

Pickens' financial ties to college draw probe

DA to question West Texas' investment in Mesa

By SCOTT WILLIAMS

A grand jury impaneled in T. Boone Pickens' abandoned West Texas power base has begun an investigation that ultimately will turn to questions of whether the Dallas business leader violated state laws while acting as both benefactor and administrator at a public university.

The investigation, which opened with four hours of closed-door testimony last week, was prompted by a state auditor's report that focuses on large donations Pickens made to West Texas State University during his tenure as chairman of the school's Board of Regents.

According to a copy of the report obtained by the *Dallas Business Journal*, the auditor found that the donations were improperly invested in Pickens' own company and that stock was transferred back and forth between the company and university.

In one instance where Pickens donated \$100,000, the auditor reported, the university cashed in the investment 10 months later and returned the donation to Pickens along with a \$51,000 profit.

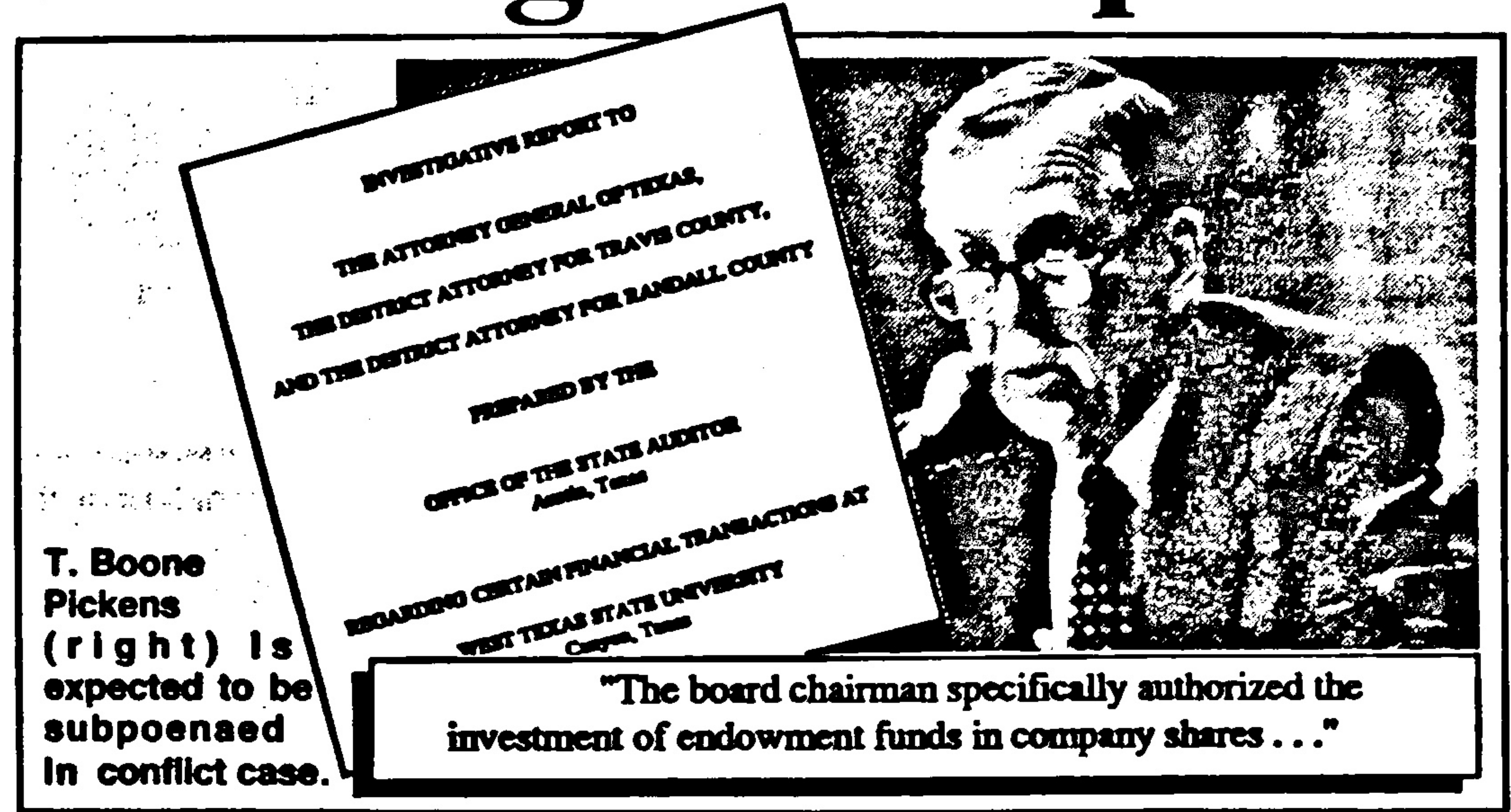
The prosecutor in the West Texas county where the college campus is located said this week that he intends to ask the grand jury to examine some "real questionable" transactions involving Pickens.

Randall County District Attorney Randy Sherrod also said he probably will subpoena Pickens to testify later during the investigation, which is expected to take several months.

"I think that's a good possibility — yes," Sherrod said. "It's important that a good investigation be done."

Pickens declined requests for an interview about the grand jury investigation.

Instead, officials at Mesa Limited Partnership — where he is the managing general



INVESTIGATIVE REPORT TO
THE ATTORNEY GENERAL OF TEXAS,
THE DISTRICT ATTORNEY FOR TRAVIS COUNTY,
AND THE DISTRICT ATTORNEY FOR RANDALL COUNTY
PREPARED BY THE
OFFICE OF THE STATE AUDITOR
Austin, Texas
REGARDING CERTAIN FINANCIAL TRANSACTIONS AT
WEST TEXAS STATE UNIVERSITY
Canyon, Texas

T. Boone Pickens (right) is expected to be subpoenaed in conflict case.

"The board chairman specifically authorized the investment of endowment funds in company shares..."

partner — released a copy of a statement that Pickens delivered July 8 to a panel of state lawmakers who oversee the state auditor's office.

Without answering most of the auditor's specific findings at West Texas State University, Pickens alluded to discrepancies in

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