

**EXPOSE**  
**CONFRONT**  
**CHANGE**

# CATALYZING CHANGE FOR OVER 20 YEARS

## A Letter From The President



Affordable health care for everyone. Energy independence. Regulation of Wall Street.

Real change in America will not come from within the halls of power, but from outside. Only the public has the power to truly change the world. That's where Consumer Watchdog comes in. We focus the lens of public opinion on big problems and create big changes.

Our founder, Harvey Rosenfield, led the ballot box revolt for insurance regulation in California twenty years ago. The law, Proposition 103, has saved motorists over \$62 billion on their auto insurance. No consumer group in America has put more money directly in Americans' pockets.



Founder Harvey Rosenfield during 1988 Insurance wars.

Consumer Watchdog focused the public's anger at penny-pinching HMO bureaucrats to pioneer the HMO patients' rights movement. Our efforts led to the national ban on premature discharges of newborns from the hospital - drive-thru deliveries - and strong patient protection laws in 44 states. We've stood up to the energy pirates and foiled Big Oil's plans to artificially reduce the gasoline supply and drive up prices at the pump even more.

For twenty years, Consumer Watchdog has proven that strong, popularly-sought reform and regulation can work. Consumer Watchdog needs your help to bring our brand of exposure, confrontation and change-making to Washington. Lawmakers in Washington, D.C. cannot be allowed to squander the popular mandate for change. Please support Consumer Watchdog with a tax-deductible contribution today.

Thanks for all that you do,

Jamie Court

# \$62 BILLION

In auto insurance savings by enforcing the toughest insurance regulations in the country and blocking company plans to raise premiums.

(Source: Consumer Federation of America, 2008)

The price low-income drivers pay for auto insurance under the "Life-line" program Consumer Watchdog created.

# \$350 PER YEAR

# 0

Professional fundraisers or public relations consultants working for Consumer Watchdog. We devote our resources to advocacy, organizing and litigating for change.

## EXPOSE

Rip-offs and injustice.

## CONFRONT

The industries and politicians responsible.

## CHANGE

The world.

Are no longer the basis for auto insurance rates in California, after a twenty year battle against insurance discrimination led by Consumer Watchdog.

# ZIP codes

# 7 TIMES A DAY

Consumer Watchdog's experts and advocates are cited and quoted in the printed press, on TV and on the radio.

Enacted HMO Patients' Rights laws in the wake of our pioneering advocacy and "HMO Casualty of the Day" campaign.

# 44 STATES



## Affordable Health Care For Everyone

Consumer Watchdog fights to make sure no one is left without health care. Our advocates work with patients to stop HMOs from denying life-saving treatments. We

are leading the battle to end “use it and lose it” cancellations, in which insurers void coverage when policyholders get sick.

Reforms we now seek in Washington, D.C. and across America:

- Opening the Medicare program to all Americans of any age.
- Requiring insurance companies to sell policies to anyone regardless of health condition.
- Creating regulation of and cost controls on the medical-insurance complex.
- Establishing bulk purchasing discounts for prescription drugs so Americans can lower their drug bills.

(To learn more visit [www.consumerwatchdog.org/patients](http://www.consumerwatchdog.org/patients))

## Cheaper & Cleaner Energy

Whether it's Enron or Exxon, big energy companies tend to artificially reduce supplies in order to drive up the price of their fuel and electricity. Consumer Watchdog has exposed and confronted supply manipulation and price gouging by America's largest energy pirates. Our Oilwatchdog.org blog, overseen by research director Judy Dugan, is among the nation's leading critics of Big Oil and the political influence it buys.

(To learn more visit [www.consumerwatchdog.org/energy](http://www.consumerwatchdog.org/energy))

## Cutting Insurance Rates & Regulating Wall Street

A 2008 report by the Consumer Federation of America found California's landmark 1988 insurance regulation initiative, authored by Consumer Watchdog's founder Harvey Rosenfield, has saved motorists \$62 billion in premiums. Proposition 103 is a national model of how appropriate regulation can work.



Californians aren't the only ones who deserve reasonable insurance rates, a low-cost auto insurance program for the poor and rules preventing insurance discrimination. We are working to bring these reforms to the rest of the nation, including an end to ZIP code-based auto insurance and a “pay as you drive” program that lowers rates for people who reduce their driving.

In Washington, D.C. our expertise in regulating insurers is shaping the regulatory reform of Wall Street that has proved necessary in light of the financial meltdown of 2008.

(To learn more visit [www.consumerwatchdog.org/insurance](http://www.consumerwatchdog.org/insurance))

## Privacy Rights

Our personal information is not as private as we think. Consumer Watchdog has exposed the way banks, insurers and internet companies buy, sell and profit from our private information. And we have made these companies change their policies.

