lost Saturday's race and when asked whether he would run again next year, he replied, "I haven't the faintest idea."

The showdown between Ms. Hutchison, 49, of Dallas, and Mr. Krueger, 57, of New Braunfels, was set May 1 when they finished one-two in the first round of voting in the special Senate election that drew 24 candidates.

Ms. Hutchison and Mr. Krueger each received 29 percent of the 2 million votes cast May 1, but the Republican had 99 more votes than the Democrat.

Analysts had predicted that Mr. Krueger would finish a strong first in the initial balloting because he was backed by the Democratic Party establishment, and Ms. Hutchison had to fight two strong GOP contenders in U.S. Reps. Joe Barton of Ennis and Jack Fields of Humble.

Tables turned

But with Ms. Hutchison's surprising first-place finish, Mr. Krueger immediately became the underdog in the five-week runoff campaign.

The Krueger campaign employed a variety of tactics in an effort to turn the race in his favor.

First, the Democrat tried to appeal to voters on the basis that he was a "lousy politician" but a good man and a great senator. He even donned a black leather jacket and sunshades and impersonated actor Arnold Schwarzenegger in a much-debated television commercial.

Then with the aid of White House political adviser Paul Begala, the Krueger campaign played up his position on health care — an issue that worked for a Democratic candidate in a special Senate election in Pennsylvania in 1981 and for Mr. Clinton in last year's election.

But the health care reform issue appeared to be too little and too late for Mr. Krueger.

In what the Hutchison campaign called a desperation tactic, Mr. Krueger went on the attack in the final two weeks of the campaign, accusing his Republican foe of abuse of office and official misconduct.

Mr. Krueger, citing major daily newspaper reports, said Ms. Hutchison may have committed a felony by allegedly offering a job to an unsuccessful candidate in the 1990 state treasurer race in exchange for an endorsement.

"She could go to the prison," Mr. Krueger said as he attempted to fan the fires against Ms. Hutchison, adding that Texans could be embarrassed by choosing someone who could be the subject of a grand jury investigation.

Both Ms. Hutchison and Tom Bowden, the unsuccessful treasurer candidate who endorsed her in 1990 and now works for her, denied the charges.

Campaign revisited

Three former campaign aides to Mr. Bowden took lie detector tests to try to prove their contention that he told them he had been offered a job in exchange for endorsing Ms. Hutchison.

Ms. Hutchison even submitted to a polygraph test early in the campaign to counter allegations that she struck employees and made them do personal and political work on state time.

Ms. Hutchison's lie detector test came in response to a polygraph test taken by Sharon Ammann, the daughter of former Gov. John Connally, who had accused the treasurer of striking her repeatedly with a notebook binder.

Polls indicated that the allegation had little impact on Texas voters.

Ms. Hutchison made opposition to Mr. Clinton's tax plan, particularly its energy tax, a centerpiece of her campaign, and Republicans said her victory should be a wake-up call to Southern Democratic senators.

Staff writers Silvia Moreno in Austin and Silvia Martinez in Dallas contributed to this report.

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The Dallas Morning News

JUN 06 1959



The Dallas Morning News Photo Service

Kay Bailey Hutchison accepts congratulations late Saturday from fellow Republican Sen. Phil Gramm. She de-

feated interim Sen. Bob Kraeger 67 percent to 23 percent, with 99 percent of the state's precincts reporting.

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San Antonio Express-News

SUNDAY
JUNE 6, 1993

FINAL ★

San Antonio's quality newspaper

Largest circulation in South Texas

Hutchison routs Krueger

GOP seizes both Senate seats for first time in 118 years

Democrat never caught fire

By Bruce Davidson
Express-News Staff Writer

Long before the polls closed Saturday, observers said interim U.S. Sen. Bob Krueger's ill-fated campaign was plagued by mixed messages, controversial ads and a candidate who never caught fire.

Another factor high on many people's list is President Clinton's shockingly rocky start, which was seen as a drag on Democrats, particularly in Texas.

Soon after Gov. Ann Richards named the 57-year-old New Braunfels Democrat as senator, Krueger wrapped up endorsements from the Texas AFL-CIO and State Democratic Executive Committee, and appeared to have a powerful, unified party behind him.

Analysis

But the campaign soon became unraveled and the fingerprinting began.

Local Democratic operatives complained about the lack of leadership in the Austin headquarters even before the May 1 election, which sent Krueger into the runoff in second place behind Republican Kay Bailey Hutchison.

Even Hutchison was surprised by her strong finish May 1, and Krueger said he was glad to be in second because it sent a wake-up call to Democrats who had assumed he was safe.

Democrats who argued that the Senate race wasn't a referendum

Election results		
Winner	Democrat	Republican
82% complete		
Kay Bailey Hutchison R	1,102,017	66%
Bob Krueger D	525,233	32%
100% complete		
Bob Ross	7,396	52%
Ramiro Cavazos	6,074	45%

EXPRESS-NEWS GRAPHIC

on Clinton may be right. But at a minimum, the Clinton administration thrust controversies — such as the issue of gays and lesbians in the military and new taxes — into

See KRUEGER/14A

Winner earns spot in Senate history for state

Associated Press

AUSTIN — Kay Bailey Hutchison, rolling up one of the largest winning percentages by a statewide Republican candidate in modern Texas history, Saturday became the first Texas woman elected to the U.S. Senate.

Hutchison's stunning defeat of appointed Democratic Sen. Bob Krueger gave the GOP both Senate seats for the first time since 1875.

"This election sends a very important message to the Congress and to the president," she said. "The people are tired of taxes. They want someone to get serious about cutting government spending and that's exactly what I intend to do."

■ Hutchison victory.....	14A
■ Krueger loss.....	14A
■ City Council.....	14A

Concerning his third Senate defeat in 15 years, Krueger said: "I always said I wasn't a great politician. I guess I proved that."

With 92 percent of the precincts reporting, Hutchison, the state treasurer, led Krueger 1,102,017 votes, or 66 percent, to 525,233, or 32 percent.

Hutchison's percentage compared with the 68.2 percent Sen. Phil Gramm received in his 1990 re-election.

Dallas oil man Bill Clements, the only Republican governor in the 200 century, received about 39 percent in winning his second term in 1991.

Gramm called Krueger's loss a blow to President Clinton and to Democratic Gov. Ann Richards, who had appointed Krueger.

Richards now will appoint a treasurer to serve until 1994, her office said.

"If Bill Clinton and Ann Richards can put a pretty face on this devastating defeat, they ought to be morticians instead of politicians," Gramm said.

Senate GOP leader Bob Dole, R-Kan., echoed Gramm's sentiments.

"Kay Bailey Hutchison's election sends a powerful message to all of us — and especially to the president — to cut spending first," Dole said.

Texas Democratic Party Chairman Bob Single said Krueger was

See HUTCHISON/16A

JUN 06 1993

Hutchison victory makes her first Texas woman senator

Continued from 1A

saddled with Clinton's recent spate of problems.

"It was a lot like trying to swim with a battleship anchor strapped on your back," Slagle said.

Clinton lost Texas to adopted son George Bush in 1992.

Krueger, 57, who lost Senate races in 1978 and 1984, had been appointed by Richards in January as Lloyd Bentsen's temporary replacement when Clinton named Bentsen U.S. Treasury secretary.

Hutchison, 49, made opposition to Clinton's tax plan, particularly its energy tax, a centerpiece of her campaign.

Republicans said the election should be a wakeup call to Southern Democratic senators to part company with Clinton on those issues.

Hutchison's victory also cut the Democratic margin in the Senate to 56-44. It gives the Senate a record seven women members, five Democrats and two Republicans.

Hutchison said her status as a

Washington outsider made her the most qualified to represent Texans' anti-tax, anti-spending attitudes.

"We're talking about taxes and spending and jobs," she said earlier in the day. "I'm very pleased because I think the people of Texas really know who I am."

The election was the biggest Capitol Hill race since Clinton took office.

Republicans portrayed a vote for Hutchison as a vote against Clinton. Krueger had tried to dis-

lance himself from the president, voting against Clinton's budget proposal.

Gramm said the vote showed taxpayers' attitudes about the new administration.

"This election was nothing if not a clear repudiation of everything that Bill Clinton is trying to do in Washington," Gramm said.

It was the first special Senate election in Texas since 1961, when John Tower became the state's first Republican senator since Reconstruction.

Krueger is a former literature professor and college dean who served two terms in Congress in the mid-1970s before falling in 1978 to unseat Tower.

Krueger was serving on the oil-regulating Railroad Commission when Richards named him to the Senate.

Hutchison is a former television reporter, state legislator and candy company owner who won her statewide post in 1990.

She finished 59 votes ahead of Krueger in a 24-candidate special election on May 1. As the top two vote-getters, they advanced to a runoff.

A major issue in their month-long runoff campaign was health care.

But the race included much more — name calling, lie detector tests and a wacky ad in which Krueger impersonated Arnold Schwarzenegger's "Terminator" character in an effort to dispel his professorial image.

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Krueger never caught fire with voters

(Continued from 1A)
the Senate race debate.

Krueger distanced himself from Clinton on fiscal matters, while at the same time arguing that the state needed a Democrat with White House access.

Krueger clearly got caught in a crossfire by jumping out in favor of lifting the ban on gays and lesbians in the military, and then moderating his position.

Jerzy Polinard, a veteran political scientist at the University of Texas-Pan American, said the problems started with Krueger, picked by Richards for the post after several other contenders dropped out of the running.

"I think his campaign was probably dead before arrival. From the minute he was nominated, everybody talked about this not being the Democrats' best foot forward," Polinard said.

He added that Krueger "obviously wasn't the best choice" for the party.

Political science Professor Richard Gambetta of the University of Texas at San Antonio added: "The selection by Ann Richards was not a good one. The Democratic candidate needed to

How Bexar voted in Senate race		
100% complete		
Key Bailey Hutchison	79,272	61%
Bob Krueger	51,002	39%

be someone who could increase participation."

Republican political consultant John Weaver agreed.

"The first problem was the candidate himself. While he seems to be an honorable person, his campaign skills are at an all-time low," he said.

In mid-May, the Krueger campaign tacitly acknowledged the candidate's problems by airing ads that proclaimed he was a lousy politician, but a great senator.

Those humorous ads including one that featured Krueger posing as the "Terminator" in a leather jacket and wraparound sunglasses.

The new approach disappointed many street-level Democratic activists.

The ads sought to make light of the fact that Krueger was more apt to quote William Shakespeare than Willie Nelson.

For a time preceding the ads, the Elizabethan scholar continued to quote Shakespeare against the advice of his consultants.

With the image of a Shakespeare-quoting intellectual running counter to most Texas voters, the ads attempted to make Krueger seem like a regular guy.

The Krueger campaign message jumped from eliminating government waste, to bashing Hutchison, to the lousy politician/health-care phase and back to bashing Hutchison.

"There were too many mixed messages," Gambetta said.

The changing messages appeared to be either a sign of poor planning, or an internal recognition that Krueger was in deep trouble.

Hutchison spokesman Dave Beckwith compared the "Terminator" ad to a "Hail Mary" pass in football.

Krueger, who lost previous bids for the U.S. Senate in 1978 and 1984, had a voting record as a House member in the 1970s that was conservative enough to allow Democratic foes in the May 1 race to argue that he was a closet Republican.

With his congressional record a handicap with many Democrats, Krueger initially aimed for the middle class and Ross Perot's reform voters with calls to eliminate government waste and the decision to cut his own salary.

But particularly before May 1, Hispanic leaders in South Texas complained that the Krueger campaign was ignoring the key minority base that has fueled many Democrats.

"He forgot his traditional Democratic base before the May 1 election: That's working-class Democrats of all races," said Bob Bricchetto, executive director of the Southwest Voter Research Institute.

Bricchetto added: "He really didn't do the type of work necessary to get that base mobilized and out to vote. This is a special election. Even after May 1 it was catch-up work, and it was too little, too late."

Krueger should have worked first to get the Democratic base to the polls and then wooed independents and Republicans "on the edges," Bricchetto said.

9 5 0 4 3 6 9 1 9 6 3

ELECTION '93

Democrats discouraged about defeat

By Bruce Davidson
Express-News Political Writer

AUSTIN — Texas Democrats here were disappointed, but not surprised Saturday night as interim U.S. Sen. Bob Krueger went down in flames.

But along with Krueger being ousted, the Democrats lost their only U.S. Senate seat from the Lone Star State.

Krueger's election night party at the Capitol Marriott hotel drew a light crowd, and while the Democrats expressed disappointment, they weren't surprised.

"You know it's sad. You feel like he was a good guy, and he ran as hard as he knew how," Gov. Ann Richards said.

Richards added, "There was no visible interest, and I can't say why."

Krueger gave a gracious concession speech, urging all Texans to work together with Hutchison on Texas projects.

Saying his brief months in the Senate had been a privilege, Krueger told his workers and volunteers the loss wasn't their fault.

"I always said I wasn't a great politician, and I guess I've proved it. I do think I've been a good senator," said Krueger as his teary-eyed wife, Kathleen, stood behind him with their two daughters and Richards.

“ I always said I wasn't a great politician, and I guess I've proved it. I do think I've been a good senator. ”

— Democratic Bob Krueger, who lost election

After his speech, Krueger plunged into the crowd to thank his supporters. Asked if he will ever seek office again, Krueger said, "I haven't the faintest idea."

When the devastating numbers began rolling in earlier, Krueger's staff showed disappointment.

"Oh, s---," said one Krueger press aide upon hearing the early vote totals from Bexar County.

Bill Cryer, spokesman for Richards, who appointed Krueger as interim senator, said it was hard to tell exactly why Republican Kay Bailey Hutchison was rolling up such big numbers over Krueger.

Hutchison carried Bexar County by a 3-2 margin.

Krueger didn't carry his home county, Comal, which Hutchison took 2-1 in a 36 percent turnout — slightly higher than in the May elections.

Cryer dismissed the notion the election was a referendum on President Clinton.

When asked if the governor's

standing was affected, he said: "No. I don't think so. People stand on their own."

Greg Hartman, Krueger's campaign manager, said a variety of factors hurt the Krueger campaign.

He said Clinton's low approval ratings in Texas and the need to keep peace with Clinton to please the Democratic base put the campaign in a squeeze.

Hartman said the Krueger campaign was walking a tightrope, "and we fell off."

San Antonian Jimmy Willborn, who block walked for Krueger all day in Bexar County before joining the faithful few at the Austin reception, said: "I think they really turned this thing into a referendum on Clinton."

Willborn, director of the Texas Narcotics Control Program in the governor's office, said he was tired Saturday night, but he journeyed to the Austin party because he had made a commitment.

The gallows humor that helped

the Krueger team survive the final days of the faltering campaign surfaced in abundance Saturday night.

When the band began playing a song called "Hey Niastson," one Krueger aide said: "They're playing 'Hey, Niastson' points down."

Meanwhile, Jim Mattox, who almost entered the special Senate election, but backed down under extreme pressure from the Democratic establishment, held forth for the media.

Asked about 1994, Mattox said: "I don't have any plans right now."

Of course, he added, "I've made no secret that I'm interested in public service either elected or appointed."

Mattox said Democratic Party leaders need to meet in a summit and to get together behind a 1994 Senate candidate "whether it's me, or whether it's some other individual."

For Krueger, Saturday's loss marked his third unsuccessful try for the U.S. Senate. The 57-year-old Democrat scored his only statewide victory in a 1988 race for the Texas Railroad Commission.

The Democrat started his day by serving breakfast to volunteers in San Antonio and then attending a rally for Kelly AFB, where he was ignored by U.S. Sen. Phil Gramm.



Appointed U.S. Sen. Bob Krueger receives a hug from his wife, Kathleen, after he conceded the runoff election Saturday in Austin.

95043691964

Austin American-Statesman

SUNDAY, JUNE 6, 1983

PUBLISHED SINCE 1871

HUTCHISON WINS KRUEGER BURIED IN SENATE LANDSLIDE



Kay Bailey Hutchison, celebrating in Dallas, vows to make Congress get serious about cutting government spending.

Texas' first woman senator says voters sent a message

By David Elliot
American-Statesman Capitol Staff

Kay Bailey Hutchison walked atop interim U.S. Sen. Bob Krueger on Saturday, capturing two-thirds of the vote in a special election that Republicans sought to cast as a referendum on President Clinton's first months in office.

Hutchison, 49, who now serves as state treasurer, becomes the first woman in Texas history to capture a seat in the U.S. Senate. It also is the first time since Reconstruction that Republicans have held both of Texas' U.S. Senate seats. And Hutchison, who will be sworn in this month, will become the seventh woman in the U.S. Senate, also a record.

Krueger, 57, who has lost bids for the U.S. Senate three times in three different decades, had tried

to make health care the central issue in the campaign, especially after a backluster showing in the May 3 election, when he captured only 29 percent of the vote in a field of 23 candidates.

It didn't work. Hutchison campaigned almost exclusively on the theme of reducing government spending. She also stressed campaign reform, including ending free mail for members of Congress and limiting terms for officeholders.

The contrast between Krueger's election night party in Austin and Hutchison's in Dallas could hardly have been more striking.

In Dallas, Hutchison claimed victory with about half the vote counted.

"I'm going to try to make Con-
See Hutchison, A13

Hutchison wins seat in election landslide

■ Krueger concedes Senate race after lackluster campaign, poor showing

Continued from A1

gress get serious about cutting government spending," she said. "And I'm also going to speak for the small-business people to try to get the mandates and the regulations off their backs because if we can do that, we'll create the real jobs that are permanent jobs that will make this economy get going again."

Hutchison said the election "sends a very important message to the Congress and to the president. The people are tired of taxes. They want someone to get serious about cutting government spending and that's exactly what I intend to do."

Joining her was U.S. Sen. Phil Gramm, who campaigned exhaustively on Hutchison's behalf, pouring employees and money into the GOP effort. Gramm labeled Krueger's thrashing a defeat for Clinton as well.

"If Bill Clinton and Ann Richards can put a pretty face on this devastating defeat, they ought to be morticians instead of politicians," he said.

In Austin, some members of Krueger's staff resigned themselves to defeat before a single vote was counted. They retreated to the hotel bar, and alternately watched a hockey game and the Texas Longhorns playing in the College World Series.

Krueger, along with his wife, Kathleen, and two children, and Gov. Ann Richards came to the podium at the Austin's Marmott at the Capitol at 9:05 p.m. to concede defeat.

"The first thing I want to do is congratulate Kay Bailey Hutchison," Krueger said. "Let's get behind her because Texas needs two senators working for the benefit of

this state."

Krueger said he will do everything he can to make sure the transition is smooth. "I always said I wasn't a great politician, and I guess I've proved that," he said. "But I do think I've been a good senator."

When the crowd cheered loudly, he said, "Cheer loud enough and we may get 40 percent."

Krueger thanked his campaign workers and said it was not their fault he did not poll 50 percent. "Don't in any way blame yourselves that I didn't get 50 percent — that's not your fault," he said.

Richards, who after Lloyd Bentsen became Treasury Secretary appointed Krueger to fill the Senate seat until the special election, tried to leave the ballroom without speaking, either to the assembled Democrats or to dozens of reporters. But reporters surrounded her before she could exit through the kitchen.

"I just think it was a very, very tough election to win," Richards said. "There was no visible interest, and I can't say why."

Asked if losing a Democratic senator and gaining a second Republican senator would hurt Texas, Richards replied: "I've known Kay for a long time, and I think she'll work very hard."

Bob Slagle, chairman of the Texas Democratic Party, said Clinton did not help matters. He said Clinton's blunders, including tying up one of the nation's busiest airports while getting a haircut aboard Air Force One, did not give the White House the type of populist image Texas Democrats needed.

"It created a climate under which it was very difficult for us to wage a campaign," Slagle said. "I think it would have been very difficult for anyone to win given the confluence of events over the last few weeks."

Former Texas Attorney General Jim Mattox, who was roaming around the Krueger gathering in Austin, said he is not sure any Democrat could have won this election.

He said it came as a "very great shock" to Krueger's staff when Hutchison crept past Krueger in the May 1 election, leading him into a runoff by 99 votes. Mattox added that the special election was blurred by events the world over — fallout from the Branch Davidians, Clinton's haircut and even the unraveling situation in Bosnia.

Hutchison won in Austin and in every region of the state, including Central, South and East Texas — normally Democratic strongholds.

Her weakest area was South Texas, but she still captured about 60 percent of the vote. Her strongest area was the conservative Panhandle, where she racked up about 80 percent of the vote.

For the future, Democrats held out hope that Hutchison will stumble, particularly over accusations that she hired a former candidate for state treasurer in exchange for his endorsement.

Hutchison will have to stand for re-election next year, a challenge that Slagle called "a whole new ballgame."

But Fred Meyer, chairman of the Republican Party of Texas, said Saturday's election results portend a new coalition of urban Republicans, rural conservatives, women and Hispanics. He noted that Hutchison was leading narrowly in Hidalgo County and had a wide lead in Cameron County, two counties with a majority of Hispanic residents.

"I feel very good about this, and it's another failure for Governor Richards," he said.

Richards now must appoint a replacement for Hutchison at the Treasury Department. Her appointee will serve until the general election next year.

Staff writers Dave McNeely and Jan Sansbury contributed to this report.

95043691965

KBH

Election another first in Hutchison's career

■ A longtime longshot becomes Texas' first woman in the U.S. Senate

By David Elliot
American-Statesman Capitol Staff

From the start, Kay Bailey Hutchison's political career has been one of firsts.

First Republican woman elected to the Texas Legislature in 1972. First Republican woman elected to statewide office in 1990, when she succeeded Ann Richards as Texas state treasurer. First Republican woman from Texas to serve as temporary chair of the Republican National Convention in 1992.

And now, the first woman elected to the U.S. Senate from Texas.

On the campaign trail, Hutchison often recalled a visit that a U.S. senator once made to her hometown of La Marque, a labor stronghold and Democratic bastion in Galveston County on the Gulf of Mexico. At that time, Hutchison is fond of saying, her late father — a Democrat — didn't think women could be elected to the U.S. Senate.

In 1990, Hutchison became the first Republican candidate for statewide office to carry La Marque. And she did it again Saturday.

Until this race, almost every campaign Hutchison has waged has been a come-from-behind affair. Saturday night, she clinched her fifth election victory out of six attempts.

She always has believed in longshots. In 1963 and 1964, she was a cheerleader at the University of Texas — when UT won the national championship in football. She went on to law school at UT, but when she graduated, she recalls, the legal profession was virtually closed to women.

So, on a lark, she went into journalism, becoming a political reporter for KPRC-TV in Houston. She was not a Democrat or Republican then. In fact, she eschewed party primaries, afraid that someone would catch her voting in one and would label her as a party member.

When she won a seat in the Texas Legislature in 1972, it was the

first time Harris County had elected state representatives from single-member districts. Before, they always were elected at large. Hutchison did not leave much of a mark in the Texas House during the two terms she served there, but her voting record was consistent.

Afterward, she tried her hand at business. Hutchison served as general counsel and senior vice president to RepublicBanc Corp. She later founded Fidelity National Bank of Dallas and eventually bought a candy company.

Along the way, she married Ray Hutchison, a bond lawyer who ran unsuccessfully for Texas governor in 1978. Ray Hutchison has two children, Kay Bailey Hutchison has none.

The only time Hutchison didn't win an election was in 1982 — when she lost a hotly contested race to represent a Republican-dominated Dallas congressional district. Steve Bartlett, now the mayor of Dallas, won that race.

In 1990, Hutchison came from behind in the final week of the campaign to defeat Democratic nominee Nikki Van Hightower for state treasurer. Her election — coupled with a strong re-election effort by U.S. Sen. Phil Gramm and a surprise victory by Agriculture Commissioner Rick Perry — was just about the only good news for Republicans in Texas that year, as Richards surged past West Texas oilman Clayton Williams to capture the Governor's Mansion.

Through the years, Hutchison has weathered her share of controversies. First, she contended with allegations that an employee of the Treasury Department used a state computer to keep fund-raising records and mail thank-you letters.

Then, as the U.S. Senate race heated up this year, she denied allegations that she struck one employee with a notebook and used other employees to conduct her personal business on state time.

Finally, in an allegation that might dog her as she seeks re-election next year, Hutchison has been accused of offering a job to an unsuccessful Democratic candidate for state treasurer in exchange for his endorsement. She has denied that charge.

For now, however, Hutchison can savour another first.

And her father would have been proud.

95043691966

95043691967

Fort Worth Star-Telegram

LONG STAR

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Fort Worth, Thurs. - 11/19/93

ESTABLISHED 1857

Hutchison takes it in a landslide

Texas elects woman to Senate for 1st time

By JOHN GONZALEZ
Fort Worth Staff Writer

Republican Texas Treasurer Kay Bailey Hutchison trounced incumbent U.S. Sen. Bob Krueger, D-Texas, in yesterday's runoff election for the remaining 18 months of Lloyd Bentsen's Senate term.

Hutchison will be sworn in as Texas' first female senator by next week, and for the first time since 1875, Texas will have two Republicans in the upper chamber. She will be the seventh female member of the Senate.

