



May 12, 2015

Ms. Gail Falco Leyko  
Grand Jury/Intake Division Chief  
Collin County District Attorney's Office  
2100 Bloomdale Road, Suite 100  
McKinney, TX 75051

Dear Ms. Leyko:

Recent media reports indicate that the Grand Jury on which you serve is currently examining possible criminal activity by Attorney General Ken Paxton. We have examined Mr. Paxton's dealings in a series of land transactions in Collin County. These transactions involved Mr. Paxton's company, a developer, the City of McKinney, and Collin County.

The circumstances around these transactions lead to a reasonable suspicion that Ken Paxton, and his associates could have engaged in criminal activity. We have garnered information available from public records, and it is provided here for your consideration. We hope the Grand Jury will use the full range of its powers to investigate whether and what sort of criminal activity surrounds the development of the Collin County Central Appraisal District.

### **Background:**

Attorney General Ken Paxton has faced extensive media and political scrutiny in the past year for his admission to a criminal violation of state securities laws, and for associations with entities that do business with the state of Texas. However, one of the businesses that Paxton and Collin County DA Greg Willis are associated with, Eldorado-Collin LP, has received lesser scrutiny. El Dorado was discussed in a May 2014 article in the *Dallas Morning News*:

*"In 2004, Paxton and his associates bought 35 acres of undeveloped land in McKinney for about \$700,000, his campaign said. Eighteen months later, their company, Eldorado-Collin, flipped just under half of the property for just over \$1 million, according to a record of the transaction obtained by The Dallas Morning News. It was sold to a Dallas company called Cornerstone.*

*"The land would become the site of the Collin Central Appraisal District. Before Cornerstone bought the property, officials from Paxton's company sought and received a critical zoning change from McKinney. That paved the way for the appraisal district building and made property in the area more valuable by signaling new development was on the way."*

See Tab 1: *Ken Paxton's Business List has Surged Since he Entered the Legislature*; Dallas Morning News, May 4, 2014; [Read the full article here](#)

Ken Paxton's campaign has revealed only a handful of details regarding the company to the Dallas Morning News. However, many details regarding the land deals orchestrated by EIDorado-Collin LP provide reason for scrutiny into whether the company benefitted from the political connections of its investors. Paxton and his associates have denied utilizing any insider relationships or information to influence the procurement of the Appraisal District's new office space – however, public records indicate that Paxton's company may have benefitted from both. Furthermore, Paxton has also failed to disclose a transaction in which his company successfully traded a narrow strip of land to the City of McKinney in exchange for prime retail real estate on a nearby street corner, which the company flipped to Quicktrip that same day for an undisclosed amount. A company connected to Paxton also provided the title work for at least two of the transactions mentioned above, potentially providing a Paxton with a cut in addition to the money he had already made off of his company's land sales.

Whether official misconduct occurred and the mechanism through which it was carried out cannot be determined from publically available documents. However, the facts presented create a reasonable suspicion of official misconduct by now Attorney General Ken Paxton and others that a properly impaneled grand jury with subpoena power should investigate.

This document first looks at the key issues at play, then goes into a fact based timeline with documentation.

**A note on terms:**

The company in which AG Paxton and DA Willis hold stakes is called EIDorado-Collin LP.

The "Bogard Parties" refers to the individuals who were listed as grantors (sellers) in the initial sale of the property to EIDorado-Collin LP. They are known individually as James William Bogard, Mozelle Bogard, Beverly Haney Crecelius and Debbie Haney.

## Key Issues:

### I. **Several questions remain unanswered about the extent to which Paxton and his associates used insider knowledge and political connections to profit from the development of the Appraisal District Building.**

To date, Paxton has publicly denied possessing or using insider information to influence the selection and development of the Collin County Appraisal District site. However, several of the circumstances surrounding Paxton's land transactions seem to contradict the public statements Paxton had his friends have made to the media.

