



## Rick Perry's Passion for Passing Out Public Funds

The newsprint chronicling Texas governor Rick Perry's dedication to the Siamese principles of corporate welfare and cronyism continue to pile up. As revealed by a recent Wall Street Journal exposé (and as reported in *The New American*), during his time in Austin, Rick Perry has shown unrivaled and unashamed favoritism to the largest supporters of his campaigns.



One of the most egregious beneficiaries of Rick Perry's largesse (and one receiving a lion's share of the media's scrutiny) is an economic development program developed by Perry called the Texas Emerging Technology Fund.

This pet project was founded by Perry to act as a state government-controlled version of a venture capital firm. The Texas Emerging Technology Fund would act as an angel — bestowing financial boons on technology-based start-up companies in the Lone Star State.

Since its inception in 2005, the program — funded by money obtained through taxing the citizens of the state of Texas — has doled out just at \$200 million to 133 firms. Said Governor Perry, “[The fund's] strategic investments are what's helping us keep groundbreaking innovations in the state.”

Innovative or not, for those conservatives committed to the timeless principles of good government, Rick Perry's Emerging Technology Fund has raised a few red flags. First, the fund is flush with taxpayer money. That is to say, money collected from the hardworking men and women of Texas who, along with the rest of the nation, are struggling to make ends meet during this time of economic strangulation on the part of the central bank.

Governor Perry, apparently, gives priority to innovation and the redistribution of wealth over the alleviation of the fiscal hardships being suffered by the people of his state.

What makes the matter worse is that some of the recipients of these handouts are hardly struggling entrepreneurs relying on these grants to get a nascent tech idea off the ground. In fact, many of them are simply entities controlled by Perry cronies for whom the governor and GOP presidential candidate has widened their way to the tax trough.

One example is Convergen LifeSciences, Inc. In 2010, it was awarded a grant of \$4.5 million, a figure reported to be the second largest grant in the fund's six year history. The founder and chief executive of this fortunate firm is David G. Nance.

On the application for the Emerging Technology Fund grant, Mr. Nance and his partners reported investments of \$1,000 each. While not a paltry sum in these difficult days, it is certainly pennies compared to the millions given to their company by the good people of Texas.

One thousand dollars is also pocket change when compared to the amount of money Nance has donated to the various Rick Perry campaigns. According to records obtained by the media from the Texas Ethics



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Commission, David Nance contributed \$75,000 to Perry's political war chest from 2001 to 2006. Perhaps Mr. Nance wouldn't need government handouts if he spent more of his money on his own company and less on Rick Perry. Then again, perhaps the money was a wise investment.

Apart from the campaign contribution connection between Rick Perry and David Nance, there are other troubling intersections along the road of their relationship.

For example, in 2009, the local panel tasked with reviewing applications for Emerging Technology Fund disbursements rejected Convergen's application seeking the \$4.5 million it eventually received. How did David Nance's venture go from rejected to rewarded?

First, Nance appealed the original decision to a statewide committee (a group that once included Nance himself in their number). The members of this board were appointed by Governor Perry. In just over a week, the first panel's decision was overturned and the larger subcommittee unanimously voted to recommend that the statewide board making the final decision award Convergen the millions in taxpayer funds it was seeking. A spokesman for Rick Perry finds nothing unusual in the circumstances of Convergen's grant, insisting that the statewide committee "thoroughly vetted the company." Certainly, vetted just enough to discover that the company's founder was a crony and campaign contributor of Governor Rick Perry.

This multi-million dollar switch in time wasn't the end of the Perry-Nance *pas de deux*. Within a couple of years after shepherding the Convergen grant application through the approval process and funneling millions in Texas taxpayers' money to his pal, Governor Perry raided the federal coffers to stuff the pockets of David Nance.