In a race watched around the nation as the first referendum on the Clinton presidency, Hutchison outpolled Krueger 2-to-1. The outcome was apparent soon after polls closed because of a light turnout representing just one-fifth of the eligible voters.

Hutchison and U.S. Sen. Phil Gramm, R-Texas, rejoiced at the Lewis Anatole Hotel in Dallas.

"I think we were talking about the issues and we ran a positive campaign," Hutchison told supporters. Although she described the contest as "a race between Bob Krueger and me," she also said the results sent a message to Washington that Texans were not happy with Clinton policies.

Gramm agreed, saying, "If Bill Clinton and Ann Richards can put a pretty face on this devastating defeat, they should be morticians, not politicians. This election is going to send a signal, and Texas got a

CAMPAIN '93	
Statewide precinct reporting — 67%	
STATE SENATE	
Candidate	Vote
Kay Bailey Hutchison, R.	1,048,087
Bob Krueger, D.	808,014
Statewide turnout	18%
Tarrant County totals	
Kay Bailey Hutchison, R.	85,185
Bob Krueger, D.	39,057
Tarrant turnout	29%
MAYOR RACE	
Tulsa	
Mary Lib Salek	2,341
Neal Adams	1,875
WALTON CITY	
Trise Foster	1,888
Henry Wynn	1,888
CITY COUNCIL	
Tulsa, Place 4	
Charles Miller	2,726
Janice Ginn	1,119
Colleyville, Place 1	
Jim Alvo '93	1,704
Judy Atwood	1,401
*All figures are complete, but unofficial.	
Fort Worth Star-Telegram	

chance to do something for the whole country."

Hutchison dominated Krueger not only in every metropolitan area of Texas but in key rural areas of East and South Texas.

In Tarrant County, Hutchison led 68 percent to 32 percent, mirroring statewide totals.

(More on SENATE on Page 2B)

Lone Star

Fort Worth Star-Telegram

Fort Worth, Texas ★ Where The West Begins

Price \$1.25

SUNDAY, JUNE 6, 1993

Hutchison takes it in a landslide

GOP chiefs revel in easy win

Party leaders portray the newly elected senator as a symbol of turnaround for Republicans.

BY MAX B. BARNER
Fort Worth Star-Telegram

DALLAS — Kay Bailey Hutchison stood amid the balloons, big flags and band music last night celebrating the victorious end of her exhausting five-month campaign for a Texas U.S. Senate seat. For Hutchison and her family, it was a particularly glorious moment.

But rejoicing along with her were leaders of the national Republican Party, many of whom portray Hutchison as the symbol of a reinvigorated party that seven months ago was in a deep funk about losing the presidency.

Although Democrats described her as the Breck Girl, Republicans have been calling her The Franchise. To GOP leaders, Hutchison embodies the political savvy and determination needed to rebuild the Republican Party.

"I think we are seeing a broadening of the base of the Republican Party," said fellow Texas Republican Sen. Phil Gramm. "She has contributed to that."

Brian Bercy, one of Hutchison's campaign managers, said her victory should be a signal to party members, and others, that the GOP intends to concentrate on emphasizing national defense, creating jobs, reducing spending and spending less time on divisive social issues such as abortion.

"This election is a wake-up call to get back to the core messages of peace and prosperity, not only in Texas, but around the country," Bercy said.

Hutchison benefited from substantial support by the national GOP, which decided to use her campaign to send a message to the Clinton administration and Republicans as well.

The national party sent a team of handlers from Washington, and they helped Hutchison raise the \$5

million she spent on the race — about \$1 million in the last few weeks. Kansas Sen. Bob Dole and Nancy Landon Kassebaum, as well as former Housing Secretary Jack Kemp, jumped for Hutchison.

Her political consultants said the campaign strategy included reaching out to independents and conservative Democrats.

To do so, Hutchison presented a relatively moderate message on abortion, appointments to the federal bench and the U.S. Supreme Court. And one and she would support President Clinton when she thought he was right on an issue.

Hutchison also sought out voters in East and South Texas and courted independents who had supported Ross Perot. Through it all, she presented herself as a Washington outsider, despite a long political pedigree in the national and state party going back to the Nixon White House.

After her narrow lead on May 3, to dispel her image as a country-club Republican, Hutchison made her

first stop at a Teamsters union hall in Dallas.

To get out the vote, Hutchison also campaigned nonstop from the day she announced until the polls closed yesterday.

Hutchison is the kind of candidate the party should try to replicate, said Ann Stone, chairwoman of Republicans for Choice.

"She strikes a mainstream appeal on issues," Stone said. "She is being viewed as a symbol of the kind of Republican that can win."

Kemp, who has been stumpng for the presidency and the party's 1994 congressional candidates, said that Hutchison not only opposes Democratic tax and spend policies, but also proposes an agreeable agenda for change.

"I think the American people are in the center," Kemp said during a recent campaign appearance in Fort Worth for Hutchison. "In my view, extremism isn't healthy in politics, it isn't healthy for a country, and it leads to the type of electoral losses that shrink a party."

Senate

From Page 1

Continued

Krueger watched the dismal results in Austin, where Gov. Ann Richards joined him. He wanted to concede the election well after the outcome was obvious, promising to work with Hutchison on a smooth transition and to continue lobbying for Texas aerospace and defense projects.

"I always said I wasn't a great politician. I guess I proved that," Krueger said.

"There are lots of things all of us need to work on together — the budget, the super collider, the space station, the military bases. We need all of us together behind them," Krueger said.

He said his main legacy as a senator will be his federal judicial nominations, which included several women, Hispanics and African-Americans.

Richards appointed Krueger as Bentsen's replacement in January, when Bentsen was named to Clinton's Cabinet as treasury secretary. Bentsen had held the Senate seat since 1971.

"The Democratic Party is not the loser tonight. The people of Texas are the losers," said Ed Martin, executive director of the Texas Democratic Party.

Martin predicted that Hutchison could have a tough time holding onto the Senate seat when she runs for a full term next year.

"If we find out she's not a felon and she's allowed to serve, she's going to have to start casting votes, and she won't be able to be on both sides of the issues anymore, like she was on [abortion] choice, Head Start and child immunization. She can't just be the Breck Girl," Martin said.

Former Texas Attorney General Jim Matton, is among the Democrats already eyeing a possible 1984 race against Hutchison. Martin said one factor in the Democrats' favor is that a full slate of popular Democrats, led by Richards, Lt. Gov. Bob Bullock and Comptroller John Sharp, will be on the same ballot.

But Republicans leaders are thinking ahead to that fight too.

"We're going to take Texas back to a one-party state, and it's going to be the Republican Party," said Texas Railroad Commissioner Barry Williamson, a Republican.

Krueger's political plans are uncertain.

He was sworn in as Bentsen's replacement Jan. 27 and quickly conceded that he had a tough race on his hands because his fate was inextricably linked with Clinton's struggling new administration.

The special election of May 1, which was largely overshadowed by



Kay Bailey Hutchison, greet supporters after yesterday's runoff election in Dallas.

the tragic 51-day Branch Davidian siege in Waco, drew 23 other candidates, including a flock of up-and-coming Republicans. Hutchison outpolled U.S. Reps. Joe Barton, R-Ennis, and Jack Fields, R-Humble, to secure the runoff slot against Krueger, whom she beat by 99 votes.

As Krueger campaigned, he tried to appear both independent and supportive of Clinton. His most often-repeated line was a quote, not from William Shakespeare, but from Sam Houston — "Do right and risk consequences."

Krueger, 57, of New Braunfels, studied Elizabethan literature at Oxford University in England and taught at Duke University in North Carolina before entering politics 20 years ago. He served in the U.S. House from 1975 until 1979 but lost campaigns for the Senate in 1978 and 1984. He also served as ambassador-at-large for Mexican affairs in Jimmy Carter's administration.

He gave up a six-year elected term on the Texas Railroad Commission, which regulates the oil and gas industries, to accept the Senate appointment.

Hutchison, 49, is an attorney who worked as a Houston television station's legal affairs reporter from 1968-71 and became the first Republican female member of the Texas House when she was elected in 1972.

She served two terms in the Legislature and left office in 1977 to concentrate on her legal career and small-business enterprises. Hutchison stayed involved in GOP politics but resisted the lure of public office until 1978, when she became the

first Republican woman elected statewide in Texas.

Her following was a mix of conservative and moderate Republicans, the kind of supporters known to vote early. In Tarrant County, for example, Hutchison drew 22,948 early votes compared with 14,271 for Krueger — a 2-1 spread.

Hutchison campaigned on a couple of simple themes — that Texans wanted a change in Washington, and not the kind that Clinton represented, and that Texans wanted someone to cut the federal deficit before asking for new taxes.

With a well-financed campaign, she traveled extensively throughout the state, relying on a network of county-based offices to get out the vote. That effort was complemented by a multimillion-dollar advertising campaign that portrayed Hutchison as an efficient and conservative fiscal manager.

Krueger's mass-media message was likewise carefully calculated. He tried to position himself far from his liberal past by emphasizing his independence, his efforts to cut his own office budget and his proposal to do more audits of federal agency spending.

But soon into the runoff contest, it was clear that Krueger was losing ground to Hutchison forcing him to take a drastic step that will long be analyzed because its impact was not clear. Krueger donned a black leather jacket and wraparound sunglasses during a commercial in which he poked fun at his own trumpy image.

"Was it Shakespeare who said 'Hasta la vista, baby'?" he asked.

CONTINUED

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Fort Worth Star-Telegram

CONTINUED

mimicking Arnold Schwarzenegger's "Terminator" character and his own penchant for quoting the famous playwright.

But even that memorable tactic was an easy target for Hutchison to exploit. She quickly responded with an ad in which voters disagreed with Krueger's assessment that it was his clothes or body that turned off people. Hutchison's oft-repeated punch line became "Hasta la vista, Bobby."

Krueger attempted late in the

campaign to shift the attention from personalities back to issues by targeting health-care concerns as his primary issue, while his operatives waged an attack on Hutchison's official past.

They got unexpected help from Hutchison detractors within the GOP who alleged that she had angrily struck an employee, used state workers to do personal tasks and hired a former Democrat after he had endorsed her campaign in 1990.

None of the charges against

Hutchison seemed to turn the tide against her, although prosecutors in Austin have shown an interest in the claims that Hutchison hired former San Saba County Judge Tom Snowden after he endorsed her.

Hutchison will be sworn in by Vice President Al Gore, who presides over the U.S. Senate, after he receives the canvassed election results from Richards. Richards must certify the outcome sometime between June 8-12, so it's possible she could take office by the end of this week.



Sen. Bob Krueger and his wife, Kathleen, pose for breakfast at volunteer headquarters in San Antonio.

95043691270

GOP celebrates Hutchison's election to Senate seat

BY RON HUTCHISON

Fort Worth Star-Telegram/Washington Bureau

WASHINGTON — Jubilant Republicans hailed Kay Bailey Hutchison's election yesterday as a slap at President Clinton while Democrats warned of potential problems for Texas projects.

"Kay's election sends a very clear signal to Washington, D.C.," said Sen. Phil Gramm, the state's senior Republican senator. "It's an anti-tax, anti-spending message. I think it sends a shock wave through the Senate."

In picking Hutchison over Democrat Bob Krueger, Texans ended a 32-year tradition of dividing the

state's Senate seats between the two major political parties. Democrats said the change is likely to complicate efforts to promote Texas projects, especially since their party controls both Congress and the White House.

"It makes it harder for the state to get things done. It doesn't mean it's impossible, but it makes things harder," said Rep. Martin Frost, a Dallas Democrat. "There are a lot of things that a Democrat would have been in a position to do for the state that a Republican is not."

But Frost and other observers said the change of power in the Senate is not likely to play a decisive

role in the two biggest Texas projects, the Superconducting Super Collider and the space station.

"It has an impact. The question is to what degree," said Mike Griso, a Washington lobbyist whose clients have ties to both projects. "It would help to have a Democratic senator. Would it make the difference? I don't think so."

Lawmakers from both political parties agreed that President Clinton is unlikely to abandon the Texas projects as a result of Hutchison's victory. Frost said he met with administration officials last week to reaffirm their support for

the SSC regardless of the election outcome.

"As long as the administration is actively engaged, we're OK," the Dallas congressman said.

Even without a Texas Democrat in the Senate, lawmakers said Clinton has solid political reasons to push the collider and the space station. At the top of the list is Gov. Ann Richards, a friend of Clinton's who is up for re-election in 1994.

In addition, the state still has 21 Democratic House members, including three powerful committee chairmen.

"The president can't very well turn his back on Texas," Gramm

said.

On the other hand, House Democrats are likely to have a more difficult time getting a friendly hearing in the Senate for pet proposals in their home districts.

Relations between House Democrats and Gramm, a former Democratic House member, have never fully recovered from his party defection in 1983. Attempts by Democrats to warm up to Hutchison will be complicated by her being up for re-election again next year.

In winning the Senate seat formerly held by Democrat Lloyd Bentsen in yesterday's special election, Hutchison earned the right to

serve only until the end of Bentsen's six-year term.

"It will make it tough for us in the House," said Rep. J.J. "Jake" Pickle of Austin, a 30-year House veteran. "Who's going to carry our flag, our projects that we're interested in?"

The short break before the next election also means that the state's new senator should not expect a warm welcome from her Democratic colleagues in Washington.

"They're not going to do her any favors," said Rep. Joe Barton, R-Ennis. "It's the major leagues. Kay will have to be prepared to take her swings at the plate and hope she doesn't strike out."



Fort Worth Star-Telegram MICHAEL A. QUINN

Kay Bailey Hutchison, soon to be Texas senator, flourishes her ballot after voting in her Dallas precinct.

95043691972

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SPORTS DAY II, PAGE B-15

Foreman making final bow of colorful career



Why Jeff Goldblum

thinks 'Jurassic Park' is a super-saurus movie

PAGE G-1



Handy chart helps you track hurricane season

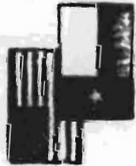
NEWS, PAGE A-12

Weather

Clear
Partly cloudy and humid
High 94, low 75
Details, page A-38

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SUNDAY, June 6, 1993

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★ ★ FINAL EDITION

Hutchison in landmark victory

Texas elects first woman to Senate

2-1 landslide makes Krueger 3-time loser

BY KEN HERMAN
POST AUSTIN BUREAU

In a landmark landslide, Texans elected Republican Kay Bailey Hutchison to the U.S. Senate on Saturday, making interim Sen. Bob Krueger a three-time loser and giving the state its first woman senator ever and first all-GOP Senate delegation since Reconstruction.

By a 2-1 margin, voters ended a 23-year tradition of sending one Democrat and one Republican to the U.S. Senate. Continued, however, was a tradition — dating back 15 years — of denying Krueger an elected seat in the Senate.

With 92 percent of the 6,406 precincts reporting, Hutchison

- County by county breakdown of how Texans voted/A-28
- Victory highlights career of political fists/A-32

had 68 percent of the votes.

"We made history in Texas today," Hutchison told supporters Saturday night in Dallas.

Hutchison told reporters she was not surprised by the margin of victory.

"I thought it would be wide. I think people were reacting against his negative campaigning and they wanted someone who would speak about the issues," she said.

"This election sends a very important message to the Congress and to the president. The people are tired of taxes. They want someone to get serious about cutting government spending and that's exactly what I intend to do," said Hutchison.

In Austin, Krueger, 57, conceded early, telling supporters, "I always said I wasn't a great politician. I guess I proved that. But let me say what I do think I've been a very good senator."

Hutchison was leading in all geographic regions. The only metropolitan area in which Krueger led was Beaumont.

Krueger even lost his home county, Comal, by a better than 2-1 margin.

The Hutchison landslide surpassed the impressive percent-

Please see HUTCHISON, A-28

CONTINUED

HUTCHISON: Texas elects first woman senator in landslide vote

From A-1

ages collected by former Democratic Sen. Lloyd Bentzen and current Republican Sen. Phil Gramm in races dating back to 1982. It was the widest margin in a Texas Senate race since Ralph Yarborough grabbed 75 percent in winning re-election in 1958.

"We stuck to the message. I think we were tempted to get off course, but we didn't," Hutchison said, referring to allegations that dogged her throughout the campaign and that could become fodder for a criminal investigation.

Hutchison and Krueger advanced to the Saturday runoff by running 1-2 in the 24-candidate May 1 special election. Krueger, appointed in January by Gov. Ann Richards when Bentzen became Treasury secretary, held a seat occupied by a Democrat since 1875.

"It was a very, very tough one for him to try to win," said Richards. "There really was no interest. There was just no visible interest."

Hutchison, who in 1990 became the first female Republican to hold statewide office when she was elected treasurer, will serve the remainder of Bentzen's term, which continues through 1994. She will face re-election next year, beginning with the March primary. Several Democrats may seek the job, including former Attorney General Jim Mattox and possibly Richards, who is planning to seek re-election next year but could be pressured by some Democrats to challenge Hutchison instead.

Hutchison will be replaced as treasurer by a Richards appointee. Among the names on the short list are Lottery Director Nora Lanaret, Alison Leland of Houston, former Richards aide Mary Beth Rogers and ex-Brownsville Mayor Ygnacio Garza.

The new senator's first hurdle could be a legal one. Travis County prosecutors are collecting information about a series of allegations leveled against Hutchison during the campaign, including reports that she misled state employees and traded a state job for an endorsement.

"She is probably going to face a grand jury inquiry now as a result of these allegations that were raised in the campaign," Mattox said Saturday night.

Hutchison scoffed at talk of a grand jury probe.

"There is nothing there. That was cheap political maneuvering and I think everybody saw that, particularly the people of Texas," she said.

Travis County District Attorney Ronald Earle, sticking to his policy of not getting involved in elections, has declined to say whether his office will conduct a

formal investigation of Hutchison.

The election marked another major Democratic defeat in Texas. President Clinton carried only 37 percent of the state's vote last November, and recent polls show his popularity is even lower now.

"If Bill Clinton and Ann Richards can put a pretty face on this ugly corpse," Gramm said of the Saturday election results, "they ought to be morticians instead of politicians."

In his five months in Washington, Krueger distanced himself from Clinton on major fiscal issues. Unsure whether it would help or hurt Krueger, Clinton stayed away from Texas during the Senate race.

The victory was a tribute to Hutchison's ability to maintain her message despite Krueger attacks that her campaign termed "scurrilous and slimy." While the Democrats tried to imply that Hutchison had abused her office and was headed for a grand jury investigation, she stuck to a message molded on fiscal conservatism.

"It was a tough campaign, and it's never easy to take the hits," she said. "But what is gratifying to me is that the people of Texas are so much smarter than the politicians give them credit for, and they see through political rhetoric."

Hutchison outpolled Krueger by 99 votes on May 1 after a campaign marked by the first of the major allegations thrown at Hutchison. Sharon Ammann, a former aide at the state treasury, said Hutchison had hit her in a fit of anger caused by a delay in looking up a phone number.

Ammann, daughter of ex-Gov. John Connally, also said Hutchison routinely required her to do personal chores on state time. Hutchison denied the charges. Ammann took and passed a lie detector test. So did Hutchison.

Krueger rekindled the attacks on Hutchison as polls showed she was amassing a big lead. He hit hard on Hutchison's hiring of former San Saba County Judge Tom Bowden, who endorsed her for treasury in 1990 after he failed to win the Democratic nomination for the job. Three former Bowden campaign aides said Bowden told them he got the \$31,000-a-year job in exchange for endorsing Hutchison.

State law bars the offering of a job in return for political support. Hutchison and Bowden said it never happened.

Post staff writers Mark Horvath with the Hutchison campaign in Dallas and Gardner Selby with the Krueger campaign in Austin contributed to this report.

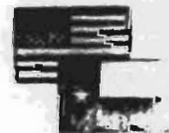
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Weather
O-Kay!
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Details, page A-38

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SUNDAY, June 6, 1993

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★★ FINAL EDITION

Hutchison in landmark victory

GOP touts win as Clinton defeat

Richards appears vulnerable also

By JOHN CRAVOIS
POST WASHINGTON BUREAU

WASHINGTON — A new Texas dawn today, but it bears little resemblance to the one Democrats thought they were ushering in when they sent Ann Richards to the Governor's Mansion 1 1/2 years ago.

With the 1994 primaries for state and congressional races just nine months away, the roster of Texas' Republican office holders is longer than it's been since Reconstruction and Republican

U.S. Sen.-elect Kay Bailey Hutchison will hold the prize spot atop next year's ballot.

Republicans nationwide are joining in the celebration because Hutchison's victory cuts the Democrats' advantage in the U.S. Senate to 54-44, down from 58-42 just six months ago. A Republican won an

Analysis

earlier special Senate election in Georgia. Furthermore, the Senate now has a record seven women members.

The GOP hails Saturday's vote as a repudiation of President Clinton and his economic policies and a wake-up call to the White House about the angry mood of the electorate.

However, Clinton hardly needed the election to show he was

having a tough time selling his programs, and the wake-up calls have been pouring in for weeks via plunging poll numbers. Besides, Texas already repudiated Clinton when it counted — in last year's presidential election.

The bottom line is that although Hutchison's win made big national news on a weekend when there was no other major election, its lasting effect on national politics will be marginal at best. Clinton doesn't face re-election until 1996 and even Senate Minority Leader Bob Dole concedes the impact of the vote is more symbolic than substantive.

But inside Texas, it was genuine red-letter day in politics.

More important to Republi-

Please see SENATE, A-28

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AN OF TWO

The Houston Post

SENATE: Hutchison's win gives Texas GOP two Senate seats

CONTINUED

From A-1

cans than the bragging rights of holding both Senate seats for the first time since 1875 is the growing perception that Richards, the once white hot grandma on a Harley who personified her "New Texas" is becoming battle weary and vulnerable despite her still solid public approval ratings.

Richards has been through a legislative inferno over education and her two highest profile appointees — interim U.S. Sen. Bob Krueger and former Texas Railroad Commissioner Lena Guerrero — were embarrassments at the ballot box, giving the GOP ammunition to shoot holes in Richards' reputation. Guerrero was trounced by Republican Barry Willifmson after she was found to have lied about graduating from college.

The governor named Krueger, a self-admitted lousy politician and a loser in two prior Senate races, to replace Lloyd Bentsen, who gave up the seat to become Treasury secretary.

Krueger, a drab Shakespearean scholar, got the job by default because the preferred choices took themselves out of the running. Henry Cisneros became Clinton's housing secretary, and Comptroller John Sharp and Attorney General Dan Morales said they wanted to keep their current jobs.

Several well-thought-of congressmen, including Houston's Mike Andrews, also were considered, but were passed over due largely to opposition from labor and other special interest groups.

Thus, Democrats rationalize

Richards' reputation shouldn't be on the line because, as pollster Mark Mellman said, "Krueger was the last guy on a list of a thousand." Neither should Clinton be held accountable, because Krueger and Clinton distanced themselves from each other during the campaign.

"This was more a referendum on Bill Shakespeare than Bill Clinton," Mellman argued.

Regardless, neither Richards nor Clinton will live or die politically by what happened Saturday because overshadowing all analysis is the most critical truth — Krueger really is a poor politician.

In contrast, Hutchison, who like Richards used the state treasurer's post as a launching pad to higher office, was competent, smooth and steady. Now what Democrats fear most is that she'll actually build up some power of incumbency over the next few months, something Krueger proved incapable of doing.

Expect Hutchison's character to be under constant attack. In fact, when speaking of the new senator, Texas Democratic Party Executive Director Ed Martin refuses to acknowledge she'll even take office. He said other Democrats maintain she's to be indicted for allegedly promising a political payoff in the 1990 treasurer's race to win the support of a losing Democratic candidate.

Also count on the Democrats to hold Hutchison, and her new partner, Sen. Phil Gramm, accountable for every nickel in lost federal revenue to Texas. They claim June 3 ultimately will be a day of mourning when Texans realize it could cost them everything from the space station and superconducting super collider to funds for Meals on Wheels.

White House spokesmen have said there would be no retaliation against the state, and even Clinton has suggested as much.

Some Democrats believe the only person with a surefire shot at winning back the Senate seat is Richards herself, who one recent poll shows to still have an approval rating in the mid-60 percent range. "Frankly, we'd love to see her in the Senate and John Sharp follow her as governor," said one national party operative.

But most expect Richards to run for re-election and former Attorney General Jim Mastor remains the most talked about Democratic Senate hopeful.



Republican Kay Bailey Hutchison holds up her ballot in a victory salute hours before

she defeated Democrat Bob Krueger in the runoff election for U.S. Senate.

Associated Press

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All-Republican Senate delegation Texas' first since Reconstruction

POST WASHINGTON BUREAU

WASHINGTON — The last time the state had two Republican senators, it truly was the dawn of a new Texas as the Civil War had ended and the state was struggling to come to grips with Reconstruction.

Operating under a new state Constitution, the Texas Legislature in 1870 sent Republicans Morgan Hamilton and James Flanagan to the U.S. Senate. Hamilton initially filled out the remainder of a one-year term, while Flanagan's term lasted through 1875.