(To learn more visit [www.consumerwatchdog.org/privacy](http://www.consumerwatchdog.org/privacy))

## Justice For Patients

In California, a 1975 law takes away the rights of injured patients to hold incompetent doctors or negligent hospitals accountable. The 30-year-old law imposes the nation's most severe restrictions on patients and Consumer Watchdog is committed to ending its injustice.

(To learn more visit [www.consumerwatchdog.org/medicalmalpractice](http://www.consumerwatchdog.org/medicalmalpractice))

## Stem Cell Cures

Consumer Watchdog has pioneered in California the requirement that private recipients of taxpayer funded research grants provide a royalty or reduced prices on cures to the public. We're seeking the same standard nationally.

(To learn more visit [www.consumerwatchdog.org/stemcells](http://www.consumerwatchdog.org/stemcells))

## Accountable Politicians

Consumer Watchdog is California's and the nation's toughest critic of the corrupting influence of money in politics. We have changed ethics, travel and conflict of interest rules for politicians, and driven corrupt officials from office.

(To learn more visit [www.consumerwatchdog.org/politicians](http://www.consumerwatchdog.org/politicians))



# STRATEGIES THAT WORK

*"They spare nobody. They think you're getting out of line, they let you know it."*

– John Burton, CA State Senate President pro Tem '98 – '04

## ADVOCATE

Consumer Watchdog led the campaign that forced Shell to keep open its Bakersfield, California refinery – a facility the company had announced it would be demolishing a year and a half before. We believed Shell wanted to manufacture a shortage and drive up gasoline and diesel prices. With a whistleblower's help, we saved motorists and truckers billions.



No one in California would challenge newly-elected celebrity Governor Arnold Schwarzenegger as he began to run roughshod over consumer and worker protections. We launched ArnoldWatch.org on the day of his inauguration to expose the influence of special interest money over the self-proclaimed reformer.

## ACTIVATE

When private electric utilities sought a \$10 billion bailout after California's disastrous foray into energy deregulation, sponsored by the same utilities, we brought volunteer "Bailout Watchdogs" to the Capitol and blocked it.



To combat quid pro quo politics in local government, our grassroots volunteers passed the nation's toughest conflict-of-interest initiatives at the ballot box in five cities across California. The laws prohibit public officials from receiving gifts, a job or campaign contributions from the interests their votes benefited.

A major technology company began circulating a ballot initiative in order to avoid consumer, worker and civil rights lawsuits. Around the same time the company launched a racially tinged advertising campaign. Consumer Watchdog linked the ad to the proposed ballot measure and launched a massive online awareness campaign that led the company to pull the plug on the initiative.

## LITIGATE

We found insurance companies overcharging customers in violation of California laws and forced the refund of tens of millions of dollars to drivers.



When cellphone users complained about service failures and egregious fees in the wake of a major telecom merger, we initiated a national class action against the telecommunication giant.

Our team of lawyers took on the State of California and the auto insurance industry and won the repeal of discriminatory legislation that would have made it more expensive for low-income drivers to get insured.

