

California State Senate

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SENATOR
TED GAINES
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September 27, 2012

The Honorable Steve Cooley
Los Angeles County District Attorney
210 West Temple Street, Suite 18000
Los Angeles, CA 90012-3210

Dear District Attorney Cooley,

Recent reports show real problems with the Consumer Education Foundation based on their recent IRS form 990 filings. The Consumer Education Foundation's only employee is Harvey Rosenfield, the founder of Consumer Watchdog who was the Foundation's sole beneficiary in 2010.

The report found:

- Mr. Rosenfield was paid \$100,000 by the Consumer Education Fund in 2010 according to the Form 990 filed with the IRS.
- The Foundation made a single grant of \$137,500.
- The \$137,500 grant was paid to another organization founded by Rosenfield, Consumer Watchdog, which now pays him hundreds of thousands of dollars in consulting fees.
- In a previous year, a payment of \$200,000 was made to the Foundation for Taxpayer and Consumer rights, also founded by Harvey Rosenfield. That \$200,000 was used to build and maintain a website.

These facts raise very serious questions about the Foundation's charitable activities and warrant investigation. After reviewing the organization's 990 forms dating back several years, it seems to be a regular practice for the Foundation to make a single grant each year to Consumer Watchdog. We respectfully ask you to open an investigation immediately. Mr. Rosenfield has long been an advocate for transparency and openness. As such, we believe he will be a willing and cooperative participant in any investigation.

We respectfully suggest you start with the following questions:

- Where did the money for the Consumer Education Foundation originate?
- What was its intended use?
- Who created the \$200,000 website?
- Why was Rosenfield paid \$472,288 in consulting fees by Consumer Watchdog after they received a \$137,500 grant from the Foundation?
- Who made the decision for Rosenfield's cohort Jamie Court to receive nearly \$250,000 in compensation from Consumer Watchdog and related organizations in 2010?

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Gaines", with a long horizontal line extending to the right.

Ted Gaines
Senator, 1st District
Vice Chair, Senate Committee on Insurance