Hamilton, brother of former

Gov. A.J. Hamilton, was elected to a full six-year term a year later, but he feuded with Gov. E.J. Davis and the Legislature later tried to unseat him. Lawmakers sent Gen. J.J. Reynolds to Washington as a replacement, but the Senate refused to seat him and Hamilton served out his term through 1877.

By then, the Democrats had wrested political control of the state from Republicans.

Republican John Tower cracked that stranglehold in 1961, winning a special election for the remainder of Democrat Lyndon Johnson's term after Johnson became vice president.

'Hutchinson' falls victim to political incorrectness

POST WASHINGTON BUREAU

WASHINGTON — Kay Bailey Hutchinson, apparently wasn't kidding when she campaigned as a Washington outsider.

It seems she's so obscure inside the Beltway that even her own Republican Party leaders don't know her well enough to spell her last name correctly. In the Republican National Committee's congratulatory statement issued late Saturday, Chairman Haley Barbour was repeatedly quoted praising "Kay Bailey Hutchinson."

"The AP did the same thing a couple days ago," responded one Republican official, referring to the Associated Press news service. "They put out a correction, and I'm sure Haley will, too."



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Good Morning, Houston

Breakfast briefings: a five-minute read on today's top stories

HOUSTON/TEXAS



Associated Press

IN A LANDMARK landslide, Texans elected Republican Kay Bailey Hutchison to the U.S. SENATE, making interim Sen. Bob Krueger a three-time loser and giving the state its first female senator. Hutchison, above with her husband, Ray, survived assaults on everything from her ethics to her commitment to women's issues. A-1, A-22.

LOCAL & STATE

Victory sweet as Hutchison still trailblazer

Senate seat another highlight in political string of 'firsts'

BY MARK HORVITZ
POST POLITICAL REPORTER

DALLAS — The past several weeks on the campaign trail stirred a variety of emotions for new U.S. Sen. Kay Bailey Hutchison.

Pleasure wasn't one of them. "I'm so glad it's over," she said Saturday after casting a vote for herself at her Dallas neighborhood precinct.

She'd just completed a successful but grueling campaign that ended with her becoming the first female U.S. senator from Texas — but only after surviving a series of political assaults on her ethics and her commitment to women's issues.

"This has been the most incredible experience of my life," she told supporters at her final campaign rally Friday night. "Not necessarily the best, but certainly the most incredible."

The mixed emotions spring from a victory that continues Hutchison's string of political "firsts."

She became the first female Republican elected to the state Legislature in 1972 when, at age 29, she won the Bellaire-West University area seat. Her 1990 victory in the state treasurer's race made her the first Republican woman elected statewide.

But Hutchison, 45, took the hard road to reach her new status, campaigning as a conservative Republican woman after the "Year of the Woman" swept several liberal Democratic women into the Senate in 1992.

Being a conservative Republican meant taking some positions which many feminist leaders saw as heresy, from accepting certain restrictions on abortion rights to speaking against the Family Leave Act because it placed mandates on businesses.

Such criticisms are nothing new for Hutchison. She set the pattern in college when she was one of the few women in the University of Texas Law School — and the only law school student on the cheerleading squad.

She has been successfully confounding critics ever since, in part because of a knack for molding her public image. She presented herself as a political outsider in this election, even as she held an elected office.

But she hasn't won every time out. Hutchison lost a bitter Republican primary for a congressional seat in 1990.

Her career hasn't been all politics. Hutchison was a reporter for KPRC-TV before joining the Legislature. And she's had several successful business ventures, including ownership of a candy company.

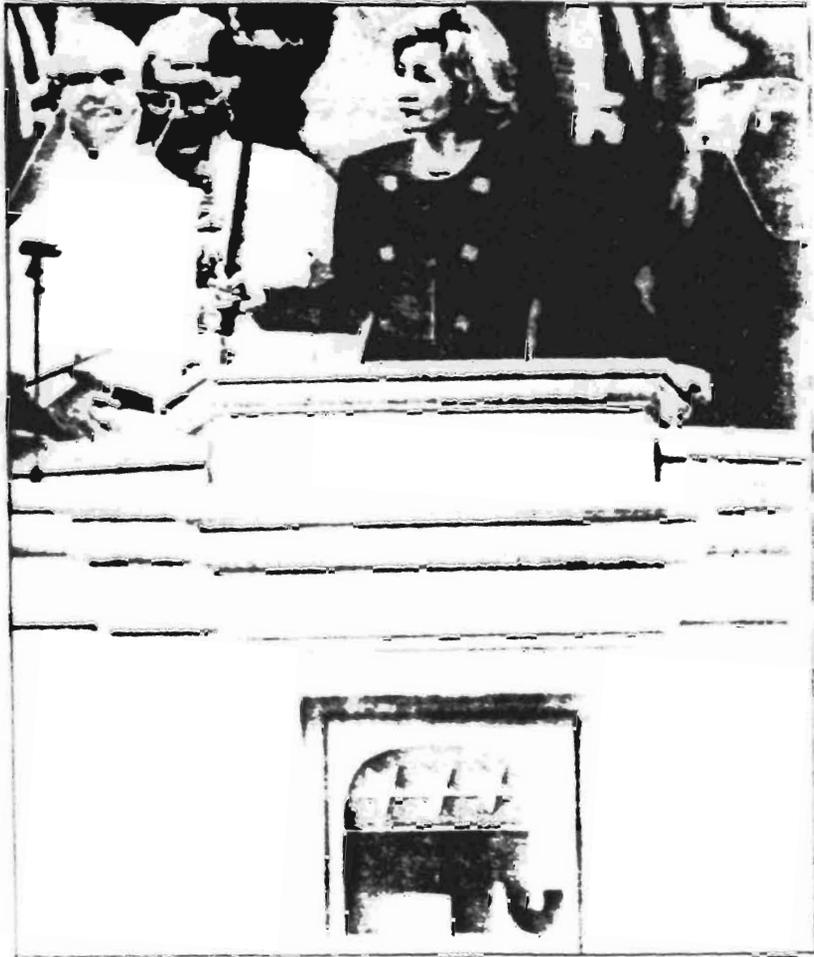
She met her husband, Ray, while serving in the Legislature. They later married while he was making an unsuccessful bid to become governor. They have two daughters.

Some criticisms may continue to dog her. The men who accused her of promising a job in exchange for a political endorsement pledge to keep pushing their case, and she's up for re-election in 1994. But for now she's ready for a quick break, looking forward to her "first good meal since January" — dinner at an Italian restaurant in her Dallas neighborhood.

And she pledges, in brutally frank fashion, to pick up the pace again in the Senate.

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KBH



Kay Bailey Hutchison bangs the gavel during the GOP convention in Houston last year.

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ELECTION '93

Democrats warn of problems for state

New York Times Service

WASHINGTON — Jubilant Republicans hailed Key Bailey Hutchison's election Saturday as a slap at President Clinton, while Democrats warned of potential problems for Texas projects.

"Kay's election sends a very clear signal to Washington, D.C.," said Sen. Phil Gramm, the state's senior Republican senator, said earlier, in anticipation of the state treasurer's victory, before heading to Dallas. "It's an anti-tax, anti-spending message. I think it sends a shock wave through the Senate."

In picking Hutchison over Democrat Bob Krueger, Texans ended a 22-year tradition of dividing the state's Senate seats between the two major political parties. Democrats said the change is likely to complicate efforts to promote Texas projects, especially since their party controls both Congress and the White House.

'Makes things harder'

"It makes it harder for the state to get things done. It doesn't mean it's impossible, but it makes things harder," said Rep. Martin Frost, a Dallas Democrat. "There are a lot of things that a Democrat would have been in a position to do for the state that a Republican is not."

But Frost and other observers said the change of power in the Senate is not likely to play a decisive role in the two biggest Texas projects, the Superconducting Super Collider and the space station.

"It has an impact. The question is to what degree," said Mike Grisso, a Washington lobbyist whose clients have ties to both projects. "It would help to have a Democratic senator. Would it make the difference? I don't think so."

Lawmakers from both political parties agreed that Clinton is unlikely to abandon the Texas projects as a result of Hutchison's victory. Frost said he met with administration officials last week to reaffirm their support for the SSC regardless of the election outcome.

"As long as the administration is actively engaged, we're OK," the Dallas congressman said.

Ties to Texas

Even without a Texas Democrat in the Senate, lawmakers said Clinton has solid political reasons to push the collider and the space station. At the top of the list is Gov. Ann Richards, a friend of Clinton's who is up for re-election in 1994.

In addition, the state still has 21 Democratic House members, including three powerful committee chairmen.

"The president can't very well turn his back on Texas," Gramm said.

On the other hand, House Democrats are likely to have a more difficult time getting a friendly hearing in the Senate for pet proposals in their home districts.

Relations between House Democrats and Gramm, a former Democratic House member, never have recovered fully from his party defection in 1983. Attempts by Democrats to warm up to Hutchison will be complicated by her being up for re-election again next year.

ELECTION '93

Republicans celebrate history in making with Hutchison win

By Gary Martin
Special Texas Staff Writer

DALLAS — A buoyant crowd of ardent Republicans celebrated history in the making Saturday at a posh victory party here for Kay Bailey Hutchison, the first woman from Texas elected to the U.S. Senate.

GOP loyalists also toasted another milestone: Hutchison joins U.S. Sen. Phil Gramm as the first pair of Lone Star State Republicans to serve in the Senate since Reconstruction in 1875.

"We made history in Texas today," Hutchison said. "You have placed your trust in me. I am grateful and I will not let you down."

Voter discontent

Hutchison, 49, immediately credited her landslide win over interim U.S. Sen. Bob Krueger, a New Braunfels Democrat, to voter discontent with President Clinton's economic plan.

"We don't have a deficit in this country because we tax too little," she said, "it's because government spends too much."

The victory party capped a 24-city campaign swing through Texas this past week. Her trip to San Antonio apparently paid off with a 3-2 margin in Bexar County,



Republican Kay Bailey Hutchison celebrates in Dallas Saturday as voters elected her senator.

"I was thrilled about Bexar County," she said in an earlier interview, adding that one of her first orders of business in the Senate will be to attend base closure hearings and fight for Kelly AFB and Navy installations in Corpus Christi.

During her victory speech, Hutchison promised to represent small-business men, the elderly and the disenfranchised.

Noting Democrat and independent supporters in her lopsided win, Hutchison said: "I will reach out tonight to all those who did not vote for me. I will be a senator for all Texans."

Confident of a win, Hutchison voted in Dallas shortly after 7 a.m. and spent the afternoon with her mother, Katherine Bailey, at a local shopping mall looking for a dress to wear at the swearing-in ceremony in Washington later this month.

Call from Krueger

During the evening hours, Hutchison hammered out her speech.

She took Krueger's congratulatory telephone call shortly after 9 p.m. She also received a call from Gov. Ann Richards.

Hundreds of party faithful gathered in the Chantilly Ballroom at the Loews Anatole Hotel. Jubilant couples danced to "oldies" tunes

played by Johnny Dee and the Rocket 88.

Celebrations, state GOP officials were on the state of more than 1,500 expected to attend.

Among those, movie star and martial arts expert Chuck Norris, Texas Rangers owner George W. Bush and San Antonio Susan Howard — an actress from the television series "Dallas" — made appearances.

Howard received applause when she took the stage and pronounced Hutchison's win and noted she was the first woman elected during a Democratic presidency.

"That is historical," Howard said.

"This is a night to be happy. This is a night to be excited. This is a night to turn to person beside you and say, 'You did a really good job.'" Howard said to the roar of volunteers and supporters.

In addition, former Ambassador to Great Britain Anne Armstrong of Kinney County and State Railroad Commissioner Barty Williamson were in attendance.

Texas Rangers pitcher Nolan Ryan was expected to celebrate the Republican win at the gala, but had not arrived as festivities began.

Hutchison's win is the second Senate victory for Republicans. In November, Paul Coverdale of Georgia won in a special election there.

Loss of the Texas seat ends the Democratic majority in Congress to 50-49, which Gramm immediately called a meeting to Clinton and Gov. Ann Richards, who appointed Krueger to fill out the seat vacated by Lloyd Bentsen.

Gramm said the margin of victory was a "clear repudiation of the Clinton program."

He said many of his colleagues cannot read Clinton's talk bill, "but I don't think there is a single member of the Senate that cannot read English now," Gramm said.

The senior senator said Hutchison was the speaker who would deliver from Texas the message to Clinton and Congress.

"The message is: The people of Texas want the government to quit raising their taxes and stop spending money," Gramm said.

Hutchison has served as Texas treasurer. She is a former state legislator and television reporter from Houston.

In Dallas, she operated a candy company before being elected to the treasurer's post in 1988.

Many of her close friends and business associates came to the celebration Saturday to take part in the event.

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SUNDAY, June 6, 1993

WACO TRIBUNE-HERALD

A Cox Newspaper

Hutchison steamrolls to Senate

Texas treasurer garners 68 percent of run-off vote

By DAVID ELLIOT
Cox News Service

AUSTIN — Kay Bailey Hutchison walloped interim U.S. Sen. Bob Krueger on Saturday, capturing two-thirds of the vote in a special election that Republicans sought to cast as a referendum on President Clinton's first months in office.

Hutchison, 49, who now serves as state treasurer, becomes the first woman in Texas history to capture a seat in the U.S. Senate.

■ A career of firsts 'T2A

It is also the first time since Reconstruction that Republicans have held both of Texas' U.S. Senate seats. And Hutchison, who will be sworn in later this month, will become the seventh woman in the U.S. Senate, also a record.

Krueger, 57, who has now lost bids for the U.S. Senate three times in three different decades, had tried to make health care the central issue in the campaign, especially after a lackluster showing in the May 1 election, when he captured only 29 percent of the vote.

It didn't work. Hutchison campaigned almost exclusively on the theme of reducing government spending. She also stressed campaign reform, including ending free mail for members of



Associated Press

Kay Bailey Hutchison clutches her ballot after voting in Saturday's run-off election.

Congress and imposing term limits for officeholders.

With 97 percent of the precincts reporting, Hutchison, the state treasurer, lead Krueger 1,147,690 votes, or 67.8 percent, to 545,241, or 32.2 percent.

Hutchison carried McLennan County with ease, getting 13,782 votes, or 62.8 percent, to Krueger's 8,175. The turnout of 21,990 was 22 percent of eligible voters in the county and included 5,614 early voters.

The contrast between Krueger's election watch party in Austin and Hutchison's in Dallas could hardly have been more striking.

In Dallas, Hutchison claimed

Please see SENATE, Page 12A

CONTINUED

Republican Hutchison's political career one of firsts

By DAVID ELLIOT
Staff News Service

AUSTIN — From the start Kay Bailey Hutchison's political career has been one of firsts.

First Republican woman elected to the Texas Legislature in 1972. First Republican woman elected to statewide office in 1990 when she succeeded Ann Richards as Texas state treasurer. First Republican woman from Texas to serve as temporary

chair of the Republican National Convention in 1992.

And now, the first woman elected to the U.S. Senate from Texas.

On the campaign trail, Hutchison often recalled a visit a U.S. senator once made to her hometown of La Marque, a labor stronghold and Democratic bastion in Galveston County on the Gulf of Mexico. At that time, Hutchison is fond of saying, her

late father — a Democrat — didn't think women could be elected to the U.S. Senate.

In 1990, Hutchison became the first Republican candidate for statewide office to carry La Marque. And she did it again Saturday.

Until this race, almost every campaign Hutchison has waged has been a come-from-behind affair. Saturday night, she clinched her fifth election victory out of

six attempts.

The only time Hutchison didn't win an election was in 1982 — when she lost a hotly contested race to represent a Republican-dominated Dallas congressional district. Steve Bartlett, now the mayor of Dallas, won that race.

In 1990, Hutchison came from behind in the final week of the campaign to defeat Democratic nominee Nikki Van Hightower for state treasurer.

Through the years, Hutchison has weathered her share of controversies. First, she contended with allegations that an employee of the treasury department used a state computer to keep fund-raising records and mail thank-you letters.

Then, as the U.S. Senate race heated up earlier this year, she denied allegations that she struck one employee with a notebook and used others to conduct her

personal business on state time.

Finally, in an allegation that might dog her as she seeks reelection next year, Hutchison has been accused of offering a job to an unsuccessful Democratic candidate for state treasurer in exchange for his endorsement. She has denied that charge.

For now, however, Hutchison can savor another first.

And her father would have been proud.

SENATE

Hutchison vows to pare spending

From Page 1A

ictory with about half the vote counted. "I'm going to try to make Congress get serious about cutting government spending," she said. "And I'm also going to speak for the small business people to try to get the mandates and the regulations off their backs because if we can do that, we'll create the real jobs that are permanent jobs that will make this economy get going again."

Hutchison said the election

"sends a very important message to the Congress and to the president. The people are tired of taxes. They want someone to get serious about cutting government spending and that's exactly what I intend to do."

Joining her was U.S. Sen. Phil Gramm, who campaigned exhaustively on Hutchison's behalf, pouring employees and money into the GOP effort. Gramm lambasted Krueger's thrashing a defeat for Clinton as well.

"If Bill Clinton and Ann Richards can put a pretty face on this devastating defeat, they ought to be morticians instead of politicians," he said.

Krueger, along with his wife Kathleen and two children, and

Gov. Ann Richards came to the podium at the Austin's Marriott at the Capitol at 9:08 p.m. to concede defeat.

"The first thing I want to do is congratulate Kay Bailey Hutchison," Krueger said. "Let's get behind her because Texas needs two senators working for the benefit of this state."

Krueger said he will do everything he can to make sure the transition is smooth.

Richards, who after Lloyd Bentsen became treasury secretary appointed Krueger to fill the Senate seat until the special election, tried to leave the ballroom without speaking, either to the assembled Democrats or to dozens of reporters. But reporters sur-

rounded her before she could exit through the kitchen.

"I just think it was a very, very tough election to win," Richards said. "There was no visible interest, and I can't say why."

Asked if losing a Democratic senator and gaining a second Republican senator would hurt Texas, Richards replied: "I've known Kay for a long time, and I think she'll work very hard."

Democrats disagreed on the extent to which Krueger's defeat was tied to Clinton. Charles Elliott, a political science professor at East Texas State University in Commerce, said voters tend to "compartmentalize" elections and probably would not lump Krueger with the president.

DMN 6/11/93

Hutchison aides get subpoenas

She decries inquiry as political attack

By Wayne Slater
and Sylvia Moreno

Auto House/The Dallas Morning News

AUSTIN — More than a dozen employees of the state treasury and top campaign officials for U.S. Sen-elect Kay Bailey Hutchison have been subpoenaed to appear before a grand jury, the Tarrant County district attorney said Thursday.

District Attorney Ronald Baris said his office was investigating allegations of tampering with

■ Hutchison visits D.C.

6A

governmental records, tampering with physical evidence, official misconduct and violation of the Open Records Act.

"These are allegations of criminal misconduct," Mr. Baris said. "This is an investigation, not a trial. We are trying to determine if there is reason to proceed."

As employees began testifying Thursday before the grand jury, investigators for the district attorney's public integrity unit confiscated documents, computers and computer records at the treasury office.

Ms. Hutchison, who has served as state treasurer since 1991, was not subpoenaed. She told reporters that the investigation was politically motivated to embarrass her even before she is sworn to the Senate next Monday.

"There are two ways to lose, gracefully and the way the Democrats are doing it," said Ms. Hutchison. "If the district attorney wanted information all he had to do is call me, and he could have anything he wanted."

Spokesmen for her campaign and for the Texas Republican Party denounced the grand jury investigation, saying it was designed to damage Ms. Hutchison's 1994 re-election effort to the Senate seat.

Please see HUTCHISON on Page 24A.

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EXHIBIT

95043691988

Austin American-Statesman

FRIDAY, JUNE 11, 1993

PUBLISHED SINCE 1874

50 CENTS

Subpoenas issued for Hutchison employees

■ A grand jury is investigating allegations of official misconduct

By David Ethel
Austin-Statesman Capital Staff

Four days before state Treasurer Kay Bailey Hutchison is sworn in as Texas' next U.S. senator, a grand jury Thursday subpoenaed 15 of her employees in a widening investigation into allegations of official misconduct.

Tarrant County District Attorney Rowland Earle said in a statement that subpoenas were issued "pursuant to information brought to the district attorney's office earlier this week."

Earle said the grand jury and his office are investigating allegations of tampering with governmental records, tampering with physical evidence, official misconduct and violations of the Open Records Act. He said the alleged offenses include falsification and misstatements.

Hutchison, a Republican, defeated Democratic interim Sen. Bob Krueger in a special election runoff Sunday. She is scheduled to be sworn in to the U.S. Senate on Monday, becoming Texas' first woman senator. But she must stand for election again next year and is certain to draw strong opposition from Democrats who want to regain the seat.

Republicans dismissed the investigation as politically motivated. Earle, a Democrat, could not be reached for comment on those charges.

Capital police officers swept through the state Treasury Department Thursday afternoon, gathering boxes of materials for

Continued from A1
the grand jury's investigation.

On Thursday evening, many of Hutchison's employees were to be called before the grand jury.

Among those subpoenaed were treasury employees John Ball, deputy treasurer of finance; Mike Berres, deputy treasurer of operations; Alicia Pachol, general counsel; Donna Reynolds, human services director; Nick Voinis, director of communications; R.T. Burbett, director of information resources; and Judy Miller, director of the fiscal reporting division. Also subpoenaed was Dave Beckwith, press secretary for Hutchison's U.S. Senate bid.

After emerging from the grand jury room, Voinis said the experience was "humiliating" for the Treasury Department employees.

Berres said he had been instructed not to talk about the investigation. He said he had not spoken with a lawyer before meeting with the grand jury. "I could, but there was no reason to," he said.

Hutchison, who was in Washington to meet with Senate Minority Leader Bob Dole, was returning to Austin on Thursday night and could not be reached for comment. It is not known whether she will be subpoenaed.

Beckwith, her campaign spokesman, called the investigation "a cheap publicity stunt."

"Obviously, the 1994 Senate race is under way," Beckwith said. "This is a political witch hunt instigated by Democrats bitter over their rejection last Saturday at the polls."

The subpoenas ask for computer hard drives and floppy disks from state-owned computers, as well as back-up computer tapes dating to January 1991, when Hutchison took office.

Earle also is seeking computer records and other information pertaining to all calls made to and from the state treasurer's office.

Beckwith said the subpoenas were unnecessary because some of Hutchison's employees previously contacted Earle's office and offered to deliver any material requested. Beckwith said Earle's office was assured that no documents had been or would be destroyed.

However, last month, the *Austin Chronicle* reported that Hutchison or her employees may have violated the Open Records Act by recording state records pertaining to a state telephone Hutchison used for political calls.

Some of Hutchison's former employees have said they made political calls on that line on state time for Hutchison. Hutchison has denied wrongdoing, saying the line was a private one she leased from the state. She said the employees were responsible for making up any time they worked on the campaign during state office hours.

During the Senate campaign, Hutchison faced other allegations of wrongdoing as well. Former employee Susan Amman, a Republican, said Hutchison once struck her with a notebook in a fit of anger. Other employees complained that Hutchison berated and plucked them.

Hutchison also was accused of giving a state job in 1990 to a former Democratic rival in exchange for his political endorsement. Hutchison and the Democrat, former San Saba County Judge Tom Burdick, have denied the allegations.

None of the accusations appeared to make an impression on voters, who propelled Hutchison to a landslide victory over Krueger, whom Gov. Ann Richards appointed to serve until a special election could be held to replace Lloyd Bentsen, now U.S. treasury secretary.

Beckwith accused Democrats of leaking the news of the grand jury subpoenas to the press "to garner maximum publicity for their grandstanding on the evening news and morning newspapers."

An anonymous caller telephoned representatives of Texas' major daily newspapers and TV stations Thursday afternoon, tipping them to the grand jury hearing.

Richard said she was surprised by news of the investigation.

Richard, who was state treasurer until becoming governor in 1991, said some of the subpoenaed employees "were people who worked for me when I was treasurer. I don't know why they were subpoenaed, and I don't know what to expect from it."

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95043691989



Weather
Water, water everywhere.
Chance of thunderstorms.
High 88, low 75.
Details, page A-38

The Houston Post



50 Cents

FRIDAY, June 11, 1988

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★-★ WINDY, BREEZY

Grand jury opens Hutchison probe

Treasury files seized, aides subpoenaed

'Clearly political,' says senator-elect

BY KEN HERMAN
POST ALSTIN BUREAU

AUSTIN — Travis County District Attorney Ronald Earle on Thursday began a wide-ranging grand jury investigation of U.S. Sen.-elect Kay Bailey Hutchison, a headline writer last Saturday despite a series of allegations about her actions on state treasury.

Fourteen state Treasury employees and two officials of the Hutchison campaign were ordered to produce voluminous records concerning allegations that could lead to felony or misdemeanor charges. Several of the Hutchison aides filed into the grand jury room Thursday afternoon.

Investigators descended on the Treasury headquarters in the early afternoon, while Hutchison was in Washington, in what Texas GOP Chairman Fred Meyer called a "Castro-style raid orchestrated by the Democrats to retaliate for their embarrassing loss" in the Senate race.