## CELEBRATE

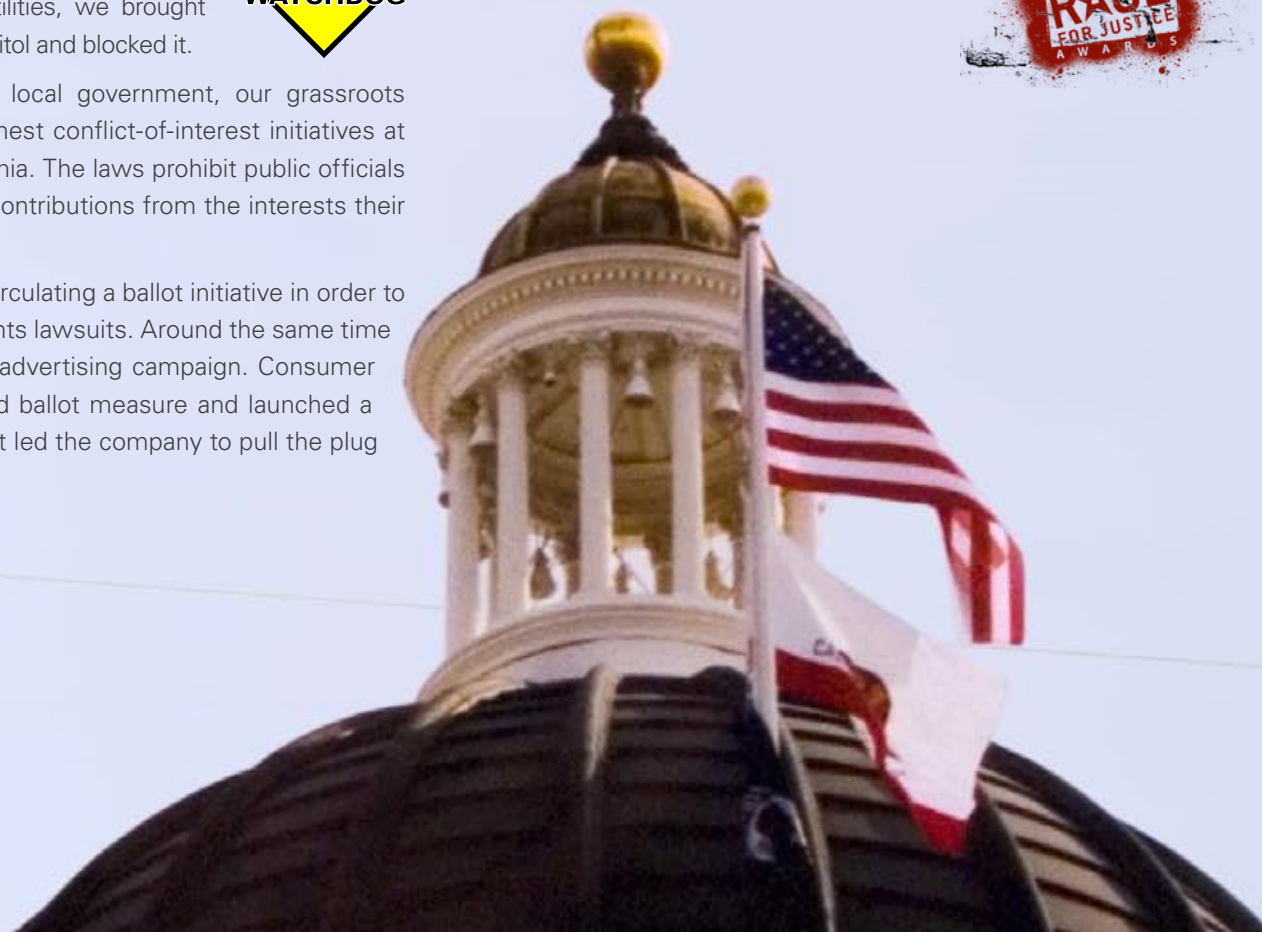


Each year, Consumer Watchdog hosts the Rage for Justice Awards to honor the heroes and heroines of the public interest movement. Past honorees have included Nancy Pelosi, Barbara Boxer, Elizabeth Edwards, John Burton, Rose Ann DeMoro, Stanley and Betty Sheinbaum and Warren Beatty.

### Flying Dissent Over The Capitol...

When Arnold Schwarzenegger used his power to reward his big business donors, we launched "Air Arnold" with our allies at the California Nurses Association. The airplane pulled banners flown high over Schwarzenegger's fundraisers to remind the public of the governor's campaign pledge to drive special interests out of the Capitol.

**DON'T BE BIG BUSINESS'S BULLY!!**



# “THE MOST EFFECTIVE CONSUMER GROUP IN AMERICA”

– Annette Bening



## Billions Saved

Litigation Director Pam Pressley won a battle against Allstate and forced a \$250 million auto insurance rate cut. Consumer Watchdog’s attorneys have blocked insurance rate hikes and forced rate cuts totaling over \$1.3 billion in the last five years.



## Ending Redlining

Executive Director Doug Heller organized the successful campaign to enforce California Proposition 103’s prohibition against basing auto insurance rates on a driver’s ZIP code.

## Privacy On the Internet

Our precedent-setting campaign to force Google to become the standard-bearer for privacy protection on the Internet is gaining ground. We want to give all Americans the ability to control their own personal data and to surf anonymously.



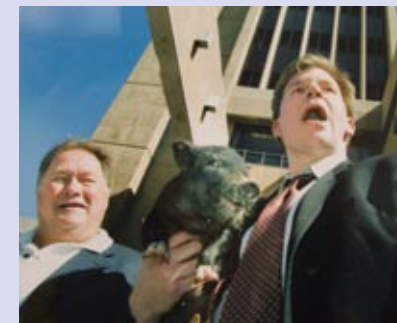
## Donuts For \$1500

Consumer Watchdog’s Carmen Balber offers much cheaper donuts to lobbyists paying thousands for a “Krispy Kreme and Coffee” fundraiser around the corner from the Capitol in Sacramento.



