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NEWS

Jindal donor got first contract

Chouest contributions

Contributions by companies related to Gary Chouest or by people named Chouest using the same address in campaign financial disclosures:

- CLEAN TANK LLC: Galliano, on 10/2/2007, \$5,000 to Republican Party of Louisiana.
- C-LOGISTICS LLC: Galliano, on 10/2/2007, \$5,000 to Republican Party of Louisiana.
- OFFSHORE SERVICE VESSELS LLC: Galliano, on 9/14/2007, to \$5,000 Jindal Campaign for governor.
- ALPHA MARINE SERVICE LLC: Galliano, on 9/14/2007, \$5,000 to Jindal Campaign for governor.
- CHOUEST OFFSHORE SERVICES: Galliano, on 9/13/2007, \$5,000 to Jindal Campaign for governor.
- ROSS CHOUEST: Galliano, on 5/18/2007, \$2,500 to Jindal Campaign for governor.
- CASEY CHOUEST: Galliano, on 5/18/2007, \$2,500 to Jindal Campaign for governor.
- GARY CHOUEST: Galliano, on 5/18/2007, \$5,000 to Jindal Campaign for governor.
- ROSS CHOUEST TRUST: Galliano, on 1/25/2007, \$50 to Louisiana Committee for a Republican Majority.
- DINO CHOUEST: Galliano, on 1/25/2007, \$50 to Louisiana Committee for a Republican Majority.

By **MARK BALLARD**

Capitol news bureau

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The first business to benefit from state economic development aid under Gov. Bobby Jindal is run by a man whose family and businesses donated at least \$135,250 to the governor's campaign and local Republican Party causes during the past year.

Jindal introduced the donor — Gary Chouest, of Galliano — as a leader of Louisiana business in the same March 9 speech when the governor proclaimed before the Legislature that the state's political culture had moved beyond "who you know" motivations.

Jindal used part of the state's \$1.1 billion surplus to put \$10 million in a Terrebonne Parish port expansion. Jindal also gave an additional \$4 million grant to the project.

The state Legislature approved both proposals earlier this month.

The taxpayer dollars help Chouest's privately owned companies expand a state-of-the-art shipbuilding facility and to upgrade the port where the new plant is located.

Jindal said he did nothing improper in pushing a deal that creates 1,000 new jobs in two years time.

"Anyone who looks at the facts will clearly see that it's a great success story for Louisiana," Jindal said. "We were

- **DAMON CHOUSET:** Galliano, on 1/25/2007, \$50 to Louisiana Committee for a Republican Majority.
- **CASEY CHOUSET TRUST:** Galliano, on 1/25/2007, \$50 to Louisiana Committee for a Republican Majority.
- **DIONNE CHOUSET:** Galliano, on 1/25/2007, \$50 to Louisiana Committee for a Republican Majority.
- **C-LOGISTICS LLC:** Galliano, on 11/3/2006, \$100,000 to Louisiana Committee for a Republican Majority.

Source: Louisiana Board of Ethics

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really completing this deal that was started under the previous administration.”

Critics are quick to call Jindal’s help and Chouest’s contributions as “quid pro quo,” a Latin term describing a transaction or agreement involving one thing for another.

Some of the project’s strongest supporters said that however incorrect, the initial impression of the governor directing millions of taxpayer dollars to a large financial supporter does raise questions.

Jindal’s head of business recruitment, Stephen Moret, said Jindal had little involvement in the deal. Business and state officials began talking two years ago, and former Gov. Kathleen Blanco approved \$13 million in borrowing for construction at the port.

Chouest’s company received Blanco’s blessing to receive \$65 million in low interest, tax-free federal GO Zone bonds for the project, the bond commission said.

The project, which broke ground Friday, improves the port near Houma. The improvements would be owned by the Port of Terrebonne and leased to Chouest’s LaShip LLC, which would be contractually required to create 1,000 jobs and a \$54 million payroll by 2011, said Moret, secretary of the state Department of Economic Development.

But, it’s the connection between public investment and the way the Chouest family made private political contributions that sparked criticism.

State law limits contributions by individuals and corporations to \$5,000 per candidate per campaign.

In a practice often called “bundling,” a single businessman gives the maximum \$5,000 in the names of a number of different entities he controls.

Chouest gave \$5,000 on May 18, as did other family members, according to the financial disclosures submitted to the Louisiana Board of Ethics by Jindal’s campaign.

Additionally, companies in which Chouest is listed as a president or chief executive officer on corporate records filed with the Secretary of State’s Office, also donated the maximum \$5,000 amount to the Jindal gubernatorial campaign.

Chouest’s companies further donated to the Louisiana Committee for a Republican Majority and the Republican Party of Louisiana.

Both organizations contributed to Jindal’s campaign and provided mailings of campaign literature that personally attacked Jindal’s opponents.

The Chouest-related contributions that could be tracked through public records totaled at least \$135,250.

Jindal’s two chief rivals in last year’s race for governor financed their campaigns largely with their own money.

About one-third of Jindal’s \$14.5 million campaign war chest came from bundling, according to the Ethics Board disclosures.

Twenty-five businessmen gave donations in excess of \$20,000 through different corporations to Jindal’s 2007 campaign effort alone, plus another \$20,000 or more to

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state Republican Party efforts.

“You’re talking about legal corruption,” said state Sen. Joe McPherson, D-Woodworth.