First off, the Collin County Appraisal district did not issue their request for contractors to bid on the new Appraisal district until the day after Paxton's company completed its land acquisitions to the north of Eldorado Parkway. The timing of this action appears extremely convenient for Paxton and his associates. (See Tab 2: General Warranty Deed, Collin County; February 15, 2006; and Tab 3: Collin County Appraisal District Board Resolution; April 5, 2006). Moreover, in a resolution dated April 5, 2006, the Collin CAD board awarded the contract to Cornerstone to build the new office complex on the land owned by Paxton's company, even though the site itself was still designated as agricultural land and needed to be rezoned before it could be developed. (See Tab 4: City of McKinney Zoning Commission Meeting Minutes; May 23, 2006)

After the contract to build the new Appraisal District site was awarded, officials from Paxton's company lobbied the McKinney City Council and Zoning Commission to rezone their land holdings to accommodate the plan for the new appraisal district building, according to records obtained by the Dallas Morning News. (See Tab 1: Ken Paxton's Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014.) Though Paxton and business partner Howard Hamilton have [downplayed](#) their influence over the decision, it was [Paxton's company that had issued the official request to](#) the McKinney Zoning Commission for this rule change. It is also interesting that the Vice Chairman of the commission just so happened to be Paxton [friend and business partner Don Day](#). The McKinney Zoning Commission finally voted for the zoning change on May 23, 2006; and though Chairman Bill Cox chose to recuse himself from the vote, Don Day [chose to participate](#) in the decision despite his relationship with Paxton. (See Tab 4: City of McKinney Zoning Commission Meeting Minutes; May 23, 2006)

Also unclear is the purchase price of the land underneath the County Appraisal District Building. Paxton's campaign claimed to the media that they had purchased the land from the Bogards for "about \$700,000." However, this figure is difficult to independently verify. Deed records show the land for the Appraisal District building was purchased by Eldorado over two transactions. In the first transaction –which took place in 2004 - the [Bogards sold the land surrounding their residence for a \\$115,000 promissory note](#). (See Tab 5: Special Warranty Deed with Vendor's Lien; Collin County; December 3, 2004). The [sale of the Bogard residence](#) itself would not take place until 2006. The

sale price for the Bogard's residence is not known. (See Tab 6: General Warranty Deed; Collin County; February 15, 2006).

*Issue: The sequence of events where the construction contract was awarded before the land was in possession of either Cornerstone or Collin County indicates that all the parties were orchestrating this series of transactions, and not acting independently of one another. These circumstances alone support the inference of official misconduct.*

- II. Paxton has also yet to disclose his company's involvement in a land trade with the City of McKinney in which a narrow strip of land was traded for a property on a nearby street corner that appeared to be prime territory for retail. That same day, the company flipped the newly acquired property to QuikTrip Corporation for an undisclosed amount.**

On February 13, 2006, [EIDorado-Collin LP traded a strip of the land](#) it had purchased from the Bogards to the City of McKinney. (See Tab 7: Exchange Deed #1; Collin County; February 13, 2006). This land provided the space for an extension of College Avenue that would provide access to the site of the new Appraisal District building. In exchange for this land, the [City of McKinney gave EIDorado-Collin property](#) on the corner of EIDorado Parkway and S McDonald Street that appears to be an ideal retail location. (See Tab 5: Exchange Deed #2; Collin County; February 13, 2006). That same day, [EI-Dorado-Collin LP flipped the land to the QuikTrip Corporation](#) for an undisclosed sum. (See Tab 9: Special Warranty Deed; Collin County; February 13, 2006).

*Issue: The valuable retail property in question does not seem to be a like kind exchange, as is typical in these types of land swaps. The fact that the property was flipped on the same day raises serious questions as to whether these were truly arms-length transactions, or whether Paxton and Willis were benefitting from insider knowledge and improperly profiting from their official positions.*

- III. In addition to profiting from the resale of the property through the sale to Cornerstone, there is evidence to believe a title company connected to Paxton provided the title insurance for the transaction.**

At the bottom of the June 27<sup>th</sup>, 2006 [deed](#) which executed EIDorado's sale of the former Bogard property to Cornerstone is a stamp requesting that the completed deed be returned to Chicago Title Insurance Company, Southwest Region Commercial Center on 2001 Bryan Street, Suite 1700 in Dallas, Texas. (See Tab 10: Special Warranty Deed; Collin County, June 27, 2006). The same stamp is also present on the March 28 deed executing Cornerstone's sale of the finished Appraisal District building to the county. (See Tab Tab 11: Special Warranty Deed; Collin County; March 28, 2007)

Paxton's office is shown as a contact for Chicago Title on their website, and Paxton's law office serves as the [historic downtown location for the title company](#). (See Tab 12: Chicago Title McKinney Texas; [www.chicagotitlepaxton.com](http://www.chicagotitlepaxton.com)).

