



May 13, 2015

Honorable Betty T. Yee
Honorable Jerome E. Horton
Honorable Michael Cohen
Franchise Tax Board
Sacramento, CA 94250

RE: Franchise Tax Board Must Order Release of Blue Shield's Tax Audit

Dear Controller Yee, Chairman Horton, and Director Cohen:

As you are well aware, the Franchise Tax Board (FTB) made an historic decision last August to repeal Blue Shield of California's tax-exempt status. However, that decision was not made public until the *Los Angeles Times* published a report on March 18, 2015 —7 months after the FTB had taken action.

Over the last seven weeks, Consumer Watchdog has been attempting to access public records related to the Franchise Tax Board's decision to repeal Blue Shield's tax-exempt status. To date, FTB staff have refused to respond to Consumer Watchdog's Public Records Act request and have failed to provide any legal support for withholding the documents. We call on you to direct the Franchise Tax Board staff to release these critical public records immediately.

These records are of utmost importance. Millions of Californians who purchased and renewed their health insurance with Blue Shield during the last Obamacare open enrollment period late last year believed Blue Shield was non-profit. The public has the right to know why the Franchise Tax Board revoked Blue Shield's tax-exempt status.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Flanagan", with a horizontal line underneath.

Jerry Flanagan
Lead Staff Attorney