During the recent ethics special session of the Legislature, McPherson frequently criticized the Jindal administration for not more aggressively addressing campaign finance issues, such as bundling.

“These business people are investors. They’re putting up money, and they’re expecting to see a return on their investment. They’re smart businessmen,” McPherson said.

Chouest did not respond to repeated queries left on voicemail, which since Thursday included detailed messages about what would be asked.

Jindal campaign finance records show that Chouest’s contributions were hardly the largest ones to Jindal nor were they the only bundled ones from the Lafourche bayou community.

For instance, Jimmie Martin is a boatman from Cut Off who attended high school with Chouest. Martin said he gave Jindal \$35,000 on May 4, using six different companies he controls because that was “the best way to give Bobby Jindal the most money.”

Other than having Jindal drop by for a half-hour visit, Martin said he never sought or received any special consideration.

“We offered the money because we felt like Bobby could do a good job,” Martin said.

“I know some people are trying to sell this as a Jindal project,” said state Sen. Reggie Dupré, in whose district the Chouest project is being built.

The Houma Democrat said he has been helping Chouest company officials arrange state funding for the project since 2005.

“I personally requested that the Jindal administration continue moving this forward,” Dupré said. “We’ve already made huge commitments. It’s just finishing what was started under the Blanco administration. This is not just a concept that suddenly arose after Bobby Jindal was elected governor.”

In November 2007, engineering reports arrived and soil borings showed that the steel supports would need to be about 100 feet long, instead of 50 feet, Dupré said. The cost of twice as much steel along with additional costs for construction required more money, he said.

Dupré said he set up a meeting in early December between Chouest, his chief lieutenants and Jindal, at the time Louisiana’s governor-elect.

Jindal said that meeting was the first time he heard about the project. He said he met Chouest a few years ago, probably at some industry group meeting.

“I’ve met with him on a handful of occasions; don’t know him extremely well,” Jindal said. “I’m thrilled he’s a supporter.”

Chouest and his aides made their case to Jindal that the state already had made a significant investment in

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improving the 144-acre tract on which LaShip would build its facility, Dupré said. The project needed more money to address the issues raised in the engineering report, he said.

“It was just fortuitous that we had a second special session,” in which the Legislature could approve the extra money, said Moret, Jindal’s economic development leader.

The LaShip expansion became the first project of the Jindal administration’s economic development activities largely because the process was nearing completion about the time the Legislature convened, Moret said.

Dupré noted that the state’s investment in the Terrebonne Parish project would create the same number of jobs as the money Jindal gave to LSU Pennington Biomedical Research Center on Perkins Road, but at half the price.

Nevertheless, Dupré said, the Legislature should focus on rewriting the state’s campaign finance laws, if for no other reason than to avoid the criticism brought on an important economic development project.

“Corporations ought to be allowed to give, but there should be more disclosure,” Dupré said. “The main issue is transparency; you shouldn’t have to spend two months’ time looking at the documents to try to connect the dots.”

The Jindal administration pushed legislation during the February special session focused on changing ethics laws that would require campaign contributors to identify their employer. The move would help identify instances in which donations are bundled by a single firm.

House and Senate versions of the measure died.

Wendell G. Lindsay Jr., the Baton Rouge lawyer who heads the state’s branch of Common Cause, said bundling donations, such as Chouest’s, creates the appearance that the elected official is beholden to his contributor.

“Our system is legalized bribery,” Lindsay said.

On a national level, the self-styled citizens lobby is working to end bundling. In Louisiana, the group backed Senate Bill 31 and House Bill 42, which would have required identifying donors’ employers on contributions of \$250 or more.

Elliott Stonecipher, a Shreveport demographer, argued for doing away with bundling in Louisiana when he testified before Jindal’s transition committee that developed ethics legislation.

“This is the quid pro quo,” Stonecipher said of the link between Chouest and Jindal. “I believe that this is a smoking gun, and to hear Jindal say, ‘I’m going to follow the law’ without addressing campaign finance bundling, well, that’s a way to game the system for your own advantage.”

Campaign finance issues are not as easy as requiring financial disclosures or limiting gifts and meals from lobbyists. Pick any of a half-dozen law review articles on campaign finance reform, and they all argue that regulating how people support candidates borders on restricting free speech, which the Bill of Rights specifically forbids the U.S. Congress from abridging.

Jim Brandt, who heads the Public Affairs Research Council of Louisiana, was part of Jindal’s ethics task force during the transition. He said campaign finance reform was discussed, but was put aside because of its complexity.

“It probably deserves a closer look,” Brandt said. “It certainly should be examined. Bundling for whatever reason certainly raises questions: Is there a quid pro quo?”

Baton Rouge businessman Sean Reilly, who chaired Jindal’s ethics study committee, said panel members raised equally strong arguments on both sides of the issue.

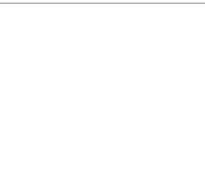
Many businessmen feared that requiring campaign contributors to identify their employers could lead some to infer bundling, when all that was happening was a number of employees independently supported the same candidate.

Under the time constraints — roughly two months between Jindal’s election and inauguration — the committee had little time to do the necessary study and form a consensus, he said.

Reilly said committee members agreed that transparency would resolve some of the issues surrounding the controversy of campaign finance reform.

“I do believe,” Reilly said, “we should at least identify the employers on contributions of \$250 or more.”

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