"Routinely sweeping into state and campaign offices, leading innocent people before a criminal investigative authority, especially when those people have voluntarily offered to produce all requested information, is outrageous official misconduct," said Meyer.

The allegations under investigation include tampering with governmental records, tampering with physical evidence, official misconduct and violation of the Texas Open Records Act. Allegations concerning all of these offenses were raised during Hutchison's Senate campaign.

"The subpoenas were issued pursuant to information brought to the district attorney's office earlier this week," said Earle.

A source told The Houston Post that Earle decided to issue the subpoenas because he had been informed that Treasury employees might begin destroying records this week.

Hutchison 49 heard about the investigation after meeting in Washington with Senate Minority Leader Bob Dole of Kansas. He is scheduled to take office Mon-

PROBE: Jury seizes records, subpoenas aides

From A-1

day

"This is clearly political, isn't it?" she told David Beckwith, her campaign spokesman, as she boarded a plane in Washington for a flight home to Dallas.

Beckwith lead off on Earle, calling the investigation a "political witch hunt instigated by Democrats bitter over their rejection last Saturday at the polls."

He said the allegations "were fully aired during the course of the recent campaign and repudiated by Texas voters."

"Texas is becoming Republican in part out of public revulsion over these type of political tactics. It's more evidence Texas Democrats are had heart and ready to abuse the judicial process for partisan advantage," Beckwith said, charging the investigation is the start of the 1994 Senate race.

Democratic Gov. Ann Richards said she was concerned about the inquiry. "I don't think you think about politics here. I am worried about what's going on. I am sure Kay is heartach about it," she said.

Hutchison, the first woman Texas has sent to the Senate, faces re-election next year.

Beckwith and Hutchison campaign manager Bryan Berry were the two campaign aides who received subpoenas. They were served by Earle's Public Integrity Unit, which investigates criminal allegations against public officials.

Hutchison, a Republican, captured two-thirds of the vote last Saturday in unseating interim Democratic Sen. Bob Krueger, who said the allegations against Hutchison made her "unfit" for office.

Krueger had been appointed by Richards to replace Lloyd Bentsen, who became Treasury secretary in January. Earle, a former state lawmaker, was among the Democrats who had



Associated Press

Sen.-elect Kay Bailey Hutchison, R-Texas, holds up a copy of the Senate rules presented to her by Senate Minority Leader Bob

Doyle of Kansas during a meeting on Capitol Hill Thursday. Hutchison will be sworn in as the state's new senator Tuesday.

named Richards for the Senate appointment.

Krueger, who will remain in office until Hutchison takes office, had no comment on Earle's announcement.

But a former official of the failed Krueger campaign said, "We told you so."

"We always knew there was something going on. I know people were skeptical (of the allegations) during a campaign, but there was quite a bit of evidence that there was some wrongdoing going on," said Greg Hartman, who served as Krueger's campaign manager.

Allegations made against Hutchison during the special election campaign included:

Three former aides to Tom Bowden, unsuccessful 1990 candidate for the Democratic nomination for treasurer, told prosecutors Bowden told them in 1990 he was going to endorse Hutchison in return for a state job. Bowden, who has denied the allegation, now has a \$31,900-a-year post at the state Treasury

Hutchison said Bowden got the job because he was qualified for it, not because he had endorsed her.

Former Treasury employees Sharon Ammann, Tilly Bobb and Sandra Sneed said Hutchison routinely required them to perform personal and political chores for her on state time. Hutchison has said any state employee who did nonstate work on state time was instructed to make up the time. Ammann also alleged that Hutchison once struck her in anger.

Records concerning a phone in Hutchison's office, a line on which the aides said they made political calls, were removed from state documents. Hutchison has claimed the public had no right to see the records because the phone line was a private one she rented from the state.

Thursday's subpoenas reflect a probe involving all of those allegations, and possibly more.

For example, Alicia Fachtel, the agency's general counsel, was ordered to submit computer

records for Hutchison and several of her top aides, as well as former aides Bobb, Ammann and Sneed, who have all charged Hutchison made them do personal and political work on state time.

Fachtel also was ordered to submit computer records concerning Hutchison's "calendar, schedule and appointments" since taking office Jan. 1, 1991.

John Bell, deputy treasurer of finance at Hutchison's agency, was ordered to submit records "involving or reflecting political or candidate-oriented work done" at the agency.

Last year, Earle investigated reports that a Hutchison aide used a state computer to compile political records for her. The district attorney confirmed that David Crum, then a top Hutchison aide, had used state equipment for political purposes. But Earle said there was no evidence that Hutchison was aware of it.

Post Austin Bureau staff writer Gardner Self contributed to this report.

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Fort Worth Star-Telegram

Lone Star

PROBE 25a in Tarrant County / 50a elsewhere

Fort Worth, Texas is Where The West Begins

FRIDAY, JUNE 11, 1993

Hutchison records are seized

Current, ex-workers receive subpoenas

By JOHN GONZALEZ AND JOE CLIBERTH
Fort Worth Star-Telegram Staff Writers

AUSTIN — In a move that Republican leaders immediately denounced as politically motivated and "Gestapo-like," Travis County authorities seized state Treasury Department records yesterday and subpoenaed 14 past and current employees of U.S. Sen.-elect Kay Bailey Hutchison.

Hutchison, who was in Washington, was not served subpoena, and Travis County District Attorney Ronnie Earle said he expects her to testify without being subpoenaed.

Earle said his office and a Travis County grand jury are investigating the possibility of felony and misdemeanor acts of official misconduct.

Earle, a Democrat, said the investigation includes allegations of tampering with governmental records, tampering with physical evidence, official misconduct and violation of the Open Records Act.

Hutchison won a landslide electoral victory last week over Democrat Bob Krueger in a special election for the remaining time in the Senate seat vacated by Treasury

(More on PROBE on Page 5)

Secretary Lloyd Bentsen.

When she returned to Austin last night, Hutchison said, "I think the 1994 race for the U.S. Senate has started." She appeared upbeat and denied the allegations as "outrageous."

"I think there are two ways to lose — gracefully and the way the Democrats are doing it," she said at Austin's Mueller Airport. "I think it's beneath partisanship and I'm very surprised and disappointed."

Republicans said the investigation was revenge for Krueger's embarrassing defeat and meant to hurt Hutchison's re-election bid next year.

Dave Beckwith, who served as communications director of Hutchison's Senate campaign, said the action was unnecessary because Hutchison's office had offered to cooperate and deliver any records or documents the district attorney wanted.

Hutchison was in Washington meeting with new colleagues as investigators from the Public Integrity Unit of the Travis County district attorney's office and the Capital Police Division of the Texas Department of Public Safety served the documents.

Earle outlined the scope of the inquiry in a statement issued yesterday afternoon.

"The Travis County Grand Jury and the Travis County District Attorney's office are conducting an investigation into allegations of tampering with governmental records, tampering with physical evidence, official misconduct and violation of the Open Records Act," Earle said. "These possible offenses include both felonies and misdemeanors."

The grand jury met until 9 last night and is expected to take up the matter again.

Republican Party officials blasted the investigation.

Texas GOP Chairman Fred Meyer called the action a "Gestapo-style raid" carried out in retaliation for Krueger's "embarrassing loss" last week to Hutchison.

CONTINUED

Probe

From Page 1



Senate Republican Leader Bob Dale of Kansas presents Sen.-elect Kay Bailey Hutchison, R-Texas, with a copy of the Senate Rules yesterday in Washington.

"This type of abuse of authority is something you would expect in Nazi Germany or communist Cuba, not the United States of America," he said.

Earle said the investigation should not be blamed on politics. "That's what every politician my office has investigated during the last 16 years has said, all the way from former Treasurer Warren Harding to former Speaker of the House Gib Lewis."

It was not immediately clear whether the investigation extends to allegations that Hutchison hired a staff member in return for a political endorsement.

Former San Saba County Judge Tom Bowden, a Democrat who ran for treasurer in 1990, lost in that year's Democratic primary and later endorsed Hutchison. He was hired at the Treasury two weeks after Hutchison took office.

The subpoenas request personnel records and work time documentation for Bowden and at least nine other Treasury employees.

Three days before Hutchison's runoff election victory Saturday, three former campaign workers for Bowden told Earle that Bowden said in 1990 that he had endorsed Hutchison in return for a job.

Those aren't the only allegations that have surfaced against Hutchison.

Former employees have said that

she physically and verbally abused them, and that they were forced to perform personal chores and political work on state time.

The subpoenas indicate that prosecutors are checking for systematic abuse of state property and personnel. Most of those subpoenaed yesterday are listed in the 1993 Texas State Directory as Treasury employees.

They include Judy Miller, accounting director; Donna Reynolds, human resources director; Terry Newman, occupation unknown; Michael Barron, deputy treasurer for operations; Nick Vones, communications director; Alicia Fechtel, general counsel; R.T. Berkett, information resources director; and John Bell, deputy treasurer for finance.

Subpoenas were also issued to two top officials of Hutchison's Senate campaign. They are Brian Berry, campaign manager, and Beckwith, communications director.

Beckwith issued a statement late yesterday through Republican political consultant Karl Rove.

"This is a political witch hunt investigated by Democrats bitter over their rejection last Saturday at the polls," he said.

Beckwith said the subpoenas were an unnecessary political tactic.

"Representatives of Mrs. Hutchison had previously contacted the district attorney and offered to de-

liver voluntarily any and all material requested," he said. "Furthermore, the district attorney was assured that no records have been destroyed nor are any in danger of being destroyed."

However, Earle said last night that "issues of destruction of records have arisen."

The subpoenas are signed by District Judge Mike Lynch, former head of the Travis County Public Integrity Unit and a lead attorney on the 1990-91 Gib Lewis ethics investigation.

They order the witnesses to bring a wide range of documents, files and computer records when they appear.

They include telephone logs and mobile phones owned and leased by the treasurer's office, including a line that Hutchison reportedly paid for and used for personal and political purposes.

The subpoenas also ask for records and documents on 11 current or former Treasury employees who were not subpoenaed. Among them is Sharon Ammann, the daughter of former Gov. John Connally who accused Hutchison of hitting her with a binder while she worked at the Treasury. Hutchison has denied the allegation and took a lie detector test to disprove it.

Also requested are electronically stored or hard-copy records of work performed on Treasury computers or typewriters by 13 current or former Treasury employees, including Hutchison, executive assistant Stephanie Neuner, deputy treasurer Bell and Barron, and former employee David Criss.

Earle's office investigated but did not prosecute Criss last year over an "isolated incident" that involved his reported use of Treasury equipment to keep fund-raising records and to write thank-you letters to some campaign contributors.

The district attorney later noted that Criss made "more than adequate reimbursement" and resigned from the agency.

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Senator-elect Hutchison ¹⁰¹ ruffled by grand jury probe

By GMP BROWN
Associated Press

State Treasurer and U.S. Sen. elect Kay Bailey Hutchison turned an investigation into wrongdoing at the Treasury "outrageous" after several of her employees and an official with her Senate campaign were subpoenaed by the Travis County district attorney's office.

"This is so outrageous, I think it's beneath partisanship," said Mrs. Hutchison, a Republican who won election to the Senate on Saturday by overwhelming Democratic opponent Bob Krueger.

"There are two ways to lose: gracefully and the way the Democrats are doing. I am very surprised and disappointed."

Mrs. Hutchison, who visited Washington on Thursday, is scheduled to be sworn into the Senate on Monday.

District Attorney Ronald Barle said Thursday his subpoenaed 14 employees of the state Treasury and an official of Hutchison's Senate cam-

paigned to testify before a grand jury about several allegations of wrongdoing.

Mrs. Hutchison was not subpoenaed, Barle said, adding that he hoped she would testify before the grand jury voluntarily.

The allegations include tampering with governmental records, tampering with physical evidence, official misconduct and violation of the Open Records Act, Barle said.

"These are allegations of criminal misconduct. They may or not be true," Barle said. "This is an investigation and not a trial. We are trying to determine if there is reason to proceed. And we are going to continue to investigate these allegations

because that is exactly what our duty is."

The subpoenaed said information was being sought from January 1991, when Mrs. Hutchison took over as treasurer, to the present.

Barle discounted accusations that his office's investigation was politically motivated. Lind, a Democrat, reportedly has been interviewed in a Senate bill.

Barle declined to comment on his own Senate aspirations. "It has not entered my mind," he said.

He said the investigation was delayed until after Saturday's Senate election so it would not be a disruption.

See PROBE, page 6



Hutchison



Daily Review
Columbus, Texas

JUN 11 1993

Ph. Don

PROBE

(Continued from page 1)
The district attorney's public integrity unit is charged with investigating alleged wrongdoing by state officials.

Barle said the possible offenses under investigation included both bribery and reimbursement.

"I think the 1994 race for the U.S. Senate has started," Mrs. Hutchison said.

State GOP Chairman Fred Meyer called the investigation a "Quintessential" and "conducted in retaliation for Krueger's 2-to-1 loss."

"Secretly sweeping into state and campaign offices, leading innocent people before a criminal investigative authority, especially when those people have voluntarily offered to produce all requested information, is

Gov. Ann Richards, who had appointed Krueger ministerial secretary, said she was concerned about the inquiry. "I don't think you think about politics here. I am worried about what's going on. I am sure Kay is worried about it," she said.

Mrs. Hutchison will finish out the Senate term begun by Lloyd Bentsen before his appointment as U.S. Treasury secretary. She must seek election in 1994 to a full, six-year term.

Mrs. Hutchison's campaign press secretary David Beckwith, whose name was among those Barle's office called, said the subpoena "were completely unnecessary."

Beckwith said Mrs. Hutchison already had volunteered to give the

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Wall Street Journal
2/14/94

Dethrone the Texas Earle

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Texas are still sorting out the implications of Senator Kay Bailey Hutchison's sudden acquittal on ethics charges Friday. The jury returned a directed verdict of not guilty after Travis County District Attorney Ronnie Earle refused to proceed with the trial. The judge had refused to assure the prosecutor that his evidence would be admissible. Political pundits say the collapse of Mr. Earle's dubious prosecution spells trouble for him and his longtime ally, Governor Ann Richards. Gov. Richards faces questions about her office's shredding of telephone records.

We can think of one implication of the Hutchison acquittal: Ronnie Earle should resign. His selective prosecutions of political figures have poisoned that state's government long enough.

In fact, Texas ought to dismantle its peculiar system under which the

elected district attorney for Travis County, which contains the state capitol of Austin, oversees the ethics of the entire state government. By Texas standards, Austin is so liberal that this arrangement is roughly equivalent to allowing the voters of radical Berkeley to elect the prosecutor in charge of policing all California's officeholders. The incentive for stacking Texas justice is just too strong.

In a sense, the flimsy Hutchison prosecution, so widely publicized, was beneath the image modern Texans are trying to project of the state. Texas has become a first-class state in diversified businesses and a gateway to Mexico. There are even stirrings lately of cleaning up the state's egregious tort liability system. Sending the Earle era packing would be an important first step toward depoliticizing Texas justice.

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violation of both the First and 14th amendments in part because it was "aimed . . . at preventing a disfavored group of candidates from being elected at all." "A state may not diminish its

to weaken as to strengthen the popular oversight of government that is its goal. The Dwyer decision seems sure to be appealed. I hope it is upheld.

A Win for Sen. Hutchison

A TRIAL THAT promised to be a high-stakes Texas drama involving political corruption and long-simmering partisan feuds came to an abrupt halt a week ago Friday, when a jury acquitted Republican Sen. Kay Bailey Hutchison of one misdemeanor and four felony charges in a matter of minutes. No deliberation was required, since Texas Judge John Onion had directed a verdict of acquittal after prosecutor Ronnie Earle refused to proceed with the case. No matter how much political spin is put on this event, it's clear that the acquittal is a major victory for Sen. Hutchison and an embarrassment for Mr. Earle.

The prosecutor blamed Judge Onion for refusing to rule before trial on the admissibility of certain documents seized from the office of the state treasurer, a position Sen. Hutchison held before her current office. The defense maintained that the evidence had been seized illegally, which the prosecution denied. The judge said he would rule on each item as it was introduced at trial, but Mr. Earle wanted an earlier decision so he would be able to appeal an adverse one before trial. Whatever the merits of the judge's position—and lawyers are divided on that—the real surprise is that Mr. Earle chose to withdraw rather than proceed with the trial and take his chances that some evidence would have been admitted and witnesses would provide powerful testimony. His action creates the impression that he didn't have much of a case.

Last Saturday, Mr. Earle released the docu-

ments in question for public inspection, and they did include memos about schedules, some records concerning political contributions and copies of thank-you letters and the like—work that was done by state employees on public time. This sort of thing is not legal, but could the prosecutor have convinced a Texas jury that the senator's conduct was so unusual and so grievous that she should go to prison for a possible 20 years? The jury selection process may have given him an idea of what he faced, because some potential jurors specifically asked this kind of question. He may also have been concerned that similar evidence might have turned up in the files of Gov. Ann Richards, some of which were already in court custody.

As for potential witnesses, the senator's supporters point out that a couple were wavering, and another—the main accuser—was found to have used her office computer for personal chores including keeping a recipe file, the business records of a barbecue restaurant she and her husband owned, and even parts of a novel she was writing at the office.

The citizens of Texas will decide in November whether Sen. Hutchison deserves to retain her office. They now have all the facts the prosecutor hoped to put in evidence, and the voters will be the ultimate jurors. It is ironic that the senator's likely opponent in that contest, former Texas attorney general Jim Mattox, was also acquitted of corruption charges brought by Mr. Earle. On that score, the candidates start out even.

Money for More Maryland Schools

PUBLIC SCHOOL enrollment in Maryland is soaring. It's at the highest level in two decades and expected to increase by a good 100,000 students during the next eight years. This requires more school construction money—far more than what the state has proposed to spend. But Del. Chris Van Hollen Jr. of Montgomery has a good idea about where to find more money and how to convert it into new schools. There's a pot of money that was being set aside for an NFL football stadium in Baltimore. But if you listen to the whispers in the huddles of league officials, the message is: Build it, and they won't come. There's no team. There's that money, though, and as Mr. Van Hollen proposes, it could be put to critical use—for school construction.

Local school systems have pegged their construction needs at \$206 million for this fiscal year. Even if you figure this as a request that may be on the high side, the state's spending doesn't come close to it. For this fiscal year, the

state's school construction program will spend \$81 million. The Governor's Task Force on School Construction recommended last year that Maryland spend at least \$100 million a year for the next five years. And here's where Del. Van Hollen's proposal would crank in: He advocates transferring \$21 million in cash that the Maryland Stadium Authority has saved for a stadium to school construction. He also would transfer \$19 million a year in revenues from the Maryland State Lottery that were going to be used by the state to help meet lease payments on that new stadium into a fund that would be earmarked for school construction only.

More than Montgomery County would benefit, because school enrollments are projected to go up significantly in many counties—including Prince George's, Baltimore County, Harford, Howard, Frederick and Anne Arundel—as well as the Southern Maryland area. They are looking to bipartisan support to get their schools built—and this plan is worthy of it.

95043691995

Earle disgraced his office with Hutchison trial fiasco

Ronnie Earle offers himself as a leader for ethics in government, and he has done some successful leading. But in a Fort Worth courtroom today, Ronnie Earle did more damage to the cause of ethical government than any bribe-taking, graft-grabbing politician could ever do in months of righteous stirring and prosecution by Justice, the Travis County district

attorney abruptly decided that he lacked the ammunition to win a courtroom shootout with U.S. Sen. Kay Bailey Hutchison.

Earle would like us to believe it was the judge's fault that Hutchison won a directed verdict of acquittal on the charges against her, that the judge should have gone along with Earle's last-minute maneuvering to avoid a trial in which the prosecutor had come to believe he could not prevail.

Fort Worth Star-Telegram

Bill Thompson

Earle can blame the judge if he wants to. But it wasn't the judge who charged Hutchison with missing

(More on THOMPSON on Page 25)

2/13/94

Fort Worth Star-Telegram

Thompson

From Page 1

office as state treasurer and perjury with records to cover up misconduct. It wasn't the judge who indicted Hutchison three times and who made anyone who would listen believe he had mountains of irrefutable evidence to prove Hutchison's guilt. It wasn't the judge who refused to proceed when the gavel had been placed to begin the trial. It wasn't the time came to confront Hutchison with those mountains of evidence, it was Ronnie Earle who headed for the exit. Earle said he was afraid that if he went to trial Judge John F. Onion Jr. would throw out the most damning evidence against Hutchison and she would be found guilty. If she was found not guilty today, Earle surrendered before the trial even started. If he'd gone through with his prosecution, he at least would have had a chance to confront Hutchison. Maybe not. Maybe Hutchison and her lawyers and her political advisers were right all along

Maybe the case against her was a sham, a political witch hunt designed to ruin a rising star of the Republican Party.

It's an awful thing to contemplate the possibility that the leader of a government operation called the Public Integrity Unit would drag a United States senator through the legal system — not to mention the mud — for months on end without enough conclusive proof that she committed a crime to withstand a courtroom challenge to the evidence.

But what is the public supposed to think? If Hutchison was guilty, why didn't Earle force her to stand trial?

Instead of arguing his case in court, Earle put the evidence against Hutchison on display for reporters yesterday in what amounted to a trial by media.

This was a trial in which the evidence could not be rebutted by Hutchison's lawyers or examined by a jury. It was a trial in which Earle was not required to prove that Hutchison was guilty of criminal wrongdoing, but only that she may have done something that could engender the public's disapproval.

Perhaps Earle chose to present his evidence to reporters because he knows that it is far easier to convict someone in the media than in a

courtroom.

Some of us believed him when Earle, a Democrat, insisted at the outset that his pursuit of Hutchison was not politically motivated. After all, Earle had prosecuted prominent Democrats in the past, including the popular ex-speaker of the Texas House of Representatives, Gib Lewis.

But if Earle wasn't just playing politics here, what was he doing? Was he just playing at being a prosecutor?

The alternative to concluding that Earle disgraced his office by using it for partisan purposes is to conclude that the outcome of the Hutchison case was the result of

brehtaking ineptitude.

Either way, the public's confidence in Earle and his Public Integrity Unit has been irreparably damaged.

After this Hutchison fiasco, how can we ever believe Earle when he accuses a public official of misconduct? And even if we believe him, how can we ever trust him to carry the case to completion?

Ronnie Earle has discredited himself and he has discredited the ideal of ethics in government.

Earle owes the public an apology. In fact, he owes us his resignation.

Bill Thompson's column appears Sunday, Wednesday and Friday.

Houston Chronicle

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TAINED TO THE END

Prosecution of Hutchison never escaped suspicion

The case against Kay Bailey Hutchison ended as it began — tainted by the actions of Travis County District Attorney Ronnie Earle.

It is only fitting that it was a legal taint in Earle's infamous raid on Hutchison's state treasury offices which ended the senator's trial. The political taint from the same raid had colored every step of Earle's eight-month probe into criminal ethics charges against Hutchison.

Just five days after then-state Treasurer Hutchison, a Republican, won a special election to the U.S. Senate last June, Earle, a Democrat, descended on her offices with officers from three law-enforcement agencies to seize records and issue "instanter" grand jury subpoenas.

This newspaper commented then that Earle's probe was "tainted" because "The contrast is all too vivid between the way Earle treated Hutchison and the way he treated his fellow Democrats in high state office when they were the subject of investigation."

With a clear double standard established at the start, Earle's probe and indictment of Sen.

Hutchison never escaped the suspicion that the case was politically motivated.

When it all ended in a Fort Worth courtroom Friday with Judge John F. Onion Jr. directing the jury to find Sen. Hutchison innocent on all charges, it was Earle's circus-like raid that was the root cause. He had legally shaky grounds for seizing the records, grand jury subpoenas rather than search warrants.

An unhappy District Attorney Earle feels "justice has been denied." He has only himself to blame, the whole affair was horribly mishandled.

His fellow Democrats are despondent that they now have no easy target in the November senatorial election. They, and Earle, have only themselves to blame. From the time over two years ago that this newspaper first revealed the abuse and misuse of state resources for political and personal benefit, several high-level Democratic state officials have dodged and weaved and managed to escape legal responsibility for those actions. They can hardly complain when the only high-level state official held legally accountable, a Republican, is found innocent.

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H.P.

2-17-94 A31

Hutchison got victory she wanted

THEY NEVER laid a glove on her. When the opening ball sounded in the trial of Sen. Kay Bailey Hutchison on charges she used state personnel to conduct personal business while state treasurer, Travis County District Attorney Ronnie Earle didn't even answer the bell. Decision: Hutchison by a technical knockout.



Cal Thomas

Hutchison's acquittal has made her a national celebrity and could revitalize the GOP, which desperately needs a new leader. Hutchison proved she has brains, guts and a lot of class.

"They thought the lady would crack," she said after the acquittal. She refused the martyr role some might have assigned her. She wanted victory and nothing less.

No one was more surprised than Hutchison and her attorney that the trial ended before it began. One factor may have been Earle's reluctance to proceed given reports that some personal records of Democratic Gov. Ann Richards were turned over to the judge with the prospect they might be released during the trial. It was also reported that some of Richards' telephone records had been destroyed, which was one of the charges brought against Hutchison. Did Richards pass the word to her protegee Ronnie Earle to call off the judicial attack dogs? Stranger things have happened in Texas politics and jurisprudence.