*Issue: Paxton's title company provided services on a number of these transactions, creating another potential vehicle for Paxton and his associates to personally profit from Collin County and the City of McKinney. This involvement makes Paxton's claims that he was unaware of the deal all the more difficult to believe, given that one of his primary business vehicles was directly involved.*

**IV. In addition to the property the company has already flipped, EIDorado-Collin L.P. continues to hold property nearby that may also bring in a significant windfall when it is eventually sold.**

EIDorado continues to hold a property just south of EIDorado Parkway. (See Tab 5: Special Warranty Deed with Vendor's Lien; Collin County; December 3, 2004). Though part of the property appears to be a floodplain, it is located just down the street from a golf course and a newly expanded subdivision. It is the only property in Collin County that the company continues to hold – however, when sold, it may land Paxton and Willis a significant financial gain.

*Issue: The property Paxton and Willis continue to hold via Eldorado-Collin L.P. has substantially increased in value due to the series of transactions outlined in this document. This potential increase in property value should be accounted for in determining whether Paxton and his associates improperly used their connections.*

## **Facts and Timeline:**

Below is a timeline laying out the different transactions undertaken by EIDorado-Collin LP, the company controlled by Paxton, Willis and their associates. All images were taken from and annotated in Google Earth. Though we have made every effort to ensure accuracy, please note that the property lines in the images contained within this report were not prepared by a real estate professional and are therefore approximate.

### **January 14, 2003**

#### **Ken Paxton begins his first term in the Texas House**

Ken Paxton is elected to the Texas House, representing the 70<sup>th</sup> district, which includes Collin County.

Sources:

- Tab 13: "Member Profile - Ken Paxton"; [Texas Legislative Reference Library](#)

## **December 3, 2004**

### **EIDorado-Collin LP enters into a Right of First Refusal agreement with the Bogard parties.**

On December 3, 2004, the Bogard parties enter into a Right of First Refusal agreement with the Bogard Parties. This agreement includes several stipulations. First, should a third party offer the Bogards a higher price than the initial offer made by EIDorado-Collin LP, EIDorado has the right to extend a counteroffer and match the price offered by the third party. Second, the agreement prevents the Bogards from leasing the property for a time period longer than a year, or offering any lessee an option to purchase the property.

Sources:

- See Tab 14: Right of First Refusal Agreement; Collin County; December 3, 2004.

## **December 3, 2004**

### **EIDorado Purchases Land from the Bogards**

On December 3, 2004, Paxton's company, Eldorado-Collin LP, purchased two tracts of property from James and Mozelle Bogard, Beverly Haney Crecelius and Debbie Haney for a \$115,000 promissory note – not the \$700,000 that the Paxton campaign [claimed](#) had been paid to the Bogards. Whether \$115,000 reflects the actual price paid or whether there was additional consideration involved that was not mentioned in the deed records is unknown.

This purchase included two tracts of land, separated by EIDorado Avenue. The northernmost tract bordered the existing McKinney Facilities Service Complex. The tract to the south was directly across EIDorado Avenue, and contained an additional 17 acres, just down the street from a golf course and an expanding residential area.

Sources:

- See Tab 1: Ken Paxton's Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014
- See Tab 5: Special Warranty Deed with Vendor's Lien; Collin County; December 3, 2004

Map Key:

**-Land Purchased by EIDorado-Collin LP from the Bogards.**





Image Source: Google Earth, Imagery date 3/24/2005

## **Late 2005**

**Willis is appointed by the Collin County Commission to be the first Judge of the newly created County Court at Law 6.**

Willis would run unopposed for the office in 2006.

