



## TEXANS FOR FISCAL RESPONSIBILITY

May 21, 2014

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Dear \_\_\_\_\_

I think we can all agree that Wendy Davis won't ever be the governor of Texas. I will also assert that the Democrats don't have what it takes to "turn Texas blue" – our fellow Texans just aren't buying what they are selling.

But the GOP may well lose the Lone Star State if we don't rein in the corruption that is gripping the Texas Legislature. It's up to us as citizens to demand that our legislators speak out. All of them must be encouraged to take action now to stop the corruption.

I hope you will consider carefully the situation brewing in the Capitol, which has been all-but-ignored by the establishment in-state media but has been rightly decried by the *Wall Street Journal*, *National Review* and other major publications. (I've included a couple of those at the end of this letter.)

Under the direction of House Speaker Joe Straus, the Texas House is attempting to silence, through the impeachment process, a whistle-blower who has allegedly uncovered a multi-million dollar payola scheme, rampant fiscal mismanagement, and perhaps even legislators abusing their powers to gain admission for the children of donors, friends, and family members.

An appointee of Gov. Rick Perry to the University of Texas board of regents began asking questions about numbers that didn't add up. As a constitutional officer of the state, he exercised his responsibility to investigate a pay-out scheme in which a UT foundation was secretly – and illegally – handing out "forgivable loans" (pay-offs) to favored professors and administrators.

From there, he apparently discovered university administrators misreporting major gifts aimed at gaming scholastic rating services, while handing out no-bid contracts to cronies and donors.

But all of that may well pale in comparison to what appears to be a culture of "clout abuse" between lawmakers and officials in state universities. It appears Hall has uncovered evidence that legislators swayed officials to admit unqualified students, depriving deserving students of those scarce seats.

Why are GOP lawmakers and liberal college administrators handing out no-bid contracts, funneling money to cronies, and giving college admissions to donors?

That's what Wallace Hall was asking.

And so the House leadership went to work silencing him. House Speaker Joe Straus and his leadership team have made silencing Hall a top priority.

Remember: Straus came to power with 65 Democrats and 11 left-leaning Republicans ousting the previous conservative House speaker. Since then, Straus has maintained power through campaign-cash patronage and being the choice of the liberal Democrats.

Apparently fearing that Hall might be on to him, out-going "gang of 11" State Rep. Jim Pitts (R-Waxahachie) filed impeachment charges against the regent hoping to silence him. Pitts was Straus' appointed chairman of the powerful "Appropriations Committee" which ultimately determines funding for state universities.

The *National Review* and Watchdog.org have reported extensively, based on their own research, that Jim Pitts appears to have used his clout to get his son admitted to UT law despite his lackluster qualifications.

Straus created an Orwellian-named "Transparency" committee to investigate Hall. Their charges? He was asking too many questions of the UT administration!

Composed primarily of Straus loyalists and cheerleaders for the higher-ed bureaucracy, the committee was ready-made to attack Hall and defend the corrupt status quo. Indeed, the committee operated in a way, as the *Wall Street Journal* has reported, to bully Hall into resigning without being able to speak out about what he had uncovered.

You see, Hall cannot address the most explosive of issues – legislative clout-abuse – without revealing confidential student information. Normally he would be limited in talking about that information because of federal privacy laws. That's not as much of a problem if he were testifying under subpoena... so the Straus committee never subpoenaed Hall.

Instead, the committee subpoenaed the targets of Hall's investigation – letting them smear his name. A high-priced lawyer from Houston led the witch-hunt investigation for the committee, including producing a defamatory report that is now widely acknowledged to contain outright lies and fabrications contradicted by evidence the committee withheld from public review!

Two weeks ago, the GOP co-chair – State Rep. Dan Flynn of Van – wrote in a public letter that he had come to believe that “no legal grounds” existed to impeach Hall. Yet days later he toed the Straus line and voted to move forward with impeachment!

Why? To silence a whistle-blower who could name names.

So many questions arise.