Hutchison told me, "The people are turned off by those who want to use the jury box to replace the ballot box." And she indicated she may use her re-election campaign to "clean out Austin and clean up corruption in politics. The people won't stand for these kinds of dirty tricks." With voters' low-level trust of politicians, Hutchison may have captured a campaign theme that Republi-

cans can use in this year's House and Senate races, especially with Whitewater and Madison Savings continuing to dominate the headlines.

The Hutchison trial, which Texas Democrats thought would shoot down the freshman senator, has instead injected her with political steroids. She will return to Washington a conquering heroine and a force to be reckoned with. Texas Democrats didn't just shoot themselves in the foot with this ill-conceived scheme — they may have vaporized their party in the state.

With both Hutchison and senior Sen. Phil Gramm representing Texas as Republicans, Ann Richards is the only big-name Democrat who still clings tentatively to statewide power. But the governor's mansion may soon look like the Alamo as Republicans — from George W. Bush, who is challenging Richards for governor, to an anticipated smashing re-election bid for Hutchison — ride roughshod over them.

Poor old Lyndon Johnson must be spinning in his grave. LBJ knew how to twist arms and get his cronies to do what benefited him and his party. But these modern Democrats can't even stand and fight.

Nobody's going to be deriding Hutchison as "the Breck girl" anymore. More like Wonder Woman.

Los Angeles Times Syndicate

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Hutchison is now back to political go

WHEN Kay Bailey Hutchison walked out of a Fort Worth courtroom after having been declared innocent, she had paid a hell of a price to get back to go.

Despite all the hoopla and analysis spinning around the Republican U.S. senator's acquittal on criminal ethics charges, only one thing is certain: Hutchison is innocent. She was acquitted in a legal trial and, thus, she is a vindicated American.

But, there's a difference between being a vindicated American and a vindicated American politician, if for no other reason than Americans find it hard in their hearts to vindicate politicians in general.

Oh, sure, as of this moment, Hutchison is rather light years ahead of her opponents — those in the March 8 Republican primary and whoever the Democrats wind up nominating to take her on in November.

And, if anything, her walking free from what has to have been a wretched months-long personal ordeal benefited her politically because now she can campaign on having been a victim of the political system, not just part of it.

But, mostly, it brought her back to political go.

Last June 8, when she, the state treasurer, won Texas' special Senate election runoff with 67 percent of the vote, Hutchison was perceived to be a political powerhouse, one who was going to be tougher than the proverbial boot leather for a Democrat — any Democrat — to beat this November.

Even when, five days later, Travis

County District Attorney Ronnie Earle directed a well-recorded raid of Hutchison's state treasury office in which records, files and computer tapes were seized, most still thought Hutchison was one tough pol, who would handily prevail.

As the next eight months dragged on, and the Dems admired Earle's caring for and concern with "following the law fairly" and the GOPers deplored his "political" moves, the pundits' views of Hutchison's political lot generally went back and forth across the map.

One day they'd think she'd beat Earle's charges and walk across Texas, garnering votes for a triumphant return to the Senate. Another day, they'd think she was doomed to lose and in losing her legal case was certain to lose her political one.

For eight months, Texans mostly rocked along, maybe bouncing from one side to another along the way, but generally withholding interest, and opinion, until it was resolved in court.

Friday, it was. Earle stood up in the Tarrant County Courthouse and threw in the legal towel before it ever began, and Hutchison walked out a vindicated American and one the pundits were calling a tough pol who'll be really, really strong against any Democrat this November.

Kay Bailey Hutchison is back to political go.

After eight months of enormous expense — emotionally and financially — she's back to being the perceived front-runner, who, sure, can be beaten by her ultimate Democratic opponent on issues, but is not likely to be.

Invoking only the standard political caveat that any political prediction is based on, the one of nothing yet unknown coming along to blur the picture, Hutchison this weekend is back as the unquestionable leader.

A myriad questions, however, are being asked about Ronnie Earle. Why did he just quit? On what basis did he presume the judge wouldn't let him get his evidence before the jury? Once the jury was empaneled, what did he have to lose by pressing on? Faced with a judge held in high regard, did he think it best to cut his losses and run, rather than lose outright? Who is this man? And why did we have eight months of his dogged effort to bring Hutchison to trial, only to see him shut it down before it began?

Other questions — about the laws of the state and the morals of politics — also are being kicked around. Why can't the Texas Legislature write some clear laws of what an elected politician can or cannot do in his or her state office? What is reasonable political activity in a public office and what is not? What is an innocent mistake and what is malfeasance? Is the Travis County district attorney the one to decide that or should someone else be legally designated to be the public's watchdog of officeholders?

Oh, there are a lot of questions coming out of Hutchison's trial. Most are hard, really difficult to answer. Indeed, knowing the Texas Legislature and its usual way of resolving matters, most likely will not again be asked, much less answered — until the next time.

But there is one sure, easy-to-answer question from the trial. Is Kay Bailey Hutchison innocent? You bet she is. She was acquitted in a court of law. At the direction of the judge, the jury declared her innocent. Thus, in the time-honored American way, she is innocent.

Still, when she walked out of that courtroom after having been declared innocent, she had paid a hell of a price to get back to go.

Ely is a Chronicle columnist.



James Ely

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Jack Germond

Jules Witcover

Hutchison win helps GOP tide

TWO YEARS ago the managers of Bill Clinton's campaign were faced with a decision on how much effort to make to win Texas' 32 electoral votes.

On paper, it looked feasible. The polls showed Clinton within range of George Bush because of concern over the economy. Top-drawer Democratic strategists were ready to direct the campaign. Gov. Ann Richards was prepared to help. There was the realistic prospect of enough money. The prize was a rich one — electoral votes without which Bush probably could not be re-elected.

In the end, the strategists decided Texas was too tough for a Democrat running for president. It was a wise decision. In the last decade the most striking change in Texas politics has been the willingness of conservative Yellow Dog Democrats to support Republicans in state and local as well as presidential elections.

Now, with the bizarre acquittal of Sen. Kay Bailey Hutchison that trend is likely to be accelerated. The smart money now supports the thesis she will win re-election in a walk. The operative question is whether her position at the top of the GOP ticket will bring an outpouring of support that might threaten Richards as well.

Hutchison already has shown formidable strength — winning a special election last June by a two-to-one margin.

Political activity

Moreover, the charges against Hutchison — that she used her office as state treasurer for political activity and then sought to cover it all up — were always seen by many as politically inspired. Some professionals in both parties believed she might have won re-election even if convicted so long as she escaped a prison term.

And the betting was that Hutchison wouldn't be convicted because it would be impossible to find a jury of Texans horrified by the notion of a public official doing political work in office. Such work has been known to

But now the directed verdict of acquittal has freed Hutchison to depict herself as someone who defied "the Austin crowd" — meaning the liberal Democratic establishment that once carried so much weight in Texas politics.

The shape of the campaign will be determined to some degree, of course, by the Democratic nominee chosen in the party primary March 8. The favorite at the moment is former state Attorney General Jim Mattox, a freewheeling populist with a reputation as a political loose cannon but with obvious appeal to minority voters and some courthouse Democrats. His prime competitor is Rep. Mike Andrews, a more centrist Democrat in the mold of former Sen. Lloyd Bentsen but one still lacking a statewide identification.

Richards' status

On paper, Richards' situation looks far more promising. Opinion polls show her still getting high marks from Texas voters. The economy is improving, always a benefit to incumbents. She still has a special connection with women voters because of her support for abortion rights and to others because of her colorful style.

But it is also true that Richards was elected in 1990 in some measure because of the political self-immolation of her Republican opponent in that campaign, rancher-entrepreneur Clayton Williams. It was far more a personal triumph for Richards than an endorsement of Democratic liberalism.

Her likely opponent, George W. Bush, is an unknown quantity. The former president's eldest son is president of the Texas Rangers baseball team and well-established in both business and political circles in the state. In many ways he fits the mold of Republicans who are having so much success in the Sun Belt by winning heavily among suburban voters around the major cities. But he is unproven as a campaigner, and there are still months in which he must show he can withstand the pressures of a campaign.

By November the abortive attempt to prosecute Kay Hutchison may be forgotten by many voters. And both Senate and gubernatorial candidates will be obliged to deal with a wide range of complex issues. But the movement toward the Republican Party in Texas is a tide that will be more difficult than ever for Democrats to turn back.

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QUORUM REPORT

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Special Report: Closing out the Hutchison Prosecution

Harvey Kronberg, Editor

(512) 444-4574

Mincberg, Publisher

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EARLE PLEADS "NO LO CONTENDERE"

Like many, we felt deprived of the morbid pleasure of watching the Hutchison case unfold in Fort Worth. However, after the prosecution surprisingly plead their version of "no lo contendere", the center of press attention finally shifted to where it should have been long ago: Ronnie Earle, the Public Integrity Unit and Travis County politics.

Ironically, the Travis County DA said he threw in the towel because of a "disturbing pattern" of rulings from Judge John Onion that had convinced Earle that the material seized in the Treasury raid would have been ruled inadmissible after the jury had been seated. The timing of such a ruling by Onion would have prevented the prosecution from appealing.

The claim was ludicrous. However, if one suspends belief and takes Earle's statements at face value, the conclusion is inescapable that it was apparently more important to the DA to keep the case alive in the appeals process for the next several months or years than it was to actually adjudicate the indictments

Press conferences aside, the near unanimous consensus of the legal community is that it was legally untenable for Onion to have issued a blanket ruling on the admissibility of sixty plus boxes of unindexed and unidentified documents. The state's unwillingness or inability to specify what documents it intended to use prevented multiple individuals (including Hutchison) the right to legitimately raise objections

Ironically, Onion told *Texas Lawyer* that he could not determine if even Hutchison had standing (the legal right) to object to the documents use as evidence unless he knew what they were. Without knowing what the state intended to use, Onion could not have determined privacy rights or other legal issues

The prosecution was not able to come up with a list of documents intended for evidence during the week-long pretrial hearing. It was not until the fourth day of *voir dire* (the jury

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to: KAY Hutchison	
cc: RBH	
from: Steve	

selection process) that the State was able to produce a two page list of the documents it intended to use. The pretrial hearing had already been completed and Onion refused to improperly allow a pretrial motion into the *voir dire* proceedings.

Defense attorneys tell us that Onion's refusal to admit the Treasury raid material as a complete unit did not necessarily prevent the public from seeing the evidence. Under normal procedures, Onion would have had to send the jury out of the room so that the state and the defense could argue over the admissibility of each individual item. Although not available to the jury, the evidence and the arguments surrounding them would have clearly been well publicized in the media. Earle's oft-stated concern that the public would not see the evidence is, at best, simply incorrect.

The evidence obtained in the raid that has subsequently been reported in the papers was far from convincing. In fact, headlines notwithstanding, detailed accounts of the Treasury documents in the *Houston Chronicle* make it appear that at most junctures in which Hutchison became aware of improper activities, she ordered corrective measures taken.

Earle's Case Never Depended on the Treasury Evidence

However, what made Earle's decision to fold so truly inexplicable was that the real meat of the case was never the materials seized in the Treasury raid. It was the eyewitnesses. One former prosecutor noted that the eyewitnesses were the cake; the documents seized at Treasury were the icing.

The prosecution's witnesses remained intact and untainted. Even if the Judge had performed as Earle had predicted and ruled against the state on each of the seized documents, the prosecutor still had the computer tapes which allegedly demonstrated a "cover-up". On top of that, former Hutchison staffer David Criss had effectively announced that he was a motivated witness for the prosecution.

Like so much about this case, it is simply not believable that Earle folded an eight month effort because it was possible that the Judge might rule against some of his evidence. Even in Austin, the conventional wisdom had it that Earle was under intense pressure from the Democratic leadership. Others believe that Dick DeGuerin had developed evidence implicating Earle in a selective prosecution offense (a federal matter) that would have come out during the trial. One former District Attorney from elsewhere in the state even told QR that prosecutors are often required to present cases in which crucial evidence might be ruled inadmissible and said that the whole event was so bizarre that it lead him to speculate that Earle had had a nervous breakdown.

Texas Lawyer essentially reported that the state's case imploded because the prosecution was simply not up to the task.

DeGuerin Saves Earle From Himself

After withdrawing the case from a court of law, Earle attempted to prove it to the press. He released the Treasury documents as Hutchison had requested but then attempted to release the secret Grand Jury testimony by going to Judge Bob Perkins for a court order without prior notification to the defense. Needless to say, after DeGuerin threatened a multi-million dollar lawsuit, Perkins was less than

pleased to discover that by relying on the prosecution's claims, he had been sucked into the DA's procedural negligence.

DeGuerin ultimately saved Earle from himself by threatening to sue if the secret Grand Jury proceedings (which were all unchallenged and uncross-examined testimony) were released. Had the DA not backed off, Travis County could have been financially liable for damages to the witnesses who testified under the guarantee of secrecy. In fact, Earle's prosecutorial immunity would have been breached and he could have found himself personally liable for civil damages and, some say, criminal charges.

Some Reforms To Consider:

Regardless of what steps the Lege might choose to implement, the political community is left with the reality that the Travis County District Attorney will always have the power to prosecute crimes in its jurisdiction which includes the Capitol.

Here are some preliminary thoughts on potential reforms:

It should be self-evident at this stage that secret Grand Jury proceedings in which witnesses are forced to testify without benefit of counsel are unconscionable. Since perjury entrapment resulting from inconsistencies in Grand Jury testimony and later sworn testimony is apparently a favored technique in political prosecutions, the Lege needs to review the rules.

Defense counsel Michael Tigar wrote in the *American Statesman* that in violation of Texas Criminal Procedure, Hutchison's attorneys were wilfully barred by Earle from providing explanatory material to the Grand Jury. Such material might have tempered the Jurors willingness to indict. Despite the fact that he empaneled the Grand Jury, Judge Bob Perkins ruled that he did not have the authority to compel the DA to allow defense counsel to present material to the Grand Jury. If true, that quirk in the law needs to be fixed.

Additionally, the Lege may want to add term limits for district attorneys when it is considering Bullock's recently announced proposal for term limits on Railroad Commissioners and legislators (his proposal at the State Chamber annual meeting ignored Congressmen.) After J. Edgar Hoover accumulated files on most Washington political figures and used that information to manipulate politics, Congress passed legislation limiting an FBI director's term of office to ten years. Perhaps the Lege should do the same with all county DA's and for the exact same reason.

After watching Earle's case begin its collapse once it was moved from politically friendly Travis County, the Lege should consider requiring that all prosecutions of political figures be moved out of Travis County and tried under the auspices of a visiting judge. Judge Onion's age and semi-retired status removed political ambition from his rulings.

Finally, more than 40% of Earle's prosecution was funded from drug related asset forfeitures. No numbers are available to indicate what kind of discretionary money DA's obtain from asset seizures. Perhaps that number should be reported annually. Furthermore, the Legislature should develop protocols for acceptable use of drug-related asset forfeitures.

Understanding the Power to Intimidate

The political community deserves better than the petulance demonstrated by the DA in his post-acquittal press conference. It is time to dispense with Earle's sermons from the mount and write clear rules with enforcement mechanisms that do not rely on the singular moral compass of this enforcer.

Earle derives his power to intimidate from legal ambiguity. After passage of the ethics bill in 1991, he gave a singularly uninformative speech to the State Chamber in which he refused to offer guidance or be pinned down about what was and was not acceptable lobby expenditures. At the time, he said the only sure rule was "Go Dutch".

Similarly, at his post trial press conference, Jerry White of the *Statesman* reported that "Earle said a list of do's and don'ts would be impossible to compile." The paper then quoted Earle directly saying that "I can't make a list long enough for a scoundrel and an honest person doesn't need one." Somehow it is little comfort that Ronnie Earle has become the sole arbiter of who is a scoundrel and who is an honest person. So much for the rule of law.

For most mere mortals denied such certitude, the world of politics is a universe full of shades of gray. In such a world of grays, political figures of all persuasions are in jeopardy when the only line between investigation and criminal prosecution is the DA's unique ability to identify the "scoundrels" in the process.

Speaking of "disturbing patterns"

Speaking of "disturbing patterns", last September, this publication called attention to disturbing patterns of predictable winners and losers resulting from investigations by Travis County prosecutors. Three months later we documented serious irregularities in the DA's handling of his state appropriations. In the last issue, we indicated that the District Attorney's office was simply wrong when it declared its 1989-1991 undocumented advances of state funds had been the subject of an audit (the audit was of an obscure section of the Comptroller's office charged with receiving Earle's vouchers)

Sibley's Concerns

Republican Senator and former District Attorney David Sibley issued the following statement after the trial.

"Something is fishy here. In all my years as a prosecutor, I have never seen anything like this. After spending up to \$500,000 [Earle] dropped out before the first punch was thrown.

The prosecutor claimed he feared the judge would rule evidence inadmissible. That doesn't make sense, for two reasons. First, Judge Onion had made no decision on that question. His rulings could well have favored the prosecution. Second, copies of all disputed evidence had been voluntarily turned over to Earle's investigators by the Hutchison camp. In other words, he had admissible copies of the same evidence in his possession.... His cave-in simply doesn't make sense...

Earle also claimed that the Hutchison case 'would establish what a public official could or could not do.' What he is tacitly admitting is that he engaged in a selective prosecution. You don't set ethical rules by picking out a victim and prosecuting; you establish them by publishing them in bright lines. Earle has consistently refused to do this, and it's time the Legislature established a bipartisan commission to correct this failure."

Readers will recall that it was the undocumented advances received at the precise moment that County Attorney Ken Oden began his investigation of ClayDesta Bank that gives this story a flavor of more than dime store appropriations misuse.

It is worth a moment to remember the context of the most recent ethics legislation. As we go to press, none of the post-trial commentary has noted that the driving force behind the most recent ethics legislation was Ronnie Earle's gratuitous investigation of Gib Lewis. The most recent ethics legislation was passed in an atmosphere inflamed by a largely uncritical press that had already predetermined the Speaker's guilt.

In fact, the DA publicly commented that it was his intention to use the criminal prosecution of the Speaker to force a change of rules in the Texas House. This publication was outraged that a District Attorney would openly use a criminal prosecution of the Democratic Speaker for the purpose of affecting a public policy outcome. Some are still naive enough to believe that criminal prosecutions are exclusively reserved for adjudicating the innocence or guilt of alleged wrongdoers.

Earle's use of criminal proceedings to impact the political process is unacceptable. Furthermore, he has not faced a political opponent for nearly a generation and operates from a base of power in a county that could not be more atypical of the state as a whole.

Does Desperation Upset the Apple Cart?

Now the DA himself is in the most precarious political position of his career. His press is bad. His credibility as a prosecutor of political figures is shot.

One state Senator, Republican Jane Nelson (R-Lewisville) has labeled his undocumented advances of 1989-1991 a "slush fund" and called for an investigation. Another state Senator, David Sibley (R-Waco) who is a key member of Lt. Gov Bob Bullock's Senate coalition wants to know the real reason Earle dropped the case (see the accompanying side-bar). Just as importantly, House Appropriations Chairman Rob Junell (D-San Angelo) was quoted in the *Dallas Morning News* saying that his committee would take a long hard look at Earle's appropriations in the next session.

In an interview on Paul Pryor's *KLBJ* talk show in Austin, Earle was almost defiant noting that there was little the Legislature could do about a District Attorney's ability to prosecute within his jurisdiction. He noted that it would be of little consequence if the Legislature decided not to renew his \$160,000 a year Public Integrity Unit appropriation. Earle did not mention his thoughts on the \$1.5+ million in motor fuels and insurance fraud investigation money he receives from the state (somewhere between 20-25% of his overall budget).

The implicit intimidation that was communicated to House members by the indictment of State Rep. Betty Denton (D-Waco) after she started looking into Earle's use of state money is not likely to work this time. Although it is probable that Denton's motives were connected to Earle's indictment of her husband Lane Denton, several House members told this observer that they had taken the Waco Rep's legal problems as a message regarding the personal risk they would face in undertaking an examination of the DA's appropriations.

Just as importantly, inquisitive senators and representatives are not likely to endure editorial castigation for scrutinizing the DA's appropriation this next time around.

Key Senators have also confided that they too are interested in examining what was going on in Earle's and Oden's shops. The likely scenario is that Legislative Democrats will let the Repubs get out front on the issue, let the GOP members fade any press heat and then come on board for some type of bi-partisan reform.

Toughing It Out

The DA will obviously tough this out. It is unimaginable that Earle will try to vindicate himself by dragging Richards or her people before a grand jury to testify under oath without benefit of counsel as was done in the Hutchison case. Nonetheless, political desperation can produce unpredictable results.

Meanwhile, State Rep Betty Denton is under indictment. Supreme Court Justice Craig Enoch has been under PIU "investigation" for sixteen months. Gary Bledsoe is a recent arrival in the DA's hot box. All three investigations should be dropped. None of these individuals deserves the honor of being caught up in the DA's efforts to rehabilitate his tattered reputation.

Reliable sources tell this observer that Earle's people have been reviewing lobbyist's files at the Texas Ethics Commission. It is a safe bet that the now discredited Public Integrity Unit is going to indict some hired gun lobbyist (presumably one without the resources to hire a Dick DeGuerin) and initiate a slam dunk prosecution in order to woo back the fawning editorials it once enjoyed.

POST TRIAL ODDS AND ENDS

Uncomfortable Position for SW Bell: The destruction of the telephone records in Richard's office is a story that will fade but not go away. Some folks note that the Guv's request that Southwestern Bell reconstruct the records was phony (yes, the pun was intended), because Bell was simply the billing agent and not the carrier.

More significantly, however, is the fact that Southwestern Bell will be in the midst of a rewrite of telecommunications law next year as they, the newspaper publishers and cables reprise their inconclusive battles of last session. The last place Southwestern Bell wants to be is carrying Republican water by reconstructing records and producing information that could damage a Governor wielding veto power over their telecommunications future. Furthermore, Richards has now appointed all three members of the Public Utility Commission that has regulatory oversight over the telephone companies.

The only way any telecommunications player would get involved in that kind political suicide would be under court order.

From the Code of Fed'l Regulations as Pertains to Telecommunications, entitled "Preservation of Records of Communication Common Carriers:" "Each carrier that offers or bills toll telephone service shall retain for a period of 18 months such records as are necessary to provide the following billing information about telephone toll calls: the name, address and telephone numbers of the caller, telephone number called, date, time and length of the call. Each carrier shall retain this information for toll calls whether it is billing its own toll service customers for toll call or billing customers for another carrier.

Does Ken Oden's Appointment Become a National Issue?

Now that it is final that Texas will have two Republican senators for the rest of the year, inquiring minds want to know the fate of Krueger's/Richards' appointees and in particular that of County Attorney Ken Oden.

It is now public that neither Phil Gramm nor Hutchison would sign off on Oden; in years past opposition from both home state Senators would have been sufficient to kabosh the nomination. However, Senate Democrats are trying to revise the practice for several reasons, not the least of which is to send a message that every state needs at least one Democratic Senator.

Needless to say, since eleven states have two GOP senators, there is likely to be considerable resistance to such an attempted coup by the Democratic leadership. There is no doubt that there will be a battle over the issue before this session of Congress is over. Whether or not Gramm or Hutchison are prepared to expend political capital to defeat Oden's confirmation remains to be seen. House Judiciary Committee Chairman Jack Brooks (D-Beaumont) is sponsoring the nomination and is a wily player with lots of political chips. He is not likely to let Oden or the others go down without some heavy backroom arm twisting.

Other sources with some claim to know argue that Gramm and Hutchison will go to the mat on this issue and that the Repub Caucus is prepared to filibuster in order to bust the nomination.

Now questions about the Comptroller's Audit of Earle: In the last issue, we voiced our concern that the audit conducted of Earle's 1992 books by the Inspector General's section of the Comptroller's office had failed to note whether or not they had looked at the uses of the DA's Imprest account (readers will recall that the Imprest Account is a discretionary account opened with \$5,000 in state money in 1989). Since then, a former government auditor contacted QR to let us know that standard accounting procedures would require an auditor to at least mention the existence of an unexamined discretionary account.

That seems to be Travis County's procedure. A quick look at the *Comprehensive Annual Financial Report of Travis County for the Fiscal Year ending September 30, 1990* (p. 44) specifically identified the discretionary funds for both the District and County Attorney's office and noted that those funds were exempted from examination.

Our auditor source believes that if the Inspector General's Office did not mention the Imprest Account, it may not have known that it existed and therefore did not include it in the audit. Since we are not privy to the Inspector General's working papers, the question remains unanswered.

Guru Maharaj

Richard Nixon:

One longtime veteran of the political wars was amused that Ann Richards and her staff would find themselves in philosophical debt to John Connally and Richard Nixon. After all, it was Connally that suggested to Nixon that he call a press conference on the White House lawn and publicly burn the Watergate tapes. This same observer wondered what Nixon actually did tell Richards when he sat next to her at the Connally funeral.