In 2008, Rick Perry appropriated nearly \$2 million in federal tax dollars by way of the Wagner-Peyser Act — a federal works program that was part of the parcel of New Deal-era projects begun by Franklin Roosevelt — to a nonprofit group (Innovate Texas) started by none other than David Nance.

A recent *Wall Street Journal* [article](#) described the purposes and policies behind Nance's nonprofit outfit.

The nonprofit was meant to help entrepreneurs by linking them to investors. It began receiving funding on Dec. 31, 2008, soon after Mr. Nance's previous company, Introgen Therapeutics, declared bankruptcy on Dec. 3. According to state records, Mr. Nance paid himself \$250,000 for the two years he ran Innovate Texas. Innovate Texas, whose listed phone number is not a working number, could not be reached for comment.

Lest the reader begin to think that David Nance is the only beneficiary of Rick Perry's generous redistribution of taxpayer money, there are others equally endowed with requisitioned riches.

For example, ThromboVision, Inc., a medical imaging company, received a substantial grant from the Emerging Technology Fund. In 2007, this company received a \$1.5 million award.

Most importantly, the chairman of the state committee charged with reviewing the applications was Mr. Charles Tate, a major Perry contributor. According to minutes of the meetings of the committee, Mr. Tate voted in favor of doling out the gift to ThromboVision.

Within a month after finding out that it would receive more than one million dollars in taxpayer money, Thrombovision received another windfall: Charles Tate invested his own money in ThromboVision, according to an [exposé](#) published by the *Dallas Morning News*. The Dallas daily further discovered that by 2010 Mr. Tate owned a total of 200,000 preferred shares in ThromboVision.

And what of the subsequent behavior of a company so richly rewarded with taxpayer largesse? The rest



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of the story is told by the *Wall Street Journal*:

According to a Texas state auditor's report, ThromboVision failed to submit required annual reports to the fund from 2008 through 2010, when the company went bankrupt. The report noted the tech fund's managers were "unaware of ThromboVision, Inc.'s bankruptcy until after the bankruptcy had been reported in a newspaper." ThromboVision's bankruptcy filing revealed not only that Mr. Tate had been a preferred shareholder in ThromboVision, but so had prominent Perry supporter Charles Miller, who owned 250,000 preferred shares in the company and has donated \$125,000 to the governor's campaigns. Three phone calls and an email seeking Mr. Tate's side of the story went unreturned.

The *Wall Street Journal* article commented on a recent investigation by the *Dallas Morning News* saying that about \$16 million in Emerging Technology Fund grants were given to "firms in which major Perry contributors were either investors or officers." Furthermore, over \$25 million in taxpayer money was awarded to companies "founded or advised by six advisory board members."

The incestuous relationship among Perry and his contributors is despicable enough, but the situation is downright sickening in light of the fact that the money being slopped around by Perry to his cronies is public money — money taken from taxpayers in Texas and the rest of the country — money that is becoming harder and harder to come by unless you happen to be a corporation with friends in high places.

This tangled web is all so unbelievable from a man traveling the nation portraying himself as a conservative and champion of small government. Not everyone buys the conservative bill of goods that Rick Perry is selling:

"It is fundamentally immoral and arrogant," state Representative David Simpson, a Tea Party-promoted freshman from Longview, Texas, told the *Wall Street Journal*. The fund "opened the door to the appearance of impropriety, if not actual impropriety."

And finally, the *Journal* article provided this accurate analysis from Michael Quinn Sullivan, the president of Texans for Fiscal Responsibility: "The problem with these kinds of funds is that even when they're used with the best of intentions, it looks bad. You're taking from the average taxpayer and giving to someone who has a connection with government officials."

The handout-happy Rick Perry now has his eyes hungrily set on a new and bigger pie from which he can feed his fat cat cronies — the federal treasury.

*Photo: David Spencer, chairman of the Emerging Technology Fund's advisory committee, speaks in 2006, in Austin, Texas, as Phil Wilson, deputy chief of staff to Gov. Perry, listens in the background: AP Images*



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