For example, where has State Rep. Dan Branch been? The Highland Park Republican now running for Attorney General has chaired the House Higher Education Committee under Straus. Yet Branch, who wants us to believe he will battle the Obama Administration, has not held a single hearing into ANY question raised by Hall.

Maybe that's because, as chairman of Higher Ed, Straus let Branch pursue deep conflicts of interest. Mr. Branch's law firm does lobby work for state universities, and has contracts with entities that do business with those same universities. All while Branch is allegedly overseeing higher-ed.

*Fox, meet the henhouse.* Dan Branch and his law firm have profited very nicely along the way...

The entire affair has been an attempt to silence Hall, destroy his good name, and keep the facts from getting out about what the *Wall Street Journal* called “a cozy and possibly corrupt relationship between politicians and the university.”

The ramifications of this travesty are far-reaching. Ordinary citizens are appointed to oversee commissions, agencies and universities to serve as a check on bureaucracy. They are specifically empowered to ask pesky questions, and peer into unpopular places.

Yet the year-long character assassination of Wallace Hall for doing his job is going to have a chilling effect on appointees statewide. Bureaucrats unhappy with answering questions and providing information now know all they have to do is find a patron in the corrupt, Straus-led House to start an impeachment investigation.

Fortunately, Wallace Hall isn't backing down.

Where are the other regents at UT and the other university systems? Are they going to do their job as watchdogs, or cower as lackeys for the bureaucracies?

More importantly, where are our conservative legislators?

It's time for all those conservatives who run as serious reformers to get off the bench and start raising their voices against the corrupt Straus machine working to impeach a whistle-blower!

As this story continues to grow nationwide, as more eyes dig into the evidence, the more apparent the corruption will become. The longer this is allowed to fester, the longer the cover-up continues, the less this will be about the Straus Team's corruption and the more it will be about the GOP's.

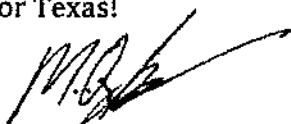
Legislators propping up the Straus leadership team in the Texas House will have to own the corruption and national shame that comes along with it.

In addition to the media clips, I have enclosed a simple postcard. If you'd like to be kept updated on this and other critical House leadership issues, simply drop it in the mail.

The Democrats cannot turn Texas blue unless Republicans allow the legislature to rot with corruption. The disgusting attacks on a whistle-blowing regent for uncovering massive financial abuse and legislative clout abuse must come to an end.

We must demand that our lawmakers take action to clean up the House.

For Texas!

A handwritten signature in black ink, appearing to read 'M. Sullivan', with a long, sweeping horizontal stroke extending to the right.

