



1750 Ocean Park Boulevard, #200, Santa Monica, CA 90405 - 4938
Tel: 310-392-0522 • Fax: 310-392-8874 • Net: consumerwatchdog.org

August 12, 2005

Honorable Fabian Nunez
Speaker, State Assembly
State Capitol
Sacramento, CA 985814

Dear Speaker Nunez:

When American Media, Inc. (AMI) revealed that it had signed a secret contract with Governor Schwarzenegger to pay him as much as \$8 million, we asked you in a letter dated July 14, 2005 to investigate the panoply of conflicts of interests arising from Schwarzenegger's sources of outside income. New information reported by the Los Angeles Times today shows AMI paid a woman, Gigi Goyette, \$20,000 to stay silent about her reported affair with Schwarzenegger and paid a friend of Goyette \$1,000 in cash to stay silent as well. This apparent hush money raises grave questions about the level of influence wielded by a private interest with legislative issues pending before the Governor.

Schwarzenegger may have ended the financial relationship with AMI, by which AMI earns hundreds of millions of dollars each year from diet supplement advertising and Schwarzenegger is paid a percentage of that revenue. This arrangement created a conflict last year when the Governor vetoed legislation that would have regulated those supplements, potentially affecting the income of both AMI and the Governor. The new information, however, reveals a conflict of interest that cannot be terminated unless AMI releases Goyette from contractual silence about her affairs with Schwarzenegger.

Schwarzenegger's personal infidelity is not the issue, but his fidelity to the people of California is. You must immediately convene a special investigatory hearing and issue subpoenas to determine 1) whether Schwarzenegger directed AMI to solicit the contract with Goyette, under false pretenses, in order to protect his political career OR 2) whether AMI blackmailed the Governor by using the threat of the Goyette contract in order to wield influence over his conduct as Governor. This would clearly constitute conduct unbecoming of the state's highest official.

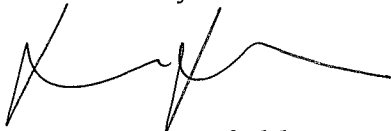
All Californians have a right to know whether or not special interests with issues before the state are covertly working with the Governor to keep secret information that would

harm his political career. The very existence of a contact in the hands of AMI that has immeasurable value to Schwarzenegger creates myriad conflicts of interest and ethical issues.

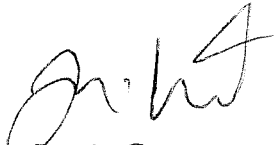
Does the secret contract with Goyette constitute a gift to the Governor? Is the Goyette pact and AMI's refusal to publish Goyette's story part of Schwarzenegger's compensation from AMI that has yet to be disclosed? If Schwarzenegger was not aware of the contract initially, was he apprised of it after he took office and did it constitute an illegal gift in excess of state limits? Did any AMI agent ever discuss the supplements legislation or other public policy matters with Schwarzenegger? Did such discussions occur before or after Schwarzenegger was apprised of the Goyette contract?

The public deserves answers and only the subpoena power of your office is able to expedite them. Please use your power to air all the facts of this matter immediately.

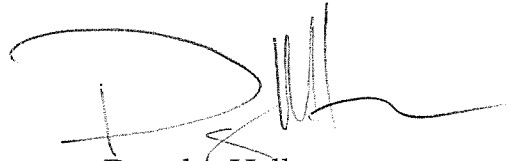
Yours Truly,



Harvey Rosenfield



Jamie Court



Douglas Heller