



Formerly The Foundation for Taxpayer & Consumer Rights

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July 15, 2009

Chairman Ross Johnson  
Commissioners Hodson, Huguenin, Montgomery & Rotunda  
Fair Political Practices Commission  
428 J Street, Suite 800  
Sacramento, CA 95814  
Fax: 916-322-6440  
*Via Facsimile*

Re: Governor Schwarzenegger's "Dream Team" ballot measure committee recent expenditures on non-ballot measure issues in violation of Regulation 18521.5

Dear Chairman and Commissioners:

I am writing to bring your attention to the recent expenditures by Governor Arnold Schwarzenegger's "Dream Team" ballot measure committee on non-ballot measure issues in violation of Regulation 18521.5. That provision was meant to close what might have been called the Schwarzenegger loophole. The loophole is closed, but the Governor is still using it.

The regulation, which you enacted at the beginning of this year, requires candidates to spend funds raised for ballot measure committees on ballot measure advocacy, and to identify each expenditure with a specific measure or measures. The rules do not allow funds from these committees to be spent on lobbying activities unrelated to ballot measures. Governor Schwarzenegger's "Dream Team" committee has begun airing television ads this week, which are not associated with any initiative or pending initiative. Instead, the ad, which can be viewed at <http://standforca.com>, features Governor Schwarzenegger promoting his approach to resolving the state's budget crisis.

According to filings with the Secretary of State, the "Dream Team" committee has received several large donations in recent months, in amounts well over the limit for donations to candidates' campaign committees. The single largest donation to Governor Schwarzenegger made after the May 19<sup>th</sup> special election is a \$250,000 contribution from Chevron, the oil company with a huge stake in the outcome of this year's budget. Governor Schwarzenegger's proposed budget reportedly does not include an oil severance tax that is opposed by Chevron.

The use of Chevron's above-the-limits contribution to fund the Governor's campaign for a Chevron-friendly budget is exactly the kind of special interest influence the FPPC's recent reform was meant to curb.

It is worth noting that the recent contributions to the Dream Team include many corporations that will be directly and indirectly impacted by the results of the budget debate. These donors include:

Wal-Mart: \$50,000 on June 15, 2009  
Google: \$25,000 on June 12, 2009  
Chevron: \$250,000 on May 21, 2009  
Pfizer: \$70,000 on May 20, 2009  
Federal Express PAC: \$25,000 on May 13, 2009 & \$25,000 on May 18, 2009  
CA Building Industry Association Issues PAC: \$79,500 on May 11, 2009  
General Electric: \$350,000 on May 11, 2009  
Oracle: \$100,000 on May 8, 2009  
Cisco Systems: \$250,000 on May 7, 2009  
AT&T: \$100,000 on May 5, 2009  
Intel Corp.: \$100,000 on May 1, 2009  
Intuit: \$100,000 on April 30, 2009  
Blue Shield of California: \$100,000 on April 20, 2009  
PG&E: \$100,000 on April 9, 2009  
Farmers Insurance: \$100,000 on April 6, 2009 & \$25,000 on May 18, 2009  
CA Hospitals Committee On Issues PAC: \$500,000 on April 2, 2009 & \$100,000 on May 14, 2009

Consumer Watchdog is deeply concerned that the Governor has shown such disdain for the rules the FPPC set forth. In using a ballot measure committee funded with above-the-limits special interest contributions to promote his, and his corporate donors', interests, he is in direct violation of the regulations. We hope you will take immediate action.

Sincerely,

Mark Reback  
Consumer Watchdog