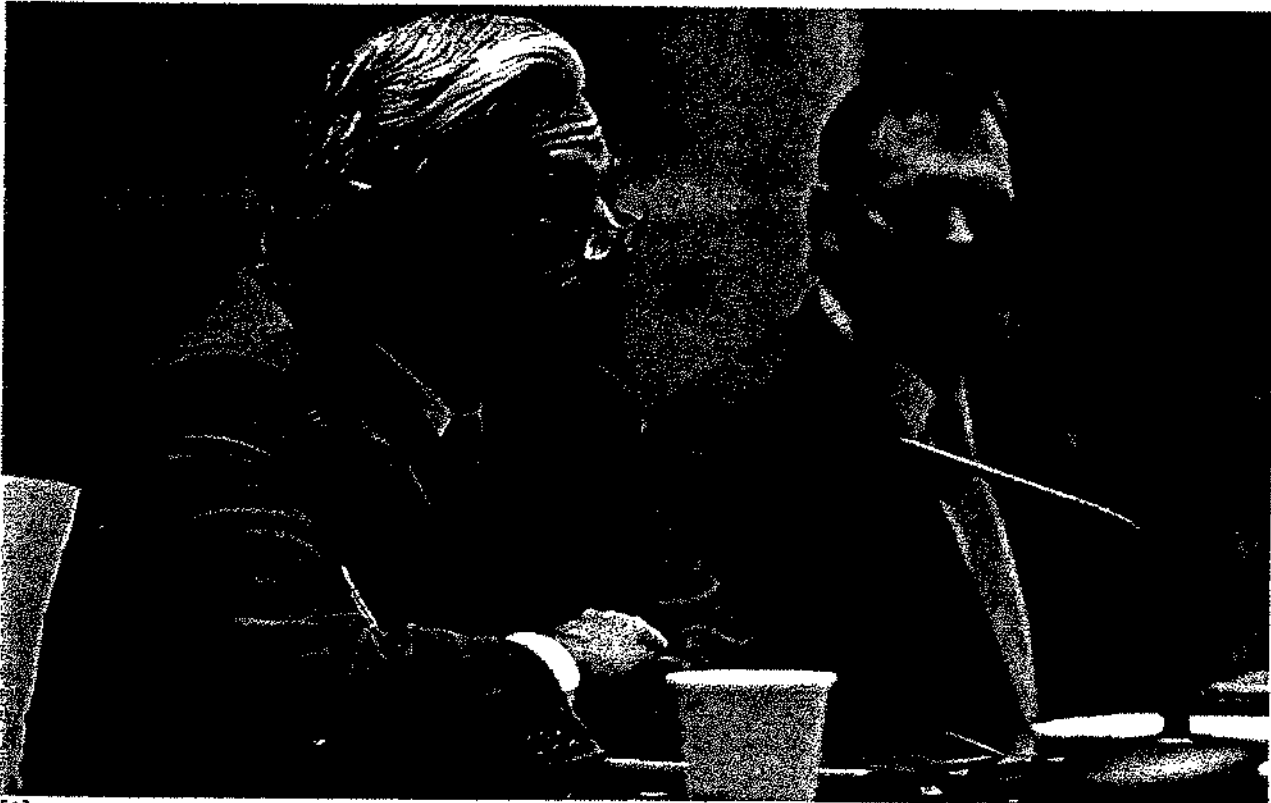
Michael Quinn Sullivan  
President, Texans for Fiscal Responsibility

Encl: *Wall Street Journal* article  
*National Review* article  
Watchdog.org article

# Watchdog.org Texas Bureau

## University of Texas uncovers admissions corruption, halts investigation

Posted By [Jon Cassidy](#) On May 16, 2014 @ 12:17 pm



[1]

**THE LEADERS:** University of Texas System Chancellor Francisco Cigarroa, left, and Board of Regents Chairman Paul Foster say they are ready to move forward and away from an investigation.

By Jon Cassidy | [Watchdog.org](#)

AUSTIN — Officials have decided against a full investigation despite a preliminary inquiry finding that the friends and family of state lawmakers are getting special admissions consideration from the University of Texas at Austin.

Applicants for admission as a freshman were nearly four times as likely to be admitted as the general population if they had a legislator appeal directly to University President Bill Powers, an investigation by the chancellor's office has found.

Fully a quarter of the politically connected applicants to UT's School of Law were admitted despite grade point averages and Law School Admission Test — LSAT — scores "well below" and "far below"

the usual standards. These students produced four of 10 of the worst LSAT scores among all students admitted since 2009, the report found.

The investigation echoes [a report by Watchdog.org](#) <sup>[2]</sup> this week finding dozens of connections between politicians and UT Law's least qualified graduates.

Pulling strings by sending Powers letters directly, rather than properly to admissions officials, was a "widely common practice among legislators," the investigation found. The report also stated that other influential people attempt to intervene in admissions, but the investigation strictly concerned lawmakers and their influence.

"When letters from legislators that contain no important substantive information about the applicants are submitted outside that process, particularly those sent to the president of the university, it creates at least an appearance of impropriety," the investigation found.

University officials, however, have decided to let the matter drop.

While Chancellor Francisco Cigarroa and Chairman Paul Foster talked about "best practices" going forward, and "firewalls" between the admissions process and "outside influences," including presidents, at a Board of Regents meeting Thursday, Foster is plainly done with investigations.