Drug Asset Forfeitures Finance Hutchison Prosecution: Recent press reports indicate that the Hutchison prosecution cost more than \$50,000 in public funds. By definition, this number is understated because it does not include either the prosecutor's time or that of the additional attorneys diverted to the prosecution from other responsibilities inside the DA's office. The DA's office does not track attorney time on cases, so it will never be possible to ascertain the real cost of the prosecution, though few believe the \$50,000 number is even close.

(Similarly, one must wonder how effective the DA's much touted cost allocation system is in tracking the use of state money if they do not peg attorney time to specific prosecutions).

Particularly interesting is the fact that the biggest single source of identified funding was \$20,159 pulled from an account containing the seized assets of drug dealers. When asset forfeiture was first embraced, it was intended to supplement taxpayer money in the prosecution of drug-related and violent crimes. On the other hand, critics argued that the policy gave prosecutors a bounty system by which they were rewarded for making cases in which assets could be seized (the system of asset forfeiture is easily abusable, but that is another story). Nobody in the Legislature (including the bill's author, then State Rep. Dan Morales) ever envisioned asset forfeiture as a method of financing political prosecutions. Frankly, such practices should give legislators pause.

Equally interesting is the fact that there does not appear to be any public disclosure of the assets seized in drug cases. At least in Earle's case, neither the county nor the state related discretionary accounts are apparently ever independently reviewed (see the previous story). Prosecutors clearly need discretionary funds for legitimate duties. However, Earle's use of drug-related assets to finance a political prosecution raises the interesting question of how large this unsupervised and unaudited account really is. It could also be worthwhile for the Legislature to examine the protocols for usage of the discretionary funds of all district attorneys as well as those of Earle.

Earle Establishes New Benchmark: Earle has definitively stated that his dropping of the prosecution was not the result of any conversations with the Governor or her people. Frankly, this observer believes that to be the case. Yet it is indisputable that Richards in particular had become a hostage to the ongoing prosecution. Prior to this melodrama, the benchmark for the public's perception of unprosecuted improprieties had been Land Commissioner Garry Mauro, an officeholder with little name ID outside of political circles. By the time the prosecutorial gamesmanship had been completed, the new benchmark in unprosecuted improprieties in the public's mind had become the destruction of Ann Richards telephone records.

Staggering Number of Open Records Requests: Last fall, QR did an Open Records request to get copies of the vouchers submitted for their state appropriations by the Travis County District Attorney's office. At that time, we discovered that the Comptroller's office receives a staggering 10,000 Open Records requests a week! Most of those requests are tax-related and routine matters. Nonetheless, the sheer volume was surprising.

Comptroller John Sharp's folks tell us they are looking into handling most of the requests on their computer bulletin board. Such a procedure would reduce paper work and expedite the handling of such an enormous volume of material.

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BEN SARGENT



Editorial about Hutchison case wrong in blasting judge, ruling

By RONALD G. WOODS
SPECIAL TO THE HOUSTON POST

2/10/94
A-21

In an editorial Wednesday on the collapse of ethics charges against Sen. Kay Bailey Hutchison, The Post alleges that Judge John Onion's evidentiary ruling was "absurd" and based on "an outrageous technicality." To be blunt, the editorial writer doesn't know what he's talking about.

In fact, Judge Onion's decision to carry the defense motion to suppress evidence into the trial was required by law.

When Ronnie Earle raided the Treasury office last June, he did not first obtain a search warrant as explicitly required by the U.S. and Texas constitutions. This is the "outrageous technicality" The Post apparently refers to.

Earle's action could be legal, but only if he could show that seizure of records was reasonable under the circumstances. But, in two days of testimony in December, the prosecution failed to show anything except ineptitude.

First, Earle's deputies claimed they used "instant" suppressions on June 10 instead of a search warrant because a Treasury employee, Wes McGhee, had informed them the previous day that records were being destroyed. We promptly deposed McGhee under oath. He stated he had told prosecutors no such thing. In other words, the prosecutors had apparently lied to the court. They had no justification for their high-profile raid.

Second, at the December hearing, the prosecutors were unable to identify what documents they were going to use at trial, nor could they specify from what source any document had come. In his rush to embarrass Sen. Hutchison in the June raid, with 13 investigators from three law enforcement agencies and news reporters and cameras on hand, Earle had failed to keep a record or an inventory of records seized.

The Post implies the Open Records Act makes all documents in state offices public records anyway. Not true. There are 23 categories of records exempt from disclosure, including:

1) Information deemed confidential by law, either constitutional, statutory or by judicial decision; and (2) Private correspondence and communications of an elected officeholder relating to matters the disclosure of which would constitute an invasion of privacy.

Earle charged Sen. Hutchison with misapplying state resources for personal and political purposes. Absent issuance of a search warrant, a motion to suppress was entirely appropriate.

The only acceptable course for Judge Onion, after the prosecution failed to

provide any basis for a pre-trial ruling, was to carry the motion along into the trial. There, all evidence would come out, and a ruling could be made on each document at the time it was introduced.

Earle's alleged apprehension over a possible adverse ruling was patently phony. Sen. Hutchison had voluntarily turned over 10,000 pages of documents — all her correspondence, phone records and virtually all other items the prosecution had gathered illegally in the raid. And Earle had obtained yet another copy of all documents from a Treasury computer operator, R.T. Burbett, who had taken home 13 back-up tapes that contained all documents at issue.

So Judge Onion's ruling is being used as a smokescreen. Earle possessed admissible copies of all documents from independent sources. There were no smoking guns. The only smoking gun is the one in Ronnie Earle's head after he shot himself in the foot.

The fact is that Earle's case was falling apart and he wanted to avoid further embarrassment. Example: His investigators finally got around on Feb. 1, 1994 to interviewing Henry Rodriguez, the Treasury employee who actually did the buy computer security work. Rodriguez told them that Kay's deputy had instructed him to make sure that no records were deleted or destroyed. This testimony totally destroyed the last remnants of Earle's "cover-up" theory.

After many years of doing anything he pleased at Austin's Travis County Courthouse, Earle became visibly uncomfortable with the fairness and impartiality of Fort Worth and Judge Onion. He had also observed the pathetic performance of his prosecutors in four days of extended interaction with potential jurors. He decided it was time to cut his losses. The Fort Worth paper later interviewed jurors selected for the trial. They stated that "the prosecutor was unprepared from the start," and his presentation was "disjointed," "a farce," "almost goofy" and "trivial."

The Post is entitled to be galled by Earle's hapless excuses. But I find it discouraging that you joined Earle in criticizing Judge Onion. A lifelong Democrat, Judge Onion is above partisanship. He has a well-deserved reputation as the most knowledgeable and fair judge in the state, a reputation earned by his long, spotless record as chief judge of the Texas Court of Criminal Appeals. Shame on The Post for attacking him with such an ignorant editorial.

Woods, a former U.S. attorney in Houston, was co-counsel for Sen. Hutchison.

95043692010

Another political witch hunt



WARREN HARDING

As former state treasurer of Texas, I am compelled to shed some light on Ronnie Earle and his understanding of the responsibilities of a district attorney. With the dismissal of charges against Sen. Kay Bailey Hutchison, I am encouraged to believe that an end to the misuse of power and taxpayer money has finally come after a reign of over a decade in Austin.

Over 167 years ago, Lord Acton wrote: "Power tends to corrupt and absolute power corrupts absolutely." Since the balance of power of the U.S. Senate was at risk, there must have been phenomenal reasons, which remain undisclosed, that caused Ronnie Earle to drop such a high-profile case. However, as a result of his unprecedented actions, there will be another venue developed to govern matters that fall between personal and public use of taxpayer time.

There were two distinct philosophies regarding Mr. Earle's case against Sen. Hutchison. One is that she was the target of a "Democrat plot" and the other that she was brought to court through "due process of law." Ironically, neither version is totally accurate.

Throughout Texas you can find city and county Democrat officeholders who are excellent conservative public officials. I know many of these individuals personally, and I can assure you that some of the Democrats in Austin are an entirely different breed. The lure of power of holding a state office has created an environment where the ends justify the means. This holds true for both acquiring a state office and for expelling someone from a state office. The means these individuals use are now so diversified that even the Travis County DA appears to have a niche in the process.

Mr. Earle began this trend in 1982 by illegally seizing State Treasury documents without the use of due process. Once I was apprised of his underlying legal premise, I gave voluntary testimony, naively thinking that the solution would fit the offense. I took responsibility for one of my assistants having 53 envelopes addressed on state time without my prior knowledge or consent. I asked that I be allowed to make restitution to the state. Instead, I was indicted just a short time before the filing deadline for the office of state treasurer. Having already filed for the office, I fought for my political life. It was not until years later that I

uncovered the entire story, the players and their roles. My concern is that Sen. Hutchison may have been the victim of a concerted effort by some of the same individuals.

Even with a two-count indictment, I got into a runoff with Ann Richards largely due to the broad-based support I had from individuals I had met during 32 years of unblemished public service. By then, many defections to the Republican Party had already begun; and being a conservative Democrat meant I did not have the kind of party support that is available today.

The stress on myself and my wife was enormous. For those reasons alone, with absolutely no ples bargaining, I withdrew from the runoff. Not surprisingly, my case was soon finalized. It was judged to be a misdemeanor and eventually dismissed through a process known as deferred adjudication. The truth: I was no longer an impediment to the new regime.

Until now, I have been silent about the coercion that fueled my fray with Ronnie Earle. These isolated, self-serving individuals have the audacity to call themselves Democrats. Thus the "Democrat plot" theory has evolved. Sadly, these people and their misuse of the legal system have given rise to a new definition for the Democratic Party. Like it or not, the new Democrats are in power, maybe not in your community, but definitely in Austin.

The "due process" theorists need only to take a look at my case and its similarities to the Hutchison case to determine that this is a political:ly driven misuse of the Travis County's DA's office.

Over the next few months, you will be seeing releases of Treasury documents that Ronnie Earle garnered and has made available to the press. Therefore, the voters are the new venue, and we will have a chance to rid Texas of some rascals. It is now our duty to determine who the rascals are.

Warren G Harding Sr. is former Texas state treasurer

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Tuesday that left a 32-year-old is.

Ethics expert: Hutchison did nothing illegal

By MICHAEL HOLMES
and SCOTT ROTHSCHILD
Associated Press Writers

AUSTIN — An expert on state ethics laws, who had been slated to testify for U.S. Sen. Kay Bailey Hutchison, said Wednesday that he believes she did nothing illegal or different from many other state officeholders.

"I didn't see anything that was a problem. I'm very comfortable saying that," said Ed Shack, an Austin attorney who for 10 years served as an assistant secretary of state on ethics and elections.

Shack, whose firm Ethics and Election Services of Texas advises politicians and others, said he spent four days reviewing the evidence expected to be presented during Hutchison's trial on state ethics charges.

"I was looking for a so-called smoking gun. I didn't see anything," he said.

The Republican senator, who has denied any wrongdoing, was found innocent on all five counts after Travis County District Attorney Ronnie Earle abandoned his case when the judge wouldn't rule in advance on whether his

evidence would be admitted.

Hutchison had been accused by Earle, a Democrat, of misusing state workers and equipment for political gain during her 2 1/2-year tenure as state treasurer.

Hutchison has said she believes the investigation of her was a Democratic plot sparked by her landslide special election victory last June.

Shack, who worked for three Republican and three Democratic secretaries of state, said he's never met Hutchison.

He said his review of Treasury documents and trial evidence led him to the conclusion that she was effective officeholder, not running a political machine while in charge of the Treasury.

"She was ... accused of having this huge election machine, campaign machine. I did not see evidence of that," he said.

"I saw her, certainly, being active in accepting speaking engagements — or turning down speaking engagements. But it didn't seem like she was running for office. It seemed like she was being a public official, talking to lots of people, listening to what people had to say, responding to people."

ew trial after jurors caught napping

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Earle fails in effort to drag Hutchison through the mud

READERS WRITE

It is with absolute amazement that I read the *Marshall News Messenger* editorial ("Senator beats the rap, but not the history") in your Sunday, Feb. 13 issue in which you woebetone the fact that Sen. Kay Bailey Hutchison's acquittal was the result of "sharp legal maneuvering." The position which you took demonstrates monumental naivete, crushing ignorance, or a combination of the two.

You cite "fantastic legal maneuvering" as the reason for the judge ordering a directed verdict of not guilty. The truly fantastic thing about this is that you are gullible enough to swallow the incredible position espoused by Ronnie Earle, the Travis County district attorney.

Let's face facts. Because of the rules of evidence and procedure for grand jury proceedings, even the most mediocre prosecuting attorney can obtain an indictment against virtually anyone for practically any crime. It is quite another thing to obtain a conviction unless the facts are plain and unambiguous. Unless Earle is a complete and total fool, he knew full well he had insufficient evidence to convict Sen. Hutchison of the crimes with which he had charged her. Earle is not a fool, he is just a tool of the Democratic Party and is a partisan hatchetman.

Earle's object was to destroy the political career and personal reputation of a member of the opposing party who had won the senatorial seat with an astoundingly record-setting margin over the handpicked interim senator. Giving Earle the dose that he had some scintilla of sense, he knew that he could not win a conviction, so what is the next-best thing to do? Delay the inevitable acquittal until after the election so a cloud would hang

over Sen. Hutchison's head.

In his first attempt at delay, Earle's office drafted an indictment which was so hopelessly inept and woefully vague that the highly-respected judge ordered that it be redrafted. That didn't stall things long enough and Earle attempted countless other delays without much success.

The final attempt at delay was to try to force the judge to rule on the admissibility of certain evidence before the trial even began. Of course, this would have delayed the seating of the jury but the primary thing is that Earle could have then appealed whatever ruling was issued, a step which could have postponed the trial for two to three years.

Judge John F. Onion Jr. rightfully refused this request and said he would rule on the admissibility of evidence as it was attempted to be presented.

When the rubber met the road, Earle's game of delay was at an end. He had to either "put up or shut up." Unfortunately for him (because he had no credible evidence of wrongdoing) a jury acquittal appeared inevitable. At Sen. Hutchison's request, the "evidence" was released and was proved to be picaresque at best; the evidence which Sen. Hutchison willingly provided was much stronger than that which Mr. Earle was seeking a ruling from Judge Onion. Which would be worse for the opposing party: a definite resounding acquittal or a withdrawal which might still leave a stain on the senator's reputation?

The decision was made to refuse to proceed with the case, with Earle stating that he already knew the rulings would be against

him. How did he crawl into Judge Onion's mind and figure that out?

Now, Earle wants to shout to the heavens that Hutchison was acquitted on a "technicality" and that she somehow is guilty even though she is not. The "technicality" which acquitted Sen. Hutchison is that Earle simply chose to retreat when he knew he was beaten and would be forced into a timely trial.

On the other hand, he apparently thinks that he can leave some stain on Sen. Hutchison. Notice, Earle has been totally silent about Gov. Ann Richards's patently illegal destruction of state telephone records shortly after he raised the rhubarb over Hutchison. Will he seek an indictment of Gov. Richards? I think not.

The decision not to proceed with the case is the ultimate in "play my way or I'll pick up my marbles and go home," an unheard step in legal circles. The problem is that Earle did not have any marbles to pick up.

Bailey C. Moseley
Marshall

Hutchison cleared for good reason

Your editorial on Feb. 13, 1994 ("Senator beats the rap, but not the history") that Sen. Kay Hutchison's indictment was thrown out on "a technicality" is an obvious attempt to mislead your readers.

Please follow this:

1. The judge said he would rule on the evidence when it was presented in court, not before the trial began.

2. The district attorney decided not to prosecute the case.

3. Since the district attorney refused to press charges, the judge is Democrat, by the way declared Sen. Hutchison not

guilty. Does that sound like some obscure technicality? It doesn't, because it isn't. The district attorney pulled Sen. Hutchison's name through the mud for months, trying to ruin her reputation before the election. When it came time to let a jury decide, he admitted he could prove nothing and went back home to Austin.

That is not a technicality. It is gutter politics and trial by newspaper and you fell for it. Wake up.

Sam R. Moseley
Marshall

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Fisher closing in on Mattox, poll indicates

By ROSS RAMSEY
© 1994, Houston Chronicle

Dallas investor Richard Fisher is closing in on Jim Mattox in the Democratic primary race for the U.S. Senate, while U.S. Rep. Mike Andrews lags far behind, according to a new Houston Chronicle/Dallas Morning News Poll.

But with 30 percent of likely Democratic voters still undecided, pollsters called the race a virtual three-way tie between Mattox, Fisher and

"Not Sure."

Mattox was the favorite of 30 percent of those polled. Fisher had 26 percent, while Andrews had 11 percent. Evelyn Lantz, an adherent of perennial presidential candidate Lyndon LaRouche, had the support of 3 percent.

The statewide poll of 802 likely voters in Tuesday's Democratic primary was conducted by Blum & Weprin Associates between Feb. 24 and March 1. The margin of error is plus or minus 4 percentage points.

"It looks good for a runoff, but

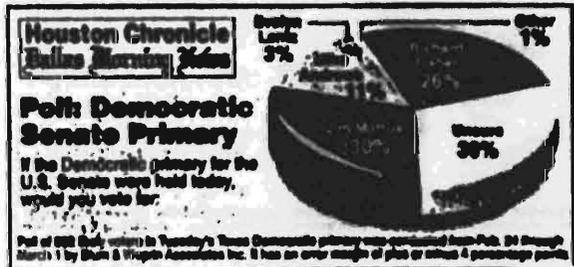
almost anything can happen," said pollster Michelle Blum. "Almost a third of the voters (being) still not sure a week before the primary is really extraordinary. Particularly, the older voters are the largest block of undecideds, and they're the most reliable voters."

In a separate sampling, the polling firm did telephone interviews with 1,000 registered voters of all stripes: Republicans, Democrats and independents. That survey, conducted Feb. 24-28, has a margin of error of 3.5 percentage points.

It contains some sobering news for the Democrats and some great news for U.S. Sen. Kay Bailey Hutchison: 66 percent of the state's voters approve of the way she is doing her job. That's up from a 64 percent approval rating in a poll Blum & Weprin conducted in September after Hutchison's first indictments on felony ethics charges.

The number of voters who don't like Hutchison's record remained fairly constant at 26 percent, com-

See POLL on Page 8A.



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Poll

Continued from Page 1A.

pared with 24 percent last September.

Hutchison is also doing better than might be expected among Democrats. Forty-nine percent of the likely Democratic primary voters approve of the way Hutchison is doing her job.

Hutchison was acquitted last month when prosecutors refused to present their case against her after an eight-month investigation. Most voters — 68 percent — think the criminal prosecution of Hutchison was politically motivated, according to the poll. Only 22 percent think there was merit to the allegations.

"Sen. Hutchison is gratified that Texans have such an accurate read on the situation she was just put through," said her spokesman, David Beckwith. "However, she anticipates a tough race from any of these three Democrats and will run very hard for re-election."

If the general election were held today, Hutchison would easily beat any of the Democrats, according to the Blum & Weprin survey. She would get 50 percent of the vote to Fisher's 36 percent in a two-way race, would beat Mattox by 55 percent to 35 percent and dispatch Andrews by 53 percent to 31 percent.

Voters listed crime and education as the issues most needing attention from politicians. But in choosing a U.S. senator this year, 43 percent cited a candidate's "honesty and integrity" as the most important factor in their decision. The second most-cited factor was "positions on major issues," named by 24 percent.

The poll reflected two movements on the Texas political landscape, according to Blum and partner Julie Weprin. One was Hutchison's improved job rating after her acquittal. The other was a shift in Fisher's standing among Democrats.

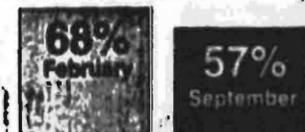
"There's been movement for

Houston Chronicle Dallas Morning News

Poll: Hutchison's trials

The charges against U.S. Sen. Kay Bailey Hutchison were:

Brought mostly for political reasons:



Brought mostly because of the merits of the case:



Unsure:



Poll of 1,006 Texas voters was conducted from Feb. 24-27 by Blum & Weprin Associates Inc. It has an error margin of plus or minus 3.5 percentage points.

Chronicle

Fisher over the last couple of weeks, and not for Mattox or Andrews," the pollsters said. "Mattox has been almost more like an incumbent. He started out in the lead, and he didn't have much of any place to go. Everyone already had an opinion of him. He kind of stayed where he was."

"Fisher has moved, but this is still going to come down to who gets out the vote," the pollsters said. "There's an issue of whether Fisher can motivate voters to get out and vote for him."

Mattox is easily the best-known and the most disliked of the three major Democrats. Only 26 percent of the voters in the larger survey rated him favorably, while 62 percent viewed him unfavorably.

Poll method

Blum & Weprin Associates, a New York-based polling firm, conducted a poll of 1,006 registered voters in Texas Feb. 24-27 for the Houston Chronicle and the Dallas Morning News. The sample of voters was assembled by a random phone dialing method that draws numbers from all telephone exchanges in Texas. That means all phone numbers in Texas, listed and unlisted, had a proportionate chance of being included in the sample. Respondents in each household were selected at random and then were "screened" by being asked if they were registered to vote. Spanish-speaking respondents were given the option of being questioned in Spanish.

The poll has a margin of error of plus or minus 3.5 percentage points — meaning that chances are that 19 out of 20 times the results would not vary up or down by more than that amount if all the households in Texas with telephones were sampled. A sample of likely voters in Tuesday's Democratic primary voters also was assembled by the pollsters. The survey results on the Democratic Senate primary were based on that sampling. It included 361 Texans in the original poll of 1,006 and another 441 contacted through Tuesday night. It has a margin of error of plus or minus 4 percentage points.

Chronicle

"Mattox will have to greatly broaden his appeal and manage somehow to lower his negative ratings" if he wins the Democratic nomination and faces Hutchison, the pollsters said.

Mattox spokeswoman Elsa Christopher took issue with the numbers, saying Mattox is further ahead of Fisher than the Chronicle/Morning News Poll indicates.

"We think it's just a question of how close to 50 percent we get," she said, adding the Mattox campaign expects to be in a runoff with Fisher after Tuesday's voting.

Fisher, the pollsters said, is "still largely unknown," but his strength

with Hispanics, independents and independent Democrats "gives his candidacy the best potential among the Democrats."

Fisher, a millionaire who is running a largely self-financed campaign, said he is "delighted" by the poll results.

"I am a new face and a new entry into Democratic Party elective politics...we'll just keep our heads down and do our job. I know I'm the only Democrat who can beat Kay Bailey Hutchison."

Fisher, like Mattox, said he's worried that voters who list themselves as undecided will ultimately not vote at all.

Andrews is popular in Houston, the pollsters said, but hasn't made much of an impression outside his home area. A sizeable number of likely Democratic voters — 85 percent — said they have neither a favorable nor unfavorable impression of him, and the polling indicates Hutchison would beat him even in Houston.

Andrews spokesman Scott Sutherland called the results "surprising" and said Andrews' own surveys show a closer race with more undecided voters.

"We are much closer to Richard Fisher than I think this polling reflects," he said. "We're still confident that this election hasn't been decided yet."

Andrews led among Democratic voters in the Houston metropolitan area, with 30 percent, followed by Mattox with 23 percent and Fisher with 10 percent. Fisher ran first in the Dallas area.

None of the three Democrats benefits or is hurt by any "gender gap" between men and women voters. Mattox does better with black and Hispanic voters, and with younger voters, than the other two.

Fisher is stronger with older Texas Democrats who are more likely to vote, but that's the group with the largest bloc of undecided voters, according to the poll. Two-fifths of the respondents over age 65 haven't made up their minds about the candidates yet.

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Mattox, Fisher lead primary race

Poll finds Andrews 3rd in Senate contest

By Sam Attlesoy

Political Writer of The Dallas Morning News

AUSTIN — Former Texas Attorney General Jim Mattox and Dallas businessman Richard Fisher are locked in a close contest for the Democratic U.S. Senate nomination, a new statewide survey shows.

Mr. Mattox was the choice of 30 percent of likely voters in Tuesday's Democratic primary, and Mr. Fisher was favored by 26 percent, according to The Dallas Morning News and Houston Chronicle poll.

U.S. Rep. Mike Andrews of Houston was third with 11 percent. Thirty percent of those surveyed were undecided, and 3 percent backed Evelyn Lantz of Houston, the other Democrat on the ballot. The remaining 1 percent picked other primary candidates.

The survey also suggests that Republican Sen. Kay Bailey Hutchison is extremely popular among Texans. Ms. Hutchison, acquitted last month of misconduct charges, also enjoys significant leads in potential matchups with each of the three major Democrats.

Pollsters Julia Weprin and Micheline Blum said they believe that the fight for the Democratic nomination. Please see FISHER on Page 10A.

3/3/94
DMN

The Dallas Morning News Houston Chronicle POLL

If the Democratic primary for the U.S. Senate race was today, who would you vote for?

Jim Mattox

Richard Fisher

Mike Andrews

Evelyn Lantz

Others

Don't know

SOURCE: Statewide telephone poll from Feb. 24 to March 1 of 802 likely Democratic primary voters. Margin of error plus or minus 4 percentage points. Figures do not add up to 100 percent because of rounding.

TEXAS ELECTIONS '94

U.S. Senate

Other responses	10A
The Perot factor	10A
Other election news	23,25,27A

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Fisher, Mattox leading race for nomination, poll finds

Continued from Page 1A.

