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Grand Jurors  
1<sup>st</sup> Criminal District Court Grand Jury  
Dallas, Texas

Re: Kenneth Warren Paxton, Jr.

Ladies and Gentlemen of the Grand Jury:

I write to request a grand jury investigation of Kenneth Warren Paxton, Jr., who now serves as the Attorney General of Texas. Beginning last year, the Travis County District Attorney's Office investigated Mr. Paxton to determine whether he criminally violated the Texas Securities Act. On January 29, 2015, Travis County prosecutors announced that they had determined that venue was improper in Travis County, therefore the case would be referred to the district attorneys in Dallas County and Collin County.

Collin County District Attorney Greg Willis has been a personal friend of Mr. Paxton since college, and he has several joint business ventures with Mr. Paxton even now. Mr. Willis will not recuse himself from the Paxton case, even though the *Dallas Morning News* has urged him to step aside so a special prosecutor can be appointed. A Collin County grand jury has shown some independent interest in investigating Mr. Paxton, but it appears that Mr. Willis is trying to mislead and stonewall that grand jury.

Meanwhile, it appears that the Dallas County DA's Office wants to bury the case as well. On the same day that Travis County prosecutors announced that they were referring the case to Dallas County and Collin County, Dallas DA Susan Hawk announced that venue was not proper in Dallas County. This seems rather suspicious. Travis County prosecutors had actually conducted the investigation, and she had not, yet she pronounced that venue was improper in Dallas County before she had seen the case file. Moreover, Ms. Hawk's assistants now appear to be stonewalling my efforts to get this information before Dallas County grand jurors.

That is why I am writing to you directly, because a grand jury can act independently to investigate Mr. Paxton, regardless of what the district attorney wants. "In consideration of the importance of the place occupied by the grand jury in our system of government, Texas courts have long described the grand jury as a separate tribunal, independent of the control of judges and prosecutors, whose proceedings are secret, vested with broad inquisitorial powers." *Whittington v. State*, 680 S.W.2d 505, 512 (Tex.App. - Tyler 1984, *pet. denied*). Grand jurors are free to "act on their own knowledge and ... [are] free to make their presentments or indictments on such information as they deem satisfactory." *Costello v. U.S.*, 350 U.S. 359, 361 (1956), cited with approval in *Whittington*, 680 S.W.2d at 511.

In other words, the grand jury can investigate and indict Mr. Paxton regardless of what Ms. Hawk does or does not do. And a grand jury in Dallas County can certainly invite the Travis County District Attorney's Office to present the case that it otherwise would have (but for the lack of venue) presented to a Travis County grand jury.

You should know that the allegations against Mr. Paxton are serious, and the evidence against him is overwhelming. He has been accused of violating Chapter 29 of the Texas Securities Act, which declares that violations are a third-degree felony. The relevant statute states as follows:

Any person who shall... [s]ell, offer for sale or delivery, solicit subscriptions or orders for, dispose of, invite offers for, or who shall deal in any other manner in any security or securities without being a registered dealer or agent as in this Act provided shall be deemed guilty of a felony of the third degree.

Vernon's Ann. Texas Civ. St. Art. 581-29(A). I have enclosed with this letter a copy of an agreed order dated May 2, 2014 between Mr. Paxton and Texas Securities Commissioner John Morgan, and frankly I am surprised that Mr. Paxton's lawyer let him sign it. In that order, Mr. Paxton stipulated that he "solicited three (3) clients for MCM at times when MCM was a state-registered investment advisor but [Paxton] was not registered as an investment advisor representative of MCM."

As I interpret Mr. Paxton's signature on the agreed order, he has stipulated that he violated Art. 581-29(A). In other words, it appears to me that he has already admitted that he committed a felony. If so, the agreed order is not only sufficient evidence for an indictment, but a criminal conviction.

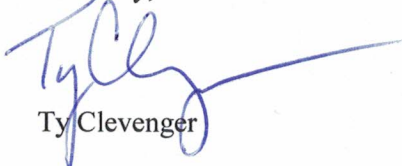
Mr. Paxton's spokesmen have repeatedly claimed that his violation of the statute was an honest mistake, but that explanation does not hold water. While he was in the Texas House of Representatives in 2003, Mr. Paxton voted in favor of the statute that outlawed his conduct. In 2011, Mr. Paxton voted to amend that statute by clarifying that violations are a third-degree felony.

Worse, Mr. Paxton previously violated the same statute in 2004 and 2005, and in 2009 *he was sued for violating that statute*. Yet he violated it again in 2012, and now he claims that it was all just a good-faith mistake. This is not plausible.

In February I spoke with John Sloan, the attorney in Longview who sued Mr. Paxton in 2009, and he said he would be glad to meet with the grand jury if invited. According to Mr. Sloan, his clients previously were clients of Mr. Paxton, and Mr. Paxton referred them to his friend's investment company without telling them that he was getting a 30 percent kickback on investment management fees.

Mr. Paxton's spokesmen have repeatedly made issue of the fact that Mr. Sloan has previously donated to Democrats, but that should be irrelevant. I am a Republican, and I could not care less what parties Mr. Paxton and Mr. Sloan are affiliated with. The law is the law, and nobody should be above it, especially not the state's highest ranking law-enforcement official.

Sincerely,



Ty Clevenger

cc: Dallas County District Judges