Source:

- Tab 14: "Meet the DA: Greg Willis"; retrieved from [Collin County Website](#)

## **February 13, 2006**

**In a yet to be disclosed deal, Paxton's Company Trades Land with the City of McKinney**

In February 2006, Paxton's company initiates a land trade with the City of McKinney. In exchange for the land required to extend College Avenue past the new Appraisal District Building, the City offers Eldorado a lot on the corner of S. McDonald St and Eldorado Parkway. The company would sell this land to QuikTrip for an undisclosed amount. The land that was traded is outlined in green.

Paxton has yet to disclose or otherwise acknowledge this transaction taking place.

Sources:

- See Tab 7: Exchange Deed #1; Collin County; February 13, 2006.
- See Tab 8: Exchange Deed #2; Collin County; February 13, 2006.

Map Key:

- Land exchanged to City of McKinney by EIDorado-Collin LP
- Land exchanged to EIDorado-Collin LP by City of McKinney, immediately sold to Quiktrip



Image Source: Google Earth, Imagery date 6/27/2005

## **February 13, 2006**

**The same day of the land swap, EIDorado Collin sells the newly acquired lot to QuikTrip Corporation for an undisclosed amount.**

The same day the land trade with the City of McKinney took place, EIDorado-Collin LP sells the lot on the corner of S McDonald Street and Eldorado Parkway to Quiktrip Corporation. The sale price of the property is not known.

Sources:

- See Tab 9: Special Warranty Deed; Collin County; February 13, 2006.

## **February 15, 2006**

**Mildred Bogard Sells the Bogard Residence to EIDorado-Collin LP—the remaining land owned by the Bogard family in the immediate area**

Though the land surrounding the Bogard residence had already been sold, Mildred Bogard had yet to sell the home itself. This purchase would complete the land holdings necessary for the new site. The site of the house is outlined in blue below. The sale price of the house is not known.

Map Key:

- Land previously purchased from Bogard parties from EIDorado-Collin LP.



- **Location of Mildred Bogard residence.**



Image Source: Google Earth, Imagery date 6/27/2005

Sources:

- See Tab 6: General Warranty Deed; Collin County; February 15, 2006

**2/16/2006**

**The day after EIDorado's purchase of the Bogard house, the Collin County Appraisal District Board publishes a Request for Proposals soliciting bids for new office space.**

The day after the sale of the Bogard residence to Paxton's company, the Collin County Appraisal District published an invitation to provide proposals to construct the CAD's new office complex.

Sources:

- Tab 3: Collin County Appraisal District Board Resolution; April 5, 2006

**[Date Unknown]**

**Paxton's associates begin lobbying County and Municipal officials for the zoning change.**

Though Paxton has denied having any advance knowledge that the property was being considered for the new appraisal district building, [records obtained by the Dallas Morning News](#) show officials from EIDorado-Collin actively lobbied both the McKinney Zoning Commission and the McKinney City Council to rezone the area.

Sources:

- See Tab 1: Ken Paxton's Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014.

- See Tab 4: Meeting Minutes, City of McKinney Planning and Zoning Commission; May 23, 2006.

### **March 23, 2006**

#### **Just over one month after requesting bids, Board of Directors of the Central Appraisal District reviews proposals for the development of the new building.**

According to a copy of the meeting minutes, on this day, the Collin CAD Board met during a regular meeting at 6:30 PM. The agenda items included “Review and award proposal for building purchase”.

Sources:

- Tab 16: Collin County Appraisal District – Board Meeting Minutes, March 23, 2006.

### **April 5, 2006**

#### **Cornerstone wins the project with a plan to build the new office complex on the land owned by Paxton’s company.**

On April 5, 2006, the Collin Appraisal District Board passes a resolution providing formal approval for Cornerstone’s \$6.65 million plan to construct the new office building on the Northeast Corner of Eldorado Parkway and College Street – a site located on land that at the time was still held by Paxton’s company.

Sources:

- Tab 3: Collin County Appraisal District Board Resolution; April 5, 2006

### **May 23, 2006**

#### **The McKinney Zoning Commission votes to rezone the area to allow for commercial development**

After a brief hearing, the City of McKinney Planning and Zoning Commission votes 6-0 to rezone the area. Paxton has denied having any advance knowledge of or influence in this critical vote; however, [records reveal](#) that it was his company, Eldorado-Collin LP, that had filed the request for the zoning change. Though Chairman Cox recuses himself from the vote, Don Day, [a friend and business partner](#) of Ken Paxton, [does not](#).