Man has boiled down to a Mattox-Fisher race.

They gave Mr. Andrews little chance of earning a spot in a runoff, which would be needed if no one gets a majority of the vote in the primary.

"It would be hard for someone to win without a runoff, but it is not impossible with this large amount of undecideds," Mr. Weprin said.

Blum & Weprin Associates Inc. in New York surveyed 802 likely Democratic primary voters Feb. 26-March 1. The poll has a margin of error of plus or minus 4 percentage points, meaning the percentage for each candidate can vary by that much in either direction.

Mr. Weprin said the results of Tuesday's primary will hinge on whether the traditional Democratic organizations that have endorsed Mr. Mattox turn out the vote or whether Mr. Fisher continues to pull strength from undecided voters.

The pollsters noted that four of 10 of the undecided voters are 65 years or older. "The candidates might do well to talk about Medicare in the final days," Ms. Blum said.

Mr. Mattox, who lost a bid for governor in 1990, has been the front-runner in the Senate race throughout much of the campaign. Mr. Fisher and Mr. Andrews had been bunched together, fighting for second.

The latest survey indicates that Mr. Fisher has picked up momentum in the past two weeks, thanks mostly to his heavy run of television commercials, the pollsters said.

Mr. Fisher on Wednesday credited his climb in the poll to "Democrats who want to change their party's direction. It's not money. It's being passionate about what you believe."

Mr. Fisher, a former adviser to independent presidential candidate Ross Perot of Dallas, said the new figures indicate that he has a chance to win the nomination without a runoff but "it's going to be hard."

Mr. Mattox said he believes that he is running stronger than the

survey suggests.

"We will be further ahead than what this poll shows. I think it's just a question of how close I come to winning without a runoff," he said.

Mr. Mattox also said that with a predicted primary turnout of 750,000, "it is next to impossible to accurately poll those who are going to vote."

Mr. Andrews attributed Mr. Mattox's poll numbers to strong name identification and Mr. Fisher's to the money he has spent on television ads.

Mr. Andrews also questioned the survey's accuracy, saying, "My sense is there's a huge undecided out there and they will make up their minds this weekend. I think things are moving in our direction."

The survey indicated that Mr. Andrews is virtually unknown outside his home area.

"Andrews is well-known and well-liked in Houston, but he is just not known anywhere else," said Ms. Blum, the pollster.

The poll indicates that Mr. Fisher, whose first campaign for office ended in a fifth-place finish in last year's special Senate election, runs strong among Anglo voters and in the Dallas area. He has gained strength in recent weeks, picking up support of independents and elderly voters.

Mr. Fisher's repeated campaign stops in predominately Hispanic South Texas, and TV and radio ads in Spanish also have apparently proved successful.

Among Hispanic voters, Mr. Mattox leads with 37 percent, and Mr. Fisher has 23 percent.

The poll also found:

■ Mr. Mattox is by far the best known Democratic candidate, but he also carries the highest negative rating of the three. Thirty-four percent of the Democratic voters said they had an unfavorable opinion of Mr. Mattox.

The poll also indicates the former attorney general has little appeal outside of hard-core Democrats. "Even those who say they would vote for Mattox over Hutchison only gave him a 55 percent approval rating," the pollsters said.

■ Ms. Hutchison drew a job approval rating from 60 percent of the registered voters surveyed. That is a sharp increase from a similar poll in September that found 64 percent approving of the job she was doing as senator.

The survey of 1,006 registered voters has a margin of error of plus or minus 3.5 percentage points, meaning the percentage for each candidate can vary by that much in either direction.

A Fort Worth jury last month acquitted Ms. Hutchison of charges that she abused her former office of state treasurer. She denied any wrongdoing.

■ The latest survey indicates 68 percent of Texans believe the charges against her were brought mostly for political reasons. Twenty-two percent said they were brought mostly because of the merits of the case.

The pollsters said Ms. Hutchison's acquittal "makes an even greater importance" in the general election because Texans say they care more about a candidate's integrity than their stands on the issues.

Forty-three percent said "honesty and integrity" is the most important factor in selecting a senator, and 24 percent said issues were the most important.

Texans also listed crime, education and the economy as the top issues facing the state.

In potential match-ups with Democratic challengers in the general election, Ms. Hutchison had a 21-point lead over Mr. Mattox, a 14-point lead over Mr. Fisher and a 22-point lead over Mr. Andrews.

Ms. Hutchison's spokesman, David Beckwith, said the results are "gratifying" but the Republican senator "intends to run hard for re-election and take nothing for granted."

Ms. Hutchison in Tuesday's primary faces six little-known challengers.

Staff writer David Jackson in Dallas contributed to this report.

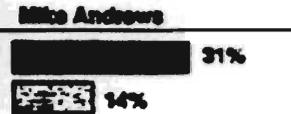
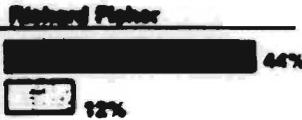
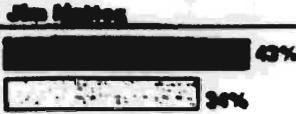
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The Dallas Morning News / Houston Chronicle
POLL

U.S. SENATE RACE

Liberal Democratic primary voters' opinion of the candidates:

Favorable Unfavorable



Registered voters' opinion of the job Republican Kay Bailey Hutchison is doing as U.S. senator:

Approve 60%

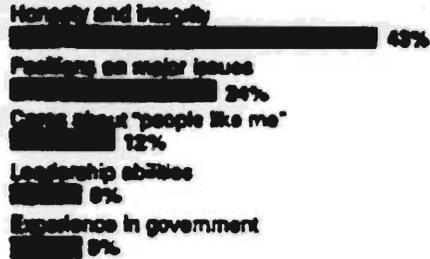
Disapprove 28%

Registered voters' view of the recently concluded Hutchison trial:

The charges were brought mostly for political reasons. 68%

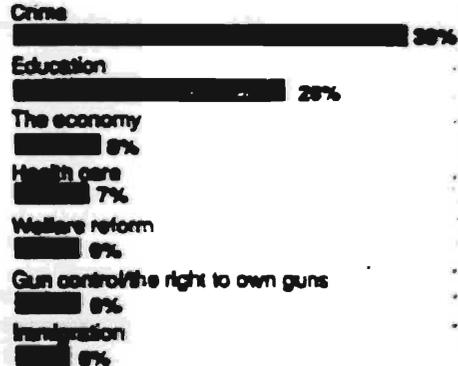
The charges were brought mostly because of the merits of the case. 22%

What Texans listed as the most important factor this year in choosing a candidate for the U.S. Senate:



ISSUES

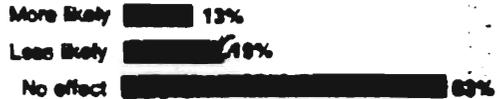
Texans rated these as the top issues facing the state:



ENDORSEMENT



If Rose Perot's organization, United We Stand America, were to endorse a candidate for statewide office, would it make you more likely to vote for that candidate, less likely or have no effect?



HOW THE POLL WAS CONDUCTED

The statewide telephone poll was based on interviews Feb. 24-27 with 1,008 registered voters, including 361 liberal Democratic primary voters. An additional 441 liberal Democratic primary voters were interviewed Feb. 27-March 1.

Burn & Weprin Associates Inc. of New York conducted the poll for The Dallas Morning News and the Houston Chronicle.

Percentages may not total 100 percent of rounding or because those who were undecided or did not respond were not included.

The maximum margin of error is plus or minus 3.5 percentage points for the poll of registered voters and plus or minus 4 percentage points for the poll of liberal Democratic primary voters.

In theory, in 19 cases out of 20, poll responses from the registered voters should differ by no more than 3.5 percentage points in either direction from what would be obtained by interviewing all registered Texas voters in households with telephones.

A poll with a margin of error of plus or minus 3.5 percentage points could have a margin of seven points.

For instance, if 53.5 percent of the respondents agree with a statement in a poll, the actual number could range between 50 percent and 57 percent.

Differences in wording, order of questions and other factors can cause results to vary.

Of the respondents, 52 percent are women, 47 percent men. Seventy-six percent are white, 12 percent Hispanic, 10 percent black and 1 percent Asian.

As for political affiliation, 38 percent said they consider themselves Republicans or independents leaning Republican; 39 percent said they consider themselves Democrats or independents leaning Democrat, and 15 percent said they consider themselves independents.

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SENSITIVE

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

FIRST GENERAL COUNSEL'S REPORT

Aug 8 3 58 PM '95

RE: MUR 3941
DATE COMPLAINT FILED: 3-3-94
DATE OF NOTIFICATION: 3-9-94
DATE ACTIVATED: 6-1-94
STAFF MEMBER: X. K. McDonnell

COMPLAINANT: James C. Currey

RESPONDENTS: Senator Kay Bailey Hutchison
Kay Bailey Hutchison for Senate Committee and
Kenneth W. Anderson, as treasurer

RE: MUR 4003
DATE COMPLAINT FILED: 7-5-94
DATE OF NOTIFICATION: 7-15-94
DATE ACTIVATED: 8-5-94
STAFF MEMBER: X. K. McDonnell

COMPLAINANT: Rob Kuzman

RESPONDENTS: Dan Rostenkowski
Rostenkowski for Congress Committee and
Leo V. Magrini, as treasurer,
Dan Rostenkowski Campaign Fund and
Leo V. Magrini, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 431(9)(A)
2 U.S.C. § 439a
11 C.F.R. § 113.1
11 C.F.R. § 113.2

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

MUR 3941 was generated by a complaint alleging that Senator Kay Bailey Hutchinson had violated the Federal Election Campaign Act of 1971, as amended ("FECA" or the "Act") by using campaign funds for Ms. Hutchinson's personal use, specifically legal fees related to the criminal investigation of Ms. Hutchinson for activities alleged to have occurred while she was Treasurer of the

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state of Texas.¹ In addition to Ms. Hutchison, the Kay Bailey Hutchison for Senate Committee ("Senate campaign" or "Senate Committee") and Kenneth W. Anderson, as treasurer, were also notified of the complaint.

MUR 4003 was generated by a complaint filed by Rob Kuzman, alleging that former Congressman Dan Rostenkowski ("former Congressman") violated 2 U.S.C. § 439a by using campaign funds to pay legal fees for a criminal investigation by the U.S. Attorney's Office. In addition to Mr. Rostenkowski, the Rostenkowski for Congress Committee, the Dan Rostenkowski Campaign Fund, and Leo V. Magrini, as treasurer of both committees, were also notified of the complaint.

II. FACTUAL AND LEGAL ANALYSIS

A. APPLICABLE LAW

Section 439a provides that campaign funds that are in excess of any amount necessary to defray expenditures may be used by a candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred in connection with his or her duties as a Federal officeholder, may be contributed to certain specified tax exempt organizations, or may be used for any other lawful purpose including transfers without limitation to any national, state, or local committee of any political party.

2 U.S.C. § 439a. However, such excess campaign funds may not be converted by any person to any personal use, other than to defray

1. The complaint in MUR 3941 was filed by Senator Hutchison's opponent in the Republican Primary on March 8, 1994. Senator Hutchison won that election and the general election in November of 1994.

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any ordinary and necessary expenses incurred in connection with his or her duties as a Federal officeholder. Id. The regulations define "excess campaign funds" as amounts received by a candidate as contributions which he or she determines are in excess of the amount necessary to defray expenditures. 11 C.F.R. § 113.1(e).² Under the Act, an "expenditure" is defined to include "any purchase" or "payment," made by "any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(9)(A)(i).

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The Commission has given candidates wide discretion in making expenditures to influence their elections. See e.g., Advisory Opinions ("AO") 1993-1, 1992-4, 1992-1, 1991-2, 1987-1. However, the Commission has interpreted Section 439a so as to prohibit the use of campaign funds "to confer a direct or indirect financial benefit on such individual except in those situations where the financial benefit is in consideration of valuable services performed for the campaign." AO 1987-1; AO 1986-39. In situations in which expenses are part personal and part campaign-related, they must be allocated so that campaign funds are not used for the candidate's personal benefit. See AO's 1988-13, 1984-59, 1992-12.

Legal services donated to a campaign are, under certain prescribed circumstances, exempt from the definitions of

2. The activities at issue in both MUR 3941 and MUR 4003 occurred prior to the promulgation of the Commission's latest regulations on the subject of personal use of campaign funds.

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"contributions" and "expenditures."³ However, funds donated to pay for such legal services are not exempt. See AO 1993-15. For purposes of the FECA, legal services might theoretically fall into one of four categories. First, there are legal services for proceedings undertaken for the purpose of influencing an election, including funds used to pay legal fees for matters which implicate the FECA and emanate out of an election. AO 1980-57 (funds raised to pay legal fees to force a candidate's opponent off the ballot are "contributions"); AO 1993-15 (Donations raised to defray legal expenses incurred in response to an investigation by the Department of Justice ("DOJ") which included indictments for violations of the Act as well as violations of other federal law, are "contributions"); AO 1990-17 (Legal fees related to a FECA complaint were "contributions"). The Commission has ruled that legal fees for such proceedings must be paid for with funds raised in accordance with the limitations and prohibitions of the Act.

Second, there are legal services that the Commission has opined may be paid for with campaign funds or legal defense funds, i.e., fees incurred challenging congressional reapportionment. See AO's 1981-58; 1982-37. In addition, the Commission has permitted certain legal fees to be paid for with legal defense

3. Legal services are exempt from the definition of contribution and expenditure under the Act if such services are rendered to or on behalf of any political committee and paid for by the regular employer of the attorney rendering those services, as long as the services are not attributable to activities which directly further the election of any designated candidate to Federal office. 2 U.S.C. § 431(9)(B)(vii)(I). Legal services are also exempt if they are rendered to or on behalf of a candidate or political committee and if they are solely for the purpose of ensuring compliance with the Act or chapters 95 or 96 of Title 26.

funds, i.e., fees incurred challenging a law which would prohibit a state official from running for any other state or federal election during his last year in office, and legal fees challenging a party rule. See AO AO 1983-30; AO 1982-35.

Third, there are legal services that might qualify as ordinary and necessary expenses incurred by a member of Congress in connection with his or her duties as a federal officeholder. See 2 U.S.C. § 439a. The Commission has yet to address the question of what legal fees might be considered to be in connection with a federal officeholder's duties.⁴

In the fourth and final category are legal services that arise out of a matter that is personal to the candidate (or committee personnel or some other individual). These are expenses for a legal obligation that exists, or could exist, irrespective of whether the person receiving the legal services was a federal candidate or federal officeholder. Examples would include legal services for a family law matter, i.e., divorce, child custody. To use campaign funds for such legal services would be a violation of Section 439a.

B. MUR 3941: KAY BAILEY HUTCHISON

(i) Summary of Complaint and Response

The complaint alleges that Senator Hutchison violated the

4. Expenses incurred as a result of a candidate's election are "incidental" to that election, and are thus "ordinary and necessary." AO 1980-183. Examples include transition expenses, travel expenses and moving costs. Id. With respect to legal fees in particular, the Commission ruled that excess campaign funds could be used to pay legal fees in connection with investigations into "official conduct." AO 1977-39 and 1986-9. Yet those opinions relied on the fact that the requesters were exempt from the personal use ban.

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FECA by using campaign funds to pay "costs of a criminal defense" for a matter "not related in any way to her campaign for or service in the Senate." Complaint at page 1. The complaint cites a news article indicating that the Senate campaign paid \$93,833.15 to the Dallas law firm of McColl and McColloch ("law firm"). The Committee acknowledges that it hired the law firm on or about May 12, 1993, when it learned that a Travis County grand jury had subpoenaed former state Treasury employee David Criss seeking testimony and documents relating to Ms. Hutchison's Treasurer's office and U.S. Senate campaign. Attachment 1 at 6; Attachment 2. News articles provided by the campaign disclose that fourteen state Treasury employees and two Senate campaign officials were subpoenaed by the grand jury days after Ms. Hutchison's election to the Senate on June 5, 1993. Attachment 3 at 4. The campaign states that it paid the law firm the \$93,833.15 between July 19 and September 22, 1993. Attachment 1 at 7.

Although the complaint charges that the Hutchison Committee paid all the legal fees for the trial with campaign funds, it appears that only a portion of the legal fees for the investigation were paid with campaign funds. The Hutchison campaign states that once it became apparent that the charges were headed for indictment, it set up a legal defense trust created in accordance with the Senate Rules (Resolution 508). News accounts substantiate the Committee's claim, and indicate that Hutchison's legal defense fund paid approximately \$900,000 in legal fees for the trial. There is thus no evidence that any portion of the

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trial itself was paid for with campaign funds.⁵

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Respondents claim that the payments to the law firm were "proper campaign expenditures." Attachment 1 at 7. They point out that the investigation related to the Senate campaign in that the grand jury subpoenas sought copies of Hutchison "Senate campaign" documents and that Senate campaign officials were subpoenaed to testify. Moreover, the Committee claims, the criminal investigation was brought to damage Senator Hutchison's 1994 re-election bid and the payments to the law firm were a necessary defense to politically motivated criminal charges brought by the district attorney who was allegedly working with and under the direction of state Democratic leaders. They assert that the district attorney, a Democrat, was once considered for appointment to the same Senate seat. Attachment 1 at 2-4. They also point to possible improper communications between the district attorney's office and Hutchison's political opponents, etc. Attachment 1; See also infra Section III.

Respondents suggest that the fact that an attorney was necessary to protect Senator Hutchison's character and campaign merely reflects that the opposing party employed the criminal process for its attack. The Committee further asserts that the

5. Thus, campaign funds were only used to pay for legal services rendered in connection with the criminal investigation and prior to the indictments and trial. As for the trial, it ended abruptly on February 11, 1994. News accounts indicate that the district attorney had sought dismissal of the case when the judge refused to rule on the admissibility of the evidence prior to the start of the trial. Instead, the judge instructed the jury to find Senator Hutchison innocent on all counts in light of the district attorney's refusal to proceed with the trial. Attachment 3 at 9-11.

legal services were analogous to those of "political campaign consultants having other professional disciplines," who receive millions of dollars each year to "promote," "advertise," "enhance" or "mischaracterise" the personal character of a candidate. Attachment 1 at 6 and 8. Finally, the Committee asserts that the funds were not used for a personal legal matter, such as preparation of a will, legal fees incurred in connection with an auto accident or the adoption of a child. Id. at 8.

(ii) Analysis in MUR 3941

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The issue is whether the use of campaign funds for legal services in connection with the state criminal investigation of Ms. Hutchison constituted a conversion to personal use, in violation of Section 439a. From the limited information at hand, it appears that the criminal investigation focused mainly on Ms. Hutchison's conduct as state Treasurer, specifically her alleged use of state resources for personal and political purposes, and her ordering state employees to alter or destroy documents related to an earlier investigation into some of those same activities.⁶ See Attachment 3 at 10. Thus, much of the criminal investigation involved conduct dating back to the time

6. In the earlier investigation, which occurred before the Senate seat at issue was even open, district attorney Ronnie Earle found that former state Treasury employee David Criss had engaged in political activities for Ms. Hutchison on state time using state resources. Criss resigned and reimbursed the state approximately \$550, apparently in June of 1992. When the investigation was closed in November of 1992, Earle reportedly indicated that there was no evidence that Ms. Hutchison knew or consented to Mr. Criss' use of state resources on state time. Attachment 3 at 10.

before Ms. Hutchison even entered the 1993 Senate campaign.⁷ To the extent that the legal services were provided to Ms. Hutchison in the interest of defending her conduct as a state official, the Senate campaign's payment for them appears to be in violation of Section 439a.

On the other hand, the criminal investigation appears to have focused on the Senate campaign as well. Two top Hutchison campaign officials, David Beckwith and Brian Berry, were subpoenaed to testify. Attachment 3 at 7.⁸ In addition, the grand jury subpoenaed documents related to the Senate Committee. See Attachment 2. Thus, the rights of the Senate campaign, and perhaps those of Ms. Hutchison as an agent of that campaign, appear to have been involved. Although it is unclear what activities by the Senate campaign were under investigation, to the extent that campaign funds were used for services provided in the interest of protecting the legal rights of the Senate campaign, there would not appear to be a violation of Section 439a.

The Committee's contention that it was permitted to pay all

7. The activities alleged to have been undertaken on state time do not appear to be connected with Ms. Hutchison's Senate campaigns. The district attorney's 1992 investigation related to fundraising for Ms. Hutchison's "Treasurer's Trust," a state campaign account. The alleged political activities occurred prior to Ms. Hutchison's filing of her statement of candidacy on December 19, 1992 as well as President Clinton's announcement on December 10 that Senator Bentsen would be appointed U.S. Treasury Secretary. The 1993-1994 indictments state that the fundraising undertaken on state time was related to an "unspecified" public office sought by Hutchison. See Attachment 4 at 8.

8. Mr. Beckwith, who was Hutchison's campaign spokesman, was formerly press secretary to Vice President Dan Quayle. Mr. Berry, who was Hutchison's campaign manager, is identified in Who's Who In American Politics. There is no evidence that either of them was ever employed by the state Treasury.

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these legal fees with campaign funds is without merit. That a legal matter may have been initiated for political purposes or may contain an element of political motivation does not make it "campaign-related." Although the Commission has historically recognized that candidates and committees are to be given wide discretion in determining what expenses are campaign-related, the personal use ban would be eviscerated if candidates were permitted to use campaign funds for any expense which might arguably ensure or enhance their odds of election or decrease their odds of defeat.⁹ If the personal use ban is to have its intended force and effect, the nature of the allegations must be the determining factor, not the consequences of the underlying case. Accordingly, we recommend that the Commission find reason to believe that Senator Kay Bailey Hutchison, Hutchison for Senate Committee, and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a.

As the legal services appear to have involved the rights of the Senate campaign as well as the rights of Ms. Hutchison in her capacity as a state official, allocation of the costs of such

9. With respect to legal fees, this could include any legal proceeding that might disclose potentially damaging information, i.e., divorce, child custody, harassment suits, even financial dealings. Moreover, if political motivation were the criteria, then all House or Senate investigations of their members would arguably be campaign-related and payment for such legal services would constitute "expenditures." Yet, as noted, the Commission has previously ruled that legal fees for such investigations and proceedings do not come within the purview of the Act. See AO 1983-21. We also note that in United States v. Gilmore, 372 U.S. 39 (1963), the Supreme Court rejected an argument similar to the one Respondents raise here, holding that whether legal expenses may be deducted as a business expense depends on whether the claim "arises in connection with" the taxpayer's business, not whether the "consequences of the law suit might impact" on or affect his or her income producing/business property. Id. at 48.

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services appears to have been necessary. See e.g. AO 1992-12. However, it is unclear what portion of the \$93,833 in legal services paid for by the Hutchison campaign pertained to its own legal rights. Moreover, the legal services at issue were rendered in the midst of a grand jury investigation. Such investigations are generally quite broad in scope, and the press reports indicate that this particular investigation covered a number of different persons and alleged activities. Accordingly, the legal services rendered by the law firm may not have been specifically targeted to either the Senate campaign or the state Treasury, or to Ms. Hutchison as Senate candidate versus Ms. Hutchison in her capacity as a state official.¹⁰ To the extent that the legal services overlapped, it would be difficult if not virtually impossible at this time to accurately allocate these legal fees.¹¹ In light of the foregoing, and that the Commission has recently promulgated regulations on this subject, and given that none of the approximately \$900,000 in legal fees for the trial itself were paid for with campaign funds, the General Counsel's Office recommends that the Commission exercise its prosecutorial discretion and take no further action against these respondents

10. In this matter the law firm's services apparently included conducting its own investigation of the claims, communicating with the district attorney's office to ascertain the nature and scope of the probe, reviewing and producing documents and preparing witnesses, including Senator Hutchison, for grand jury testimony. See Attachment I at 7.

11. Although documents that we might be able to now obtain related to the criminal case, i.e., the grand jury subpoenas, the transcripts of the grand jury testimony (which are now sealed), would disclose the subjects and targets of the investigation, they would not reflect what legal services were actually provided.

and close the file in MUR 3941.¹² This Office shall place an admonishment in its letter to these respondents.

C. MUR 4003: ROSTENKOWSKI

(i) Summary of Complaint and Response

The complaint in MUR 4003 suggests that former Congressman Dan Rostenkowski ("Congressman") and his committees violated the Act by using campaign funds for his legal defense to an investigation by the Department of Justice ("DOJ").

The Committee's response to MUR 4003 states that campaign funds were used to pay legal funds related to the "House Post Office." Attachment 5 at 1. It claims that the use of campaign funds for legal expenses related to an investigation into a member's official activities or the functioning of his congressional office is permitted under the FECA, resting that conclusion on AO 1986-9. However, the decision in AO 1986-9 was based upon the requester's status as a House member who was exempt from the personal use prohibition. See footnote 4. That exemption would not apply to Mr. Rostenkowski, who served in the 103d Congress. See 11 C.F.R. § 113.2(e).¹³

12. If the Commission were to instead choose to investigate this matter, this Office would recommend that our analysis assume that the legal services in question were provided to the state treasury and require that the Senate campaign make a showing to the contrary.