Foster no longer wants to pursue an investigation of the Law School Foundation to determine whether high-dollar foundation donors also get special treatment in admissions.

Last March, the board voted 4-3, with Foster the deciding vote, to bring in an outside investigator, before relenting to legislative pressure and turning the investigation over to Attorney General Greg Abbott, who has since sat on the investigation.

Cigarroa said he plans to consult with the other system presidents about new policies.

A similar [scandal](#) <sup>[3]</sup> in 2009 at the University of Illinois involving a "[clout list](#)" <sup>[4]</sup>, kept by school officials used to track recommendations from political heavyweights cost the president of the school his job. Eventually, seven of the nine trustees on the board at the time resigned.

Foster complained the board has spent 80 percent of its time on issues related to Wallace Hall, a member of the University of Texas System Board of Regents whose inquiries into political favoritism resulted in a political decision to impeach him.

Foster acknowledged Hall has broken no rules or policies of the board, but he nonetheless asked him to resign, drawing attention away from the admissions scandal and inquiry.

After Hall found a trove of correspondence between lawmakers and Powers, Cigarroa's office took a closer look at 16 applicants to the law school and 63 undergraduate applicants mentioned in those letters.

The report was based on interviews with 11 university officials and analysis of student records, with names left out. There's no mention of forensic or computer searches. Investigators "did not uncover any evidence of a systematic, structured, or centralized process of reviewing and admitting applicants recommended by influential officials."

Eight of the 16 law school applicants were admitted, most of them well-connected, four of them with bad grades and test scores.

"In all but 3 cases (the applicant) had either worked for the legislator or was reasonably well-known" to him or her, the inquiry found.

That admission rate was "considerably higher than the approximately 22.5 percent" rate for the rest of Texas, Cigarroa found.

Undergraduate applicants backed by a legislator got into UT at a rate of 58.7 percent, while the acceptance rate for all Texas applicants for nonautomatic admission was 15.8 percent between 2009 and 2013. That's a 42.9 percentage point improvement. The Illinois scandal was considerably more modest, with applicants on a "clout list" getting just an 8-point bump.

he announced that he would not be seeking reelection.

I had underestimated the average Texas Republican's capacity for stupidity. Mr. Hardin et al. still seem to believe that my source was Mr. Hall or one of his attorneys, when it was Google and Representative Pitts.

On the subject of capacity estimates, one of the interesting details of the case is the fact that the law school expressly spelled out the reasons it could not admit Representative Pitts's son, Ryan, and it suggested two possible remedies — retaking the LSAT or enrolling for a year in a different law school and there proving his mettle — but young Ryan Pitts was nonetheless admitted with neither of those conditions having been satisfied. It was a disservice to all involved: Coming out of a law school with a 95 percent first-time passage rate on the state bar, he failed the exam repeatedly — Pitts and two other political scions had at last count taken the exam ten times among the three of them — another example of an affirmative-action case undone by having been promoted over his capacities.

In addition to facing impeachment — a prospect the American Council of Trustees and Alumni describes as an example of “expensive witch hunts designed to discourage public servants from asking tough questions in pursuit of the public interest” — Mr. Hall also faces possible criminal prosecution by the so-called Public Integrity Unit, a detail within the Travis County district attorney's office charged with investigating official wrongdoing.

Those of you who have followed politics with any interest will recognize the woefully misnamed Public Integrity Unit as the former fiefdom of one Ronnie Earle, the Travis County prosecutor who engaged in outrageous grand-jury shopping in order to indict Tom DeLay — on charges of breaking a law that had not yet been passed at the time he was accused of having violated it — and succeeded in ending Mr. DeLay's political career before having his case laughed out of court by a disdainful judge. Mr. Earle had tried the same thing before with Senator Kay Bailey Hutchison, with less success.