Sources:

- See Tab 1: Ken Paxton’s Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014.
- See Tab 4: Meeting Minutes, City of McKinney Planning and Zoning Commission; May 23, 2006.

## June 27, 2006

### **Paxton's company sells its land holdings north of EIDorado Parkway to Cornerstone.**

On June 27, Paxton's company s a portion of its land holdings to Cornerstone. This sale included the site that would become the Collin Appraisal District building. Additionally, there is evidence to suggest that insurance for the transaction was provided by the Dallas office of [the title company connected to Paxton](#), Chicago Title, which affixed a stamp at the bottom of the exchange deed. Paxton's law office continues to serve as the [Downtown McKinney office of the company](#).

#### Sources:

- See Tab 1: Ken Paxton's Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014.
- See Tab 8: Chicago Title McKinney Texas; [www.chicagotitlepaxton.com](http://www.chicagotitlepaxton.com) Chicago Title Website (cached)
- See Tab 11: Special Warranty Deed; Collin County, June 27, 2006.

The image below shows the area prior to construction.

#### Map Key:

- Land sold to Cornerstone by EIDorado-Collin LP.

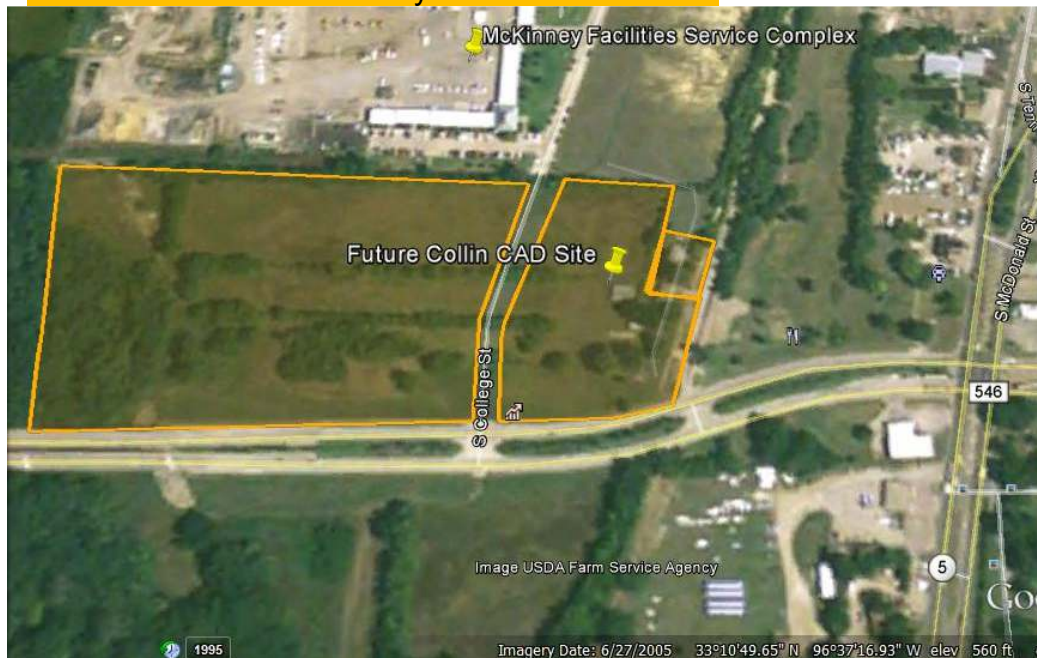


Image: Google Earth, Imagery Date 6/27/2005

The image below shows the Appraisal District building during construction. The land that was traded to EIDorado is in green, and the land sold by EIDorado to Cornerstone is in orange.

Map Key:

- Land sold to Cornerstone by EIDorado-Collin LP.
- Land exchanged to City of McKinney by EIDorado-Collin LP
- Land exchanged to EIDorado-Collin LP by City of McKinney, later sold to Quiktrip



Image: Google Earth, Imagery Date 11/2006

### **March 28, 2007**

**Cornerstone sells the completed office complex to the Collin County Appraisal District.**

On March 28, 2007, Cornerstone sells the completed office complex to the Collin County Appraisal district according to a special warranty deed.