13. The Commission's regulations state that members of the 103d or later Congress may not convert excess campaign funds to personal use as of the first day of such service, January 3, 1993.

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The Committee also states that the payment was "specifically permitted" under the rules of the House Committee on Standards of Official Conduct. It has enclosed two letters from the Committee on Standards of Official Conduct that advise then Congressman Rostenkowski that he was permitted to use campaign funds to pay for legal services needed in responding to subpoenas for congressional documents and those issued to his congressional staff. Attachment 5 at 3-6. The letters from the House Committee state that, under the House rules, campaign funds may be used if the services are for campaign or "bona fide political purposes," a determination which "primarily rests" with the House Member. Id. at 3 and 5. The letters of advisement state the House Committee's view that the need to defend oneself against such investigations will affect a Member's ability to function in Congress as well as his campaign for re-election. The letter of advisement also states that this same conclusion applies to staff members. Id. at 5-6.¹⁴

On May 31, 1994, the former Congressman was indicted for 17 felony counts. See Attachments 6 and 7. One news article divides

14. The Committee also claims that the complaint does not meet the requirements of 11 C.F.R. § 111.4(d)(3) because it does not cite any provision of the Act or regulations. This asserted defense to the complaint lacks merit, however. The regulation upon which the Committee relies does not require a complainant to include a specific citation, but rather states that a complaint, "should," inter alia, "contain a clear and concise recitation of the facts which describe a violation." Id. The complaint meets that standard as it states that the campaign had reportedly used its funds for criminal charges, and that the complainant "believed" campaign contributions were for "direct campaign expenses; not to pay for criminal legal defense maneuvering."

the alleged crimes into four areas: (1) hiring ghost employees (those who did not perform services allegedly rendered); (2) Stationary Store Purchases (purchasing items for personal use or for gifts to friends); (3) Stamps for Cash (sham transactions that looked like stamp purchases); (4) Purchase of Vehicles (personal use-conversion of public and campaign funds).

Attachment 6 at 4-5. Most of the counts relate to the candidate's alleged conversion of public funds (\$688,000) and campaign funds (\$56,267) to personal use. Id. Two of the counts were for FECA-related violations of 18 U.S.C. § 1001.¹⁵ It thus appears that the investigation focused on conduct related to the former Congressman's handling of activities at his congressional office. However, it also involved an investigation of his handling of campaign funds.

(ii) Analysis in MUR 4003

We first discuss an issue not addressed in the complaint or the responses. The news reports indicate that some of the felony counts directly implicate the FECA. As previously noted, in AO

15. In the recent case of U.S. v. Rostenkowski, Nos. 94-3158 and 94-3160, 1995 WL 418070 (D.C. Cir. July 18, 1995), the validity of the Section 1001 indictments, including four counts involving filing false statements with Congress and two counts for filing false statement with the FEC, was called into question in light of the recent Supreme Court decision in Hubbard v. United States, 115 S.Ct. 1754 (1995) and the decision in FEC v. NRA Victory Fund, 6 F.3d 821, 823 (D.C. Cir. 1993). In Hubbard, the Court held that a false statement made to Congress is not within the ambit of 18 U.S.C. § 1001, which applies only to the executive branch. Hubbard, 115 S.Ct. at 1764. Rostenkowski was remanded to the district court for a determination on the Section 1001 issue, and was also affirmed in part and reversed in part on other issues. In any event, the Rostenkowski case did not address the issue raised here; whether legal fees could be used to defend these charges.

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1993-15, the Commission ruled that legal expenses incurred by a committee in connection with a DOJ investigation of its fundraising agent were "contributions" and "expenditures," and must be paid for with campaign funds. Thus, to the extent that the criminal investigation implicated noncompliance with the FECA and the activities investigated emanated out of an election, payments for such legal services were "expenditures" under the FECA. See AO 1993-15; AO 1990-17. As such, that portion of the legal services should have been paid for with campaign funds, as they appear to have been. In addition, as noted with respect to MUR 3941, we believe that a federal committee may use campaign funds to pay for legal services rendered to it in connection with the rights of that committee and its agents (including the candidate as agent of the committee).

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With respect to the remainder of the legal services at issue, however, they do not appear to address Mr. Rostenkowski's activities as a federal candidate. Despite the Committee's assertions, for purposes of Commission actions Section 439a is controlling, not the House Rules, and the Commission has not interpreted Section 439a so as to permit candidates to use campaign funds for any purpose he or she deems to be "political." Indeed, such an interpretation would eviscerate the personal use ban as a candidate could justify paying many of his or her personal expenses and legal fees, claiming such was necessary to ensure or enhance the odds of election or decrease the odds of defeat.

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We turn then to the question of whether the payment of the remaining legal services may be considered an ordinary and necessary expense incurred by former Congressman Rostenkowski in connection with his duties as a federal officeholder.¹⁶ As noted, the indictments charge Mr. Rostenkowski with, inter alia, embezzlement of public and campaign funds for his personal use and for gifts. It appears that Mr. Rostenkowski will argue that some of these underlying activities were related to his official duties. As the U.S. Court of Appeals for the D.C. Circuit recently stated in the underlying criminal case against the former Congressman: "the line between 'official work' and 'personal services' [is] particularly difficult to draw." U.S. v. Rostenkowski, Nos. 94-3158 and 94-3160, 1995 WL 418070, at *23 (D.C. Cir. July 18, 1995).

Although we do not draw any conclusions about the merits of the underlying criminal case or possible defenses, from our cursory review of the information at hand, it appears that Mr. Rostenkowski may be able to make a colorable claim that some, but not all, of the charges relate to his official work. For example, it appears even from the indictments that the "ghost" employees may have performed some "official" work. Id. at *20, n. 21. To the extent it can be claimed that these employees performed "official" work for the former Congressman, campaign

16. Unlike Senator Hutchison, former Congressman Rostenkowski was a federal officeholder at the time that the activities investigated are alleged to have occurred. Thus, unlike Senator Hutchison, the former Congressman was permitted to pay his legal fees with excess campaign funds if they were incurred in connection with his duties as a federal officeholder. 2 U.S.C. § 439a.

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funds could be used to pay the legal fees. On the other hand, one indictment charges that official funds were used to pay an employee who provided "bookkeeping" services to a private corporation owned by the candidate, and to purchase gifts prohibited by the House Rules. Similarly, the former Congressman is charged with pocketing cash obtained in exchange for postage stamps. Id. at *22.¹⁷ It does not appear that Mr. Rostenkowski could make a colorable claim that such activities were in furtherance of his official duties. Therefore, the payment of legal fees in defense of such charges would appear to be prohibited by Section 439a.¹⁸ Accordingly, based on the limited evidence at hand, this Office recommends that the Commission find reason to believe that former Representative Dan Rostenkowski violated 2 U.S.C. § 439a. We also recommend that the Commission find reason believe that the committee which appears to have paid for such legal services, the Rostenkowski for Congress Committee, and its treasurer Leo V. Magrini, violated 2 U.S.C. § 439a. With respect to the Dan Rostenkowski Campaign Fund, disclosure reports indicate that it has been inactive since 1988, which is prior to when the criminal investigation began, and there is no evidence or

17. One news report states that with respect to this charge the defense has considered arguing that exchanging stamps for cash was not explicitly outlawed by the House rules at the time in question, although the attorneys indicate that such a defense might be "a very risky strategy." Attachment 6 at 7-8.

18. As an alternative to the colorable claim approach, the Commission could await the outcome of the ongoing criminal case. We do not recommend such an approach, however, because the criminal case may go on for years and even its resolution may not ensure that the issue would be settled if, for instance, there was a plea bargain or if a jury was unable to render a verdict.

suggestion that any of the legal fees at issue were paid by that committee. Accordingly, this Office recommends that the Commission find no reason to believe that the Dan Rostenkowski Campaign Fund, and Leo V. Magrini, as treasurer of that committee, violated 2 U.S.C. § 439a.

As the issues in the ongoing criminal case appear to parallel those in this matter, conducting an investigation at this time could prove to be difficult. Moreover, given the aforementioned complexities related to allocating these legal services, and in light of the recent change in the applicable regulations, this Office recommends that the Commission not pursue this matter further but instead exercise its prosecutorial discretion and take no further action and close the file. This Office shall place an admonishment in its letter to the respondents in MUR 4003 against whom we have recommended that the Commission find a Section 439a violation.

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IV. RECOMMENDATIONS

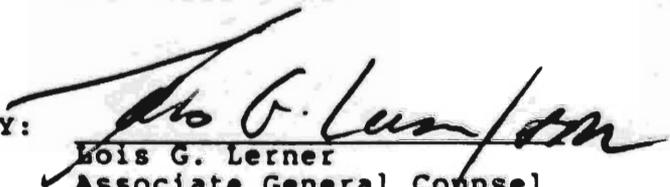
1. Find reason to believe that Senator Kay Bailey Hutchison, the Hutchison for Senate Committee, and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
2. Find reason to believe that former Representative Dan Rostenkowski, the Rostenkowski for Congress Committee, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
3. Find no reason to believe that the Dan Rostenkowski Campaign Fund, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a.
- 4.

5. Approve the appropriate letters.
6. Close the files in MUR 3941 and MUR 4003.

Lawrence M. Noble
General Counsel

8/8/95
Date

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Response to MUR 3941
2. Subpoena related to the Texas criminal case
3. News Articles related to the Texas criminal case
4. Indictments against Senator Hutchison
5. Response to MUR 4003
6. News Stories related to Rostenkowski case
7. Summary of indictments against Rostenkowski
8. Transcripts of May 15, 1993 interview with Bowden
9. Transcripts of May 30, 1993 interview with Bowden

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/LISA R. DAVIS *Z.R.D.*
COMMISSION SECRETARY

DATE: AUGUST 10, 1995

SUBJECT: MURs 3941 & 4003 - FIRST GENERAL COUNSEL'S REPORT
DATED AUGUST 8, 1995.

The above-captioned document was circulated to the
Commission on WEDNESDAY, AUGUST 9, 1995 11:00 a.m.

Objection(s) have been received from the
Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens _____
Commissioner Elliott _____
Commissioner McDonald _____
Commissioner McGarry _____
Commissioner Potter XXX
Commissioner Thomas _____

This matter will be placed on the meeting agenda
for TUESDAY, AUGUST 15, 1995

Please notify us who will represent your Division before
the Commission on this matter.

95043692041

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3941
Senator Kay Bailey Hutchison;)
Kay Bailey Hutchison for)
Senate Committee and Kenneth)
W. Anderson, as treasurer;)
)
and)
)
Dan Rostenkowski;) MUR 4003
Rostenkowski for Congress)
Committee and Lee V. Magrini,)
as treasurer;)
Dan Rostenkowski Campaign Fund)
and Leo V. Magrini, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 15, 1995, do hereby certify that the Commission decided by a vote of 6-0 to direct the Office of General Counsel to draft a Factual and Legal Analysis and circulate it for Commission approval along with the General Counsel's recommendations on MUR 3941 and MUR 4003.

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:

8-18-95
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

AUG 23 10 43 AM '95

August 23, 1995

SENSITIVE

MEMORANDUM

TO: The Commission
From: Lawrence M. Noble *JMN (GA2)*
General Counsel
SUBJECT: Factual and Legal Analysis and Recommendations
for MUR 3941 and MUR 4003

I. BACKGROUND

At the Executive Session of August 15, 1995, the Commission directed this Office to draft a Factual and Legal Analysis for MUR 3941 and MUR 4003, and to circulate it along with the General Counsel's recommendations. Attached for the Commission's review and approval is a Factual and Legal Analysis for MURs 3941 and 4003 designed to address the concerns raised by the Commission on August 15. See Attachment. The recommendations in this memo are identical in substance to those set forth in the First General Counsel's Report, dated August 8, 1995.

II. RECOMMENDATIONS

1. Find reason to believe that Senator Kay Bailey Hutchison, the Hutchison for Senate Committee, and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
2. Find reason to believe that former Representative Dan Rostenkowski, the Rostenkowski for Congress Committee, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
3. Find no reason to believe that the Dan Rostenkowski Campaign Fund, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a.
- 4.

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MURs 3941/4003
Page 2

5. Approve the attached Factual and Legal Analysis and the appropriate letters.

6. Close the files in MUR 3941 and MUR 4003.

Attachment:
Factual and Legal Analysis

Staff Assigned: Xavier McDonnell

95043692044



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS 
COMMISSION SECRETARY

DATE: AUGUST 28, 1995

SUBJECT: MURs 3941 & 4003 - FACTUAL AND LEGAL ANALYSIS &
RECOMMENDATIONS. MEMORANDUM
TO THE COMMISSION DTD 8/23/95.

The above-captioned document was circulated to the
Commission on Wednesday, August 23, 1995 at 4:00.

Objection(s) have been received from the
Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens _____
Commissioner Elliott _____
Commissioner McDonald _____
Commissioner McGarry _____
Commissioner Potter XXX
Commissioner Thomas _____

This matter will be placed on the meeting agenda
for Tuesday, September 12, 1995.

Please notify us who will represent your Division before
the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Senator Kay Bailey Hutchison;)
Kay Bailey Hutchison for Senate) MUR 3941
Committee and Kenneth W. Anderson,)
as treasurer.)
)
Dan Rostenkowski;)
Rostenkowski for Congress Committee)
and Leo V. Magrini, as treasurer;) MUR 4003
Dan Rostenkowski Campaign Fund and)
Leo V. Magrini, as treasurer.)

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 29, 1995, the Commission decided by a vote of 6-0 to take the following actions in MURs 3941 and 4003:

1. Find reason to believe that Senator Kay Bailey Hutchison, the Hutchison for Senate Committee and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
2. Find reason to believe that former Representative Dan Rostenkowski, the Rostenkowski for Congress Committee, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a, but take no further action.
3. Find no reason to believe that the Dan Rostenkowski Campaign Fund and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a.

(continued)

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Federal Election Commission
Certification for MURS 3941 and
4003
August 29, 1995

Page 2

- 4.
5. Approve the Factual and Legal Analysis and the appropriate letters, as recommended in the General Counsel's Memorandum dated August 23, 1995.
6. Close the files in MUR 3941 and MUR 4003.

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:

9-5-95
Date

Marjorie W. Emons
Marjorie W. Emons
Secretary of the Commission

Received in the Secretariat:	Wed., Aug. 23, 1995	10:43 a.m.
Circulated to the Commission:	Wed., Aug. 23, 1995	4:00 p.m.
Deadline for vote:	Mon., Aug. 28, 1995	4:00 p.m.
Received Objection:	Mon., Aug. 28, 1995	3:12 p.m.
Placed on the Agenda for:	Tues., Sep. 12, 1995	
Objection Withdrawn:	Tues., Aug. 29, 1995	4:00 p.m.
Withdrawn from Agenda		

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 5, 1995

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. James C. Currey
P.O. Box 7308
Dallas, Texas 75209

RE: MUR 3941

Dear Mr. Currey:

This is in reference to the complaint you filed with the Federal Election Commission on March 3, 1993, concerning certain expenditures for legal fees made by Senator Kay Bailey Hutchison, the Kay Bailey Hutchison for Senate Committee and Kenneth W. Anderson, as treasurer.

Based on that complaint, on August 29, 1995, the Commission found that there is reason to believe that Senator Kay Bailey Hutchison, Kay Bailey Hutchison for Senate Committee and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). However, after considering the circumstances in this matter, the Commission determined to take no further action and closed the file in this matter. This matter will become part of the public record within 30 days. The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Xavier K. McDonnell
Attorney

Enclosure
Factual and Legal Analysis

95043692048



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 5, 1995

Kenneth W. Anderson, Treasurer
Kay Bailey Hutchison for
Senate Committee
Vaughan & Anderson
14800 Quorum Drive, Suite 510
Dallas, Texas 75240

RE: MUR 3941
Kay Bailey Hutchison for
Senate Committee and
Kenneth W. Anderson, as treasurer

Dear Mr. Anderson:

On August 29, 1995, the Federal Election Commission found reason to believe that the Kay Bailey Hutchison for Senate Committee and you, as treasurer, violated 2 U.S.C. § 439a, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed the file. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

The Commission reminds you that 2 U.S.C. § 439a prohibits any person from using campaign funds for any personal use. You should take immediate steps to insure that this activity does not occur in the future.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record

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Kenneth W. Anderson, Treasurer
Page 2

before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact Xavier McDonnell, the attorney assigned to this matter at (202) 219-3400.

Sincerely,



Scott E. Thomas
Commissioner

Enclosure
Factual and Legal Analysis

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**FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS**

RE: MUR 3941

RESPONDENTS: Senator Kay Bailey Hutchison
Kay Bailey Hutchison for Senate Committee and
Kenneth W. Anderson, as treasurer

RE: MUR 4003

RESPONDENTS: Dan Rostenkowski
Rostenkowski for Congress Committee and
Leo V. Margin, as treasurer

Dan Rostenkowski Campaign Fund, and
Leo V. Magrini, as treasurer

I. GENERATION OF MATTERS

MUR 3941 was generated by a complaint alleging that Senator Kay Bailey Hutchison violated the Federal Election Campaign Act of 1971, as amended ("FECA" or the "Act") by using campaign funds for her personal use, specifically legal fees related to the criminal investigation of Ms. Hutchison for activities alleged to have occurred while she was Treasurer of the state of Texas. In addition to Ms. Hutchison, the Kay Bailey Hutchison for Senate Committee ("Senate campaign" or "Senate Committee") and Kenneth W. Anderson, as treasurer, were also notified of the complaint.

MUR 4003 was generated by a complaint filed by Rob Kuzman, alleging that former Congressman Dan Rostenkowski ("former Congressman") violated 2 U.S.C. § 439a by using campaign funds to pay legal fees for a criminal investigation by the Department of Justice. In addition to Mr. Rostenkowski, the Rostenkowski for Congress Committee and Leo V. Magrini, as treasurer, were notified of the complaint.

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II. APPLICABLE LAW

Section 439a provides that campaign funds that are in excess of any amount necessary to defray expenditures may be used by a candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred in connection with his or her duties as a Federal officeholder, may be contributed to certain specified tax exempt organizations, or may be used for any other lawful purpose including transfers without limitation to any national, state, or local committee of any political party.

2 U.S.C. § 439a. However, such excess campaign funds may not be converted by any person to any personal use, other than to defray any ordinary and necessary expenses incurred in connection with his or her duties as a Federal officeholder. Id. The activities at issue in MUR 3941 and MUR 4003 occurred prior to the effective date of the Commission's latest regulations on the subject of the personal use of campaign funds. See 60 Fed. Reg. 7862 (February 9, 1995) (to be codified at 11 C.F.R. §§ 113.1(g) and 113.2).

III. SUMMARY OF COMPLAINTS AND RESPONSES

MUR 3941: Kay Bailey Hutchison

The complaint alleges that Senator Hutchison violated the FECA by using campaign funds to pay "costs of a criminal defense" for a matter "not related in any way to her campaign for or service in the Senate." The complaint cites a news article indicating that the Senate campaign paid \$93,833.15 to the Dallas law firm of McColl and McColloch ("law firm"). The Committee acknowledges that it hired the law firm on or about May 12, 1993,

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when it learned that a Travis County grand jury had subpoenaed former state Treasury employee David Criss seeking testimony and documents relating to Ms. Hutchison's Treasurer's office and U.S. Senate campaign. News articles provided by the campaign disclose that fourteen state Treasury employees and two Senate campaign officials were subpoenaed by the grand jury days after Ms. Hutchison's election to the Senate on June 5, 1993. The campaign states that it paid the law firm the \$93,833.15 between July 19 and September 22, 1993.

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Although the complaint charges that the Hutchison Committee paid all the legal fees for the trial with campaign funds, it appears that only a portion of the legal fees for the investigation were paid with campaign funds. The Hutchison campaign states that once it became apparent that the charges were headed for indictment, it set up a legal defense trust created in accordance with the Senate Rules (Resolution 508). News accounts substantiate the Committee's claim, and indicate that Hutchison's legal defense fund paid approximately \$900,000 in legal fees for the trial. There is thus no evidence that any portion of the trial itself was paid for with campaign funds.¹

Respondents in MUR 3941 claim that the payments to the law

1. Thus, campaign funds were only used to pay for legal services rendered in connection with the criminal investigation and prior to the indictments and trial. As for the trial, it ended abruptly on February 11, 1994. News accounts indicate that the district attorney had sought dismissal of the case when the judge refused to rule on the admissibility of the evidence prior to the start of the trial. Instead, the judge instructed the jury to find Senator Hutchison innocent on all counts in light of the district attorney's refusal to proceed with the trial.

firm were "proper campaign expenditures." They point out that the investigation related to the Senate campaign in that the grand jury subpoenas sought copies of Hutchison "Senate campaign" documents and that Senate campaign officials were subpoenaed to testify. The Committee claims that the criminal investigation was brought to damage Senator Hutchison's 1994 re-election bid and the payments to the law firm were a necessary defense to politically motivated criminal charges brought by the district attorney.

MUR 4003: Dan Rostenkowski

The complaint in MUR 4003 suggests that former Congressman Rostenkowski violated the Act by using campaign funds for his legal defense to an investigation by the Department of Justice. The Committee's response to MUR 4003 states that campaign funds were used to pay legal funds related to the "House Post Office."² The Committee also states that the payment was "specifically permitted" under the rules of the House Committee on Standards of Official Conduct.³

2. The Act and Commission regulations state that members of the 103d or later Congress may not convert excess campaign funds to personal use as of the first day of such service, January 3, 1993. Since Mr. Rostenkowski served in the 103d Congress, the personal use prohibition applied to him and the legal fees at issue. See 11 C.F.R. § 113.2(e)

3. The Committee also claims that the complaint does not meet the requirements of 11 C.F.R. § 111.4(d)(3) because it does not cite any provision of the Act or regulations. This asserted defense to the complaint lacks merit, however. The regulation upon which the Committee relies does not require a complainant to include a specific citation, but rather states that a complaint, "should," *inter alia*, "contain a clear and concise recitation of the facts which describe a violation." *Id.* The complaint meets that standard as it states that the campaign had reportedly used its funds for criminal charges, and that the complainant "believed" campaign contributions were for "direct campaign expenses; not to pay for criminal legal defense maneuvering."

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On May 31, 1994, the former Congressman was indicted for 17 felony counts. One news article divides the alleged crimes into four areas: (1) hiring ghost employees (those who did not perform services allegedly rendered); (2) Stationary Store Purchases (purchasing items for personal use or for gifts to friends); (3) Stamps for Cash (sham transactions that looked like stamp purchases); (4) Purchase of Vehicles (personal use-conversion of public and campaign funds). Most of the counts relate to the candidate's alleged conversion of public funds (\$688,000) and campaign funds (\$56,267) to personal use. Two of the counts were for FECA-related violations of 18 U.S.C. § 1001.

IV. ANALYSIS RE MUR 3941 and MUR 4003

MUR 3941 and MUR 4003 both contain credible allegations that campaign funds were used for legal services, at least some portion which were not incurred in connection with a campaign for federal office or in connection with the duties of a federal officeholder. However, since the filing of these complaints, the Commission has adopted new personal use regulations. See revised personal use regulations. 60 Fed. Reg. 7862 (February 9, 1995). Any investigation into the allegations of these complaints would necessarily involve determinations of personal use under the previous legal standard. The Commission believes that it would be a misuse of its scarce prosecutorial resources to open what would likely be complex and time consuming investigations into activities which occurred several years ago under a prior legal standard no longer applicable. Accordingly, although there is reason to believe that Senator Kay Bailey Hutchison, the Hutchison

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for Senate Committee, and Kenneth W. Anderson, as treasurer, violated 2 U.S.C. § 439a, and that former Representative Dan Rostenkowski, the Rostenkowski for Congress Committee, and Leo V. Magrini, as treasurer, violated 2 U.S.C. § 439a, the Commission has determined to take no further action and close the files in these matters. See Heckler v. Chaney, 470 U.S. 821 (1985).⁴

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4. With respect to the Dan Rostenkowski Campaign Fund, disclosure reports indicate that it has been inactive since 1988, which is prior to when the criminal investigation began, and there is no evidence or suggestion that any of the legal fees at issue were paid by that committee. Accordingly, there is no reason to believe that the Dan Rostenkowski Campaign Fund, and Leo V. Magrini, as treasurer of that committee, violated 2 U.S.C. § 439a.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 5, 1995

Senator Kay Bailey Hutchison
4646 Shadywood Lane
Dallas, Texas 75209

RE: MUR 3941
Senator Kay Bailey Hutchison

Dear Senator Hutchison:

On August 29, 1995, the Federal Election Commission found that there is reason to believe that you violated 2 U.S.C. § 439a, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed the file. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

The Commission reminds you that 2 U.S.C. § 439a prohibits any person from using campaign funds for any personal use. You should take immediate steps to insure that this activity does not occur in the future.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact Xavier McDonnell, the attorney assigned to this matter at (202) 219-3400.

Sincerely,

Scott E. Thomas
Commissioner

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3941

DATE FILMED 10/27/95 CAMERA NO. 2

CAMERAMAN ESS

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