The out-of-control prosecutorial unit has recently turned its political wrath on — surprise — Rick Perry. Unhappy with the unit's leadership — its publicly drunk, rage-filled, weeping, puppy-concerned, locked-in-restraints, pretty-much-bonkers leadership — Governor Perry vetoed the unit's funding, and his office made it known that it would not be restored while current leadership was in place. Specifically, Governor Perry's office wanted the ouster of the boss, Rosemary Lehmborg. Democrats say that Governor Perry wanted her scalp because she's a Democrat and investigating his allies; the Perry camp maintains that the proximate cause was Ms. Lehmborg's arrest on drunk-driving charges and her hilarious “Do You Know Who I Am?” performance, which was, conveniently, caught on video. It was not the Travis County district attorney office's only DWI arrest of late, either.

In a legal theory worthy of the time-traveling Ronnie Earle, Texas Democrats have filed a complaint that Governor Perry's insistence that he'd keep vetoing the Public Integrity Unit's funding as long as its embarrassing leadership was in place constituted an offer of *bribery*, i.e., that his apparent willingness to see the detail's state funding restored after a change of leadership amounted to an illegal payoff. A

special prosecutor is to consider the question. If the complaint against Governor Perry has any merit, then every legislative deal ever made in the history of the republic is an act of corruption.

And that's where Texas is right now: A regent exposes wrongdoing at the University of Texas and in the legislature, and the regent gets impeached, possibly prosecuted. The chief prosecutor for a "Public Integrity Unit" gets hauled in on drunk-driving charges, throws a fit, makes threats — and Rick Perry is in trouble for demanding her ouster.

Both of these episodes are shameful, backward, and suggestive of corruption. There is something rotten in the state of Texas.

— *Kevin D. Williamson is roving correspondent for NATIONAL REVIEW.*



APRIL 30, 2014 4:00 AM

# Lone Star Lunacy

There's something rotten in the state of Texas.

By Kevin D. Williamson

Why do state universities have boards of trustees? In Texas, where the rather grandiose flagship university system styles its trustees “regents,” the governor appoints representatives to the universities’ governing boards in order to ensure that state resources are being stewarded responsibly. Governor Rick Perry has been more aggressive than most in seeking to reform his state’s higher-education system, from innovations such as his \$10,000 degree challenge to such old-fashioned bugaboos as efficiency and institutional honesty. One of the regents he appointed, Dallas businessman Wallace Hall, pursued the latter energetically, and what he helped to uncover was disturbing: The dean of the law school resigned after it was revealed that he had received a \$500,000 “forgivable loan” from the law-school foundation, without the university administration’s having been made aware of the extra compensation. And in a development sure to put a grimace on the face of any student or parent who has ever waited with anticipation to hear from a first-choice college or graduate school, Mr. Hall uncovered the fact that members of the Texas legislature were seeking and receiving favorable treatment for family members and political allies in admissions to the university’s prestigious law school.

Given the nature of these scandals — the improper use of political power — it was natural enough that impeachments and criminal investigations followed. What is unnatural — and inexplicable, and indefensible, and shameful — is the fact that it is Wallace Hall who is facing impeachment and possible charges.

Mr. Hall, as noted, was appointed by Governor Perry, and there is no overestimating the depth or intensity of the Texas higher-education establishment’s hatred for Rick Perry. (He himself seems rather fond of his alma mater, Texas A&M.) Perry’s dryland-farmer populism is not calculated to please deans of diversity or professors of grievance, but academia’s Perry hatred is more financial than cultural. The idea that a college degree, even a specialized one, could be delivered for \$10,000 is anathema to the higher-education establishment, which views ever-soaring tuition as its own collective welfare entitlement. Texas’s ducal university presidents and (ye gods, but the titles!) *chancellors* are accustomed to doing as they please and to enjoying salaries and perks that would be the envy of many chief executives in the private sector — not only the medieval holdover of tenure, but such postmodern benefits as a comfy professorship for one’s spouse. The last thing they want is some trustee — some nobody appointed by the duly elected governor of the state to manage the resources of the people who fund the universities — poking his nose in what they consider *their* business rather than the *state’s* business. Mr. Hall, a successful investor and oil-and-gas entrepreneur, is not an aspiring academic or

politician, and he has little or nothing to gain from annoying the university's administration — other than the satisfaction of doing the job that it is his duty to do.

