Citizens Action Coalition
NEWS RELEASE

For Immediate Release | Contact: Kerwin Olson
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COVERUP: Daniels Administration Stonewalls Public Access to Shady SNG Power Plant Deal

Today, the Citizens Action Coalition called on the Daniels Administration to release e-mails and documents that CAC requested months ago. The e-mails pertain to the recently signed contract between the Indiana Finance Authority and Leucadia Corporation to force construction of a substitute natural gas plant in Rockport, IN.

Kerwin Olson, program director for CAC, said, "The Daniels Administration continues to deny or sit on information requests that intend to shed light on this questionable contract. Transparency of this transaction is essential as Hoosier homes and businesses are being coerced by the power of the State to become involuntary investors in a highly speculative venture. The reality is that this deal requires the public to invest for 30 years in unregistered, derivative securities to enable the production of overpriced SNG."

CAC produced information requests dating over two months ago that the Administration has not fulfilled. Recently, one request has been outright denied. CAC was denied e-mails and documents exchanged between Consumer Counselor David Stippler and former Finance Director Jennifer Alvey, the two top State officials charged by law with drafting, negotiating, and executing the contract between the IFA and Leucadia.

Grant Smith, executive director for CAC, said, "The Leucadia deal is just as suspect as is the collusion between the IURC and Duke Energy. The SNG plant proposed by Leucadia and backed by Daniels represents a highly risky venture for ratepayers and taxpayers. Just as with Duke, Leucadia stands to gain massive profits on the backs of ratepayers and taxpayers."

"The federal securities laws require sellers of registered securities to make full disclosure prospectively to voluntary investors in even the safest business ventures. Surely, involuntary investors in unregistered securities in a highly speculative venture like this one should be entitled to no less disclosure," Mr. Smith added. "We call on Indiana Gasification, the Indiana Finance Authority, and the Leucadia National Corporation to make a full disclosure comparable to that in a prospectus submitted for approval to the Securities and Exchange Commission -- including any disclosing of financial interests in the Rockport venture held by state and local officials, their relatives, and their political cronies."

Recently, a bill needed by Leucadia to enable construction of the SNG plant was defeated in the Indiana Senate. The bill would have granted private corporations the right of eminent domain to construct and maintain CO2 pipelines. Also, the Indianapolis Star recently reported that Mark Lubbers, a former Chief Advisor to Governor Daniels, was coming to the Statehouse to lobby the General Assembly on behalf of Leucadia and the recently defeated eminent domain legislation.

Mr. Olson concluded, “Not only does the Administration want private corporations to have unfettered access to your pocketbook, they now want to allow those same private firms to take your personal property. The public deserves to know that the billions of dollars in State taxpayer and ratepayer subsidies that the Daniels Administration intends to hand a high risk New York investment firm and an undercapitalized Delaware limited liability company are legitimate. What are they hiding?”

A Copy of the denial letter is available upon request.