



1750 OCEAN PARK BOULEVARD, #200, SANTA MONICA, CA 90405-4938
TEL: 310-392-0522 FAX: 310-392-8874 NET: CONSUMERWATCHDOG.ORG

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Assembly Speaker Fabian Nuñez
State Capitol Building
Room 219
Sacramento, California 95814

Dear Speaker Nuñez:

The Governor cannot make an impartial decision about whether to sign or veto legislation in the interests of Californians if he has a personal financial interest in the outcome of a proposal. The Legislature must immediately convene hearings and subpoena Governor Schwarzenegger's financial records in order to determine if he has any further financial holdings that create a conflict of interest with his job as California's chief executive.

The governor betrayed the people's trust when he made a secret multi-million dollar deal with American Media International granting him portion of its advertising revenue. He trampled on that trust by vetoing legislation that would have hurt the supplement industry whose advertising was the main source of income in his magazine deal.

Though the governor has severed the contract in the face of widespread public outrage, a legislative investigation is necessary for the public to be certain the governor does not have additional financial conflicts.

As you know, the governor's office can influence legislation, and other official decisions of boards and commissions, in overt or discreet ways. Only legislative hearings, in which a more complete picture of the governor's ongoing business arrangements is pursued, can determine whether conflicts have influenced action on behalf of the governor's business partners. The potential for extensive conflicts remains.

The governor's ethics filings report 17 holding companies, partnerships and LLCs which have over 50 different businesses as sources of income. Each one of these 50 companies represents another potential conflict of interest. The public trust cannot be restored until the details of the governor's financial relationship with each of these companies is revealed.

Attached is a list of the lobbying activities of just 6 of the businesses that have a financial relationship with Governor Schwarzenegger. They reveal that the governor has acted in favor

of these 6 companies on at least 10 bills that reached his desk in 2004. The governor's business relationship with Fox, Sony, Disney, Vivendi, Warner Brothers, and Zurich American creates an apparent conflict, including actions taken by Schwarzenegger to:

- Sign SB 899 to change California's workers' compensation laws without including regulatory oversight of insurance companies such as Zurich.
- Sign SB 1506 which made it a crime to share movies or music online without disclosing a full name and email. The bill was backed by MGM, Sony, Fox, Warner Brothers and the Motion Picture Association of America (MPAA), the film industry's trade association.
- Sign SB 231 for firearm permits in the entertainment industry, supported by the MPAA.
- Sign AB 1227, sponsored by the Personal Insurance Federation of California (PIF), regarding insurance fraud. Farmers Group, a wholly-owned subsidiary of Zurich American, is a PIF member.
- Veto AB 1829, to bar the state from sending jobs overseas, backed by PIF.
- Sign AB 1953, supported by PIF, regulating insurance adjusters.
- Sign AB 1985, backed by PIF, reducing insurance company paperwork.
- Sign AB 2252, extending new rules for the regulation of vacation time-share properties, supported by Disney.
- Veto AB 2715, which would have required telemarketers to disclose where they are calling from, opposed by PIF.
- Veto AB 3021, a plan opposed by the MPAA, that would have provided quantifiable information to the state about outsourcing and offshoring of jobs from California.

The governor may have influenced any number of the 120 bills that these 6 companies report lobbying on since Governor Schwarzenegger took office, and may also have intervened in other decisions on their behalf. In fact, because companies are required to report lobbying only if they spend over \$5,000 in the process, any of the governor's business partners may have influenced him on legislation but not needed to disclose the activity.

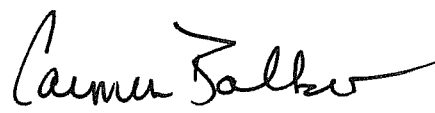
Has the governor, this year, been pressing lawmakers to defeat AB 450 (Yee) that restricts the sale to minors of violent video games, a bill that Sony, Vivendi, Warner Brothers and other business partners of the Governor opposes? Did he or his administration take actions in service of his own financial interests last year and work to block passage of a similar bill, AB 1792?

As the governor has refused to release any further information on his financial ties, only a legislative investigation can determine if these or other conflicts exist. We urge you to begin that investigation, and ensure the people of California that our highest political office is not for sale.

Sincerely,



Jamie Court



Carmen Balber