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Wayne Christian Campaign
Wayne@ChristianForTexas.com

GARY GATES' FISCAL PRIORITIES AT ODDS WITH TAXPAYERS

In a recent blog post, the Gates campaign stated that his business experience "will be crucial for the commission as we seek to streamline agency services so that we can deliver more with our existing tax dollars." (1)

It is interesting that Gates has chosen to wade into the topic of efficient use of taxpayer dollars. In 1998, the City of Houston passed Ordinance No. 98-330 entering into a loan agreement with Gates for a sum of \$1,120,000 to fix up one of his apartments. In November of 2000, he defaulted on the loan, the remaining balance was \$1,013,918.33 (2).

It was around this time, that the Gates Family had a legal battle with Child Protective Services (CPS). The investigation eventually led to a study by Helen Kelick into the finances of the Gates family. Below is a quote from that study:

"Gary and Melissa Gates report a gross income of \$500,000 per year. They report monthly expenses of approximately \$6,400.00, which indicates they live well within their means. Furthermore, the Gate's (sic) real estate holdings are in excess of \$40,000,000 and they have over \$2,000,000 in savings as of April 10, 2000." (3)

If the Gates Family had \$2 million in savings and \$40 million in assets seven months earlier, why did his business default on \$1.12 million of his taxpayer funded government loan? Furthermore, if he could not pay the government back why did he spend \$334,433.75 (2002 Race), \$277,149.93 (2004 Race), \$393,833.07 (2006 Race) running for the legislature in the early 2000's. (4)

By September 2006, the interest accrued on the loan was an excess of \$294,000. Gates went back to the Houston City Council, where they decided to reinstate the Note to "the same extent as if no default had occurred under the terms of the Loan Agreement; (ii) modify the terms of the Original Loan by converting the Principal Balance into a new Loan for \$1,013,918.33; \$513,918.33 will be a Performance Based Grant Portion of the Loan [hereinafter defined] and \$500,000.00 will be a Repayment Portion of the Loan; (iii) waive repayment of the accrued interest of the Original Loan to date" (2)

In his unsuccessful race for state senate, Gates chastised his opponent for visiting the border stating: "You won't find me, as an elected official, going down there, using precious tax dollars to go do photo ops. That, you see, is not being a conservative." (5)

While Mr. Gates was correct that no one would find him "as an elected official" visiting the border, he has shown through his actions as a businessman a disregard for our "precious tax dollars". Also, from a business perspective spending \$6,231,408.55 on unsuccessfully running for office is not a smart investment.

(1) http://www.garygatesfortexas.com/wayne_christian_doesnt_know

(2) <http://freepdfhosting.com/083326745c.pdf>

(3) <http://freepdfhosting.com/33b4a39f62.pdf>

(4) <http://freepdfhosting.com/e96613e119.pdf>

(5) <http://www.houstonchronicle.com/news/politics/houston/article/Border-security-takes-center-stage-in-special-5915098.php>