Sources:

- Tab 17: Special Warranty Deed; Collin County, March 28, 2007.

### **November 2010**

**Greg Willis is elected Collin County Criminal District Attorney.**

Source:

- Tab 15: "Meet the DA: Greg Willis"; retrieved from Collin County Website

### **November 2012**

**Ken Paxton is elected to Texas State Senate representing Senate District 8.**

Source:

- Tab 18: "About Ken Paxton" Texas Attorney General Website; retrieved 4/25/2015

### **May 2014**



**Paxton and his associates are interviewed by the Dallas Morning News, and provide a highly understated picture of their involvement in Collin County land deal.**

About this time, Paxton and his associates are interviewed by the first time by media regarding their activities via EIDorado-Collin LP. Paxton and his associates deny utilizing political connections or insider information in connection with the Appraisal District project. Several critical details regarding the procurement and development of the Appraisal District site – including the land swap discussed above – remain undisclosed.

Sources:

- Tab 1: Ken Paxton’s Business List has Surged Since he Entered the Legislature; Dallas Morning News, May 4, 2014

## **November 2014**

**Ken Paxton is elected Attorney General of Texas.**

Source:

- Tab 18: “About Ken Paxton” Texas Attorney General Website; retrieved 4/25/2015

## **April 2015**

**EIDorado Retains Significant Holdings to the South of EIDorado Parkway**

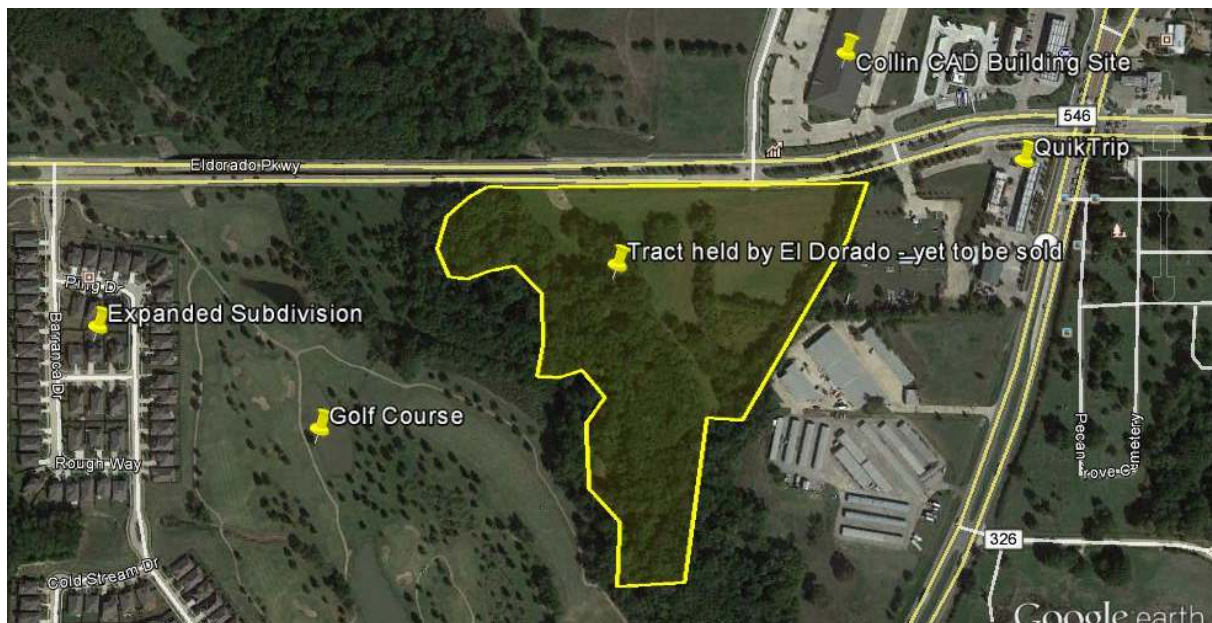


Image: Google Earth, Imagery date 10/18/2013

Sources:

- Tab 18: Collin CAD Website; Collin County Property Search performed 4/15/2015