The case against Mr. Hall consists mainly of adjectives: “vindictive,” “bullying,” “blustery,” “myopic,” “mean-spirited,” “intense,” “malignant.” The broad claim against him is that in the course of uncovering plain wrongdoing by university officials and Texas politicians of both parties, he used investigative techniques that amounted to harassment. Setting aside the question of whether people engaged in wrongdoing on the state's dime should or should not be harassed — for the record, the latter seems preferable to me — the case against Mr. Hall is mainly that he asked for a great deal of information and that he was insufficiently deferential to the refined sensibilities of the august ladies and gentlemen whose proprietary treatment of the University of Texas is in question.

Mr. Hall is also accused of violating academic confidentiality rules, and it is here that the storyteller enters the plot as a minor character. I cannot avoid discussing my own small role in the case inasmuch as my name appears a dozen times in grand inquisitor Rusty Hardin's vindictive, blustery, bullying, mean-spirited, vindictive report on the case, and the report distorts my NATIONAL REVIEW ONLINE reporting on the subject. For example, Mr. Hardin writes:

That same day, Williamson posted a second on-line article about the e-mails in which he states “it was suggested to me that one of the legislators [Rep. Jim Pitts] leading the impeachment push was one of the same legislators who had sought preferential treatment for their children in admissions to the University of Texas law school.”

The name of Mr. Pitts in brackets suggests exactly the *opposite* of what happened. In this, Mr. Hardin's report is false and should be immediately corrected.

As my reporting made clear, it was suggested to me by a critic of the university that the push to impeach Mr. Hall was an attempt to prevent the disclosure of the identity of those Texas legislators who were seeking preferential treatment for family and friends in admission to the university and its law school. Nobody suggested that the smoking gun I was in search of was to be found upon the hip of Representative Pitts. My thinking at the time went roughly thus: “Surely none of these legislators is stupid enough to be, at the same time, one of the people who had leaned on the law school on behalf of their kids *and* one of the people with their own names prominent in the Hall witch-hunt.” I had assumed there would be a degree or two of separation, but why not start with the prominent players? Being a hard-boiled reporter type, I went through the exhaustive process of looking up the online biographies of anti-Hall legislators and then googling their kids to see if any were enrolled in, or were recent graduates of, the university or its law school. After seven or eight minutes of grueling research apparently beyond the abilities of the utterly supine, groveling, risible Austin media, I had a few leads, and called the office of Representative Pitts, the chairman of the house ways and means committee of the Texas state house, who did most of the rest of the work for me, throwing a tantrum when I asked if he had sought special treatment for his son but not denying that he had. Almost immediately afterward,

REVIEW & OUTLOOK

## Political Revenge in Texas

*Lawmakers target a UT regent who asked uncomfortable questions.*

May 11, 2014 5:45 p.m. ET

What do you do if you're hired to provide accountability at a public university and your effort lands you in the district attorney's office facing possible criminal charges? That's the fate of Wallace Hall, a regent at the University of Texas who asked uncomfortable questions about lawmakers getting special favors at the state-funded school and has become a political target.

On Monday a special committee of the state house will begin debating whether to recommend impeaching Mr. Hall as a UT regent for such grave misdeeds as asking the university to produce too many documents. Mr. Hall's real offense has been to expose a cozy and possibly corrupt relationship between politicians and the university.

The story started in 2011 shortly after Governor [Rick Perry](#) appointed Mr. Hall, a Dallas businessman, to the Board of Regents. At UT the regents are responsible for university governance and have a fiduciary duty to taxpayers. Mr. Hall was learning his responsibilities when he came across information showing that some professors received forgivable loans from a law school foundation fund not affiliated with the school.

The payments from the foundation struck Mr. Hall as problematic because they were off the books and created potential inequities in compensation not subject to transparency and oversight—issues that can quickly become fodder for lawsuits for, say, gender discrimination. But when he sought documents to investigate, he says he faced resistance from University President Bill Powers's staff.



University of Texas Austin campus. Getty Images

In October 2012, in pursuit of more information on the law school payments, Mr. Hall asked to see university documents that had already been produced in previous public information requests. Among the documents was correspondence between lawmakers and university admissions officials showing a pattern of preferential admissions treatment for friends and family of politicians in both parties.

Within weeks Mr. Hall became the target of a political campaign to impeach him as a regent. In June 2013 lawmakers directed a "transparency" committee to look into whether Mr. Hall had "abused" his authority. The committee claimed that Mr. Hall had demanded 800,000 pages of documents and made 1,200 public

information requests, a process that it said cost UT \$1 million.

Those numbers have been debunked. In a letter to the committee in February, UT Chancellor Francisco Cigarroa confirmed that Mr. Hall had made only five public information requests that totalled around 3,000 pages. His other information came from seeing documents that others had already requested.

The committee also claimed Mr. Hall illegally disclosed confidential student information in conversations with a lawyer. But this charge was contradicted by the university's own independent counsel, Philip Hilder, who wrote to lawmakers in January that Mr. Hall's possession of confidential student information "had a legitimate educational purpose" and that he could find "no credible evidence of a violation of [the law] or of any other state or federal law."

In April the legislative committee looking into the impeachment charges sent a report of possible criminal violations to Travis County prosecutors. That office is considering whether to proceed with the charges, but it's hard to imagine it will since so many have now been publicly discredited.

Governor Perry is supporting Mr. Hall and calls the impeachment "extraordinary political theater." Mr. Hall would be only the third public official impeached in Texas history. He could have made his life easier by walking away from this volunteer job, but doing so would be a victory for the political and academic elites who don't want public scrutiny of the UT system. We hope lawmakers walk away instead.

A "disproportionately high number of applicants were admitted notwithstanding the fact that most of the legislator letters did not contain any significant substantive information about the applicant," the report concluded. In fact, "in more than one-half of them, there is no evidence that the author of the letter even knows the student, much less knows him or her well."

Powers' office produced charts showing that most of the politically connected undergrad applicants had scores and grades above the average for all applicants, contending they ought to be compared just to above-average applicants, who had an admission rate of 23 percent.

Even after massaging the numbers, "the only variable left is the letter of admission," Vice Chancellors Dan Sharphorn and Wanda Mercer wrote in their report.

Abbott's reason for not moving forward, his office said, is his need for a formal statement from Hall about the scope of his investigation before they can begin. Hall's attorneys have provided that statement, and Hall has also provided 740 pages of evidence and met for four hours with an investigator.

When Hall on Thursday proposed taking back the investigation and hiring a private firm, a board majority led by Foster rejected it.

"The attorney general has taken the position that they are unable to see any student-identifiable information, which would make their investigation almost impossible," Hall said.

When Foster said Hall refused to provide a letter, Hall accused him of lying, saying that Foster had earlier said in an executive session closed to the public the attorney general wasn't going to do an investigation.

Foster's position on an investigation has changed since March.

"If I were on a public company board and became aware of circumstances similar to these, I would demand an independent investigation," he said at the time. "I would be very concerned about my public fiduciary responsibility as a board member."

*Contact Jon Cassidy at [jon@watchdog.org](mailto:jon@watchdog.org) or [@jpcassidy000](https://twitter.com/jpcassidy000). If you would like to send him documents or messages anonymously, download the Tor browser and go to our SecureDrop submission page: <http://5bygo7e2rpnrh5vo.onion>*

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[1] Image: <http://watchdog.org/wp-content/blogs.dir/1/files/2014/05/UT-Investigation.jpg>

[2] a report by Watchdog.org: <http://watchdog.org/144169/ut-law-school-hookups/>

[3] scandal: <http://www.chicagotribune.com/news/watchdog/college/chi-070529u-of-i-clout,0,5173000.story>

[4] clout list: [http://en.wikipedia.org/wiki/University\\_of\\_Illinois\\_clout\\_scandal](http://en.wikipedia.org/wiki/University_of_Illinois_clout_scandal)