## Putting CEOs On Notice

When Citibank fought new privacy laws in Congress, Consumer Watchdog bought the Citibank CEO’s Social Security number online and hired a skywriter to display the first five digits over his corporate headquarters in New York City.



## Cutting The Pork Out Of Health Care

Consumer Watchdog’s Jerry Flanagan led the fight to stop excessive CEO payouts during HMO mergers by bringing live pigs to state hearings and pressuring regulators to demand big concessions from the companies.

## Return On Investment

Stem Cell Project Director John Simpson won rules ensuring that California taxpayers get a percentage when publicly funded stem cell research yields private profits.



## E-Advocacy

Every month 500,000 to 750,000 visitors view ConsumerWatchdog.org.



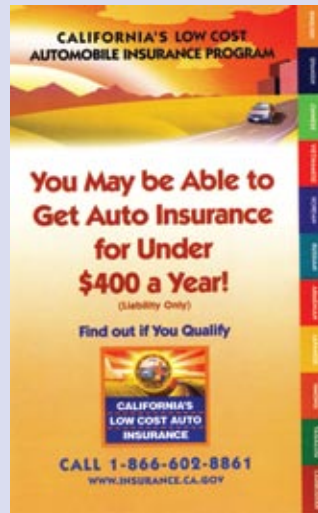
# “YOU CAN TAKE ON THE BIGGEST INDUSTRY IN THIS COUNTRY AND YOU CAN WIN”



– Prop 103 author and Consumer Watchdog founder Harvey Rosenfield on the 2008 Consumer Federation of America report showing California is first among all states in holding down auto insurance premiums.

## Low Cost Auto Insurance For Low-Income Drivers

Consumer Watchdog created the nation’s first flat rate, low cost auto insurance policy for low-income drivers. It is now in effect in every county in California, allowing tens of thousands of previously uninsured drivers to purchase auto coverage, many for the first time, and is a model for the nation.



## Accountability Road Show

When Governor Arnold Schwarzenegger suggested that the millions he was raising from big business wasn't special interest money, we drove to the Capitol to disagree.



## Deposing Corrupt Politicians

California Insurance Commissioner Chuck Quackenbush raised millions from the insurance companies he regulated. Consumer Watchdog spoke up and put a spotlight on his shakedown tactics. Our research and advocacy exposed the corruption that forced Quackenbush's resignation from office.

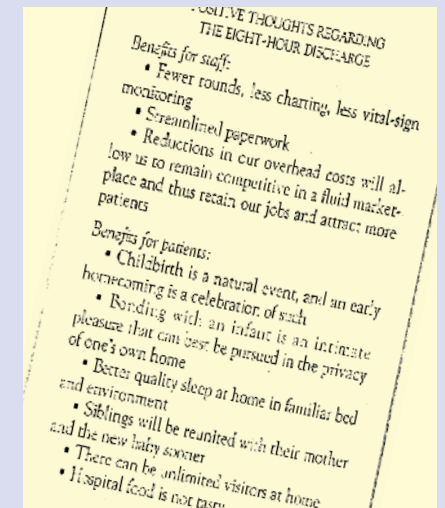


## Cheaper Medicine for Seniors

To expose the high price of medicine in America, we chartered two trains to take seniors to Canada, where they saved 60% on their prescription drugs. At whistle-stop press conferences along the East and West coasts, seniors got on the train and saved about \$2000 each. The Rx Express train trips generated more than 300 TV appearances, with a Nielsen audience of 65 million viewers, 60 newspaper articles and 100 radio interviews.

## Ending Drive Thru Deliveries

When HMOs tried to throw newborns and their mothers out of the hospital only hours after birth, in order save money, we mobilized to stop them. A Newt Gingrich-controlled Congress enacted a 48-hour minimum on the discharge of newborns and their mothers based on the type of smoking-gun evidence Consumer Watchdog uncovered.



# GLOSSARY OF CHANGE

## ADVOCACY

Making the case for reform to government officials, opinion leaders and the public. Consumer Watchdog's brand of aggressive advocacy created reforms ranging from patients rights laws, to the nation's first low cost auto insurance for low-income drivers, to rules exposing politicians' special interest-funded international travel.

## DEREGULATION

After years of massive corporate donations and lobbying, politicians and regulators respond by removing consumer protections for essential services such as electricity and telephone service. Tends to increase corporate profits, degrade customer service and lead to energy crises.

*Synonym:* LICENSE TO STEAL

## HOT FUEL

Gasoline expands as it heats up, which means there is less fuel out of a gallon of gas in warm states and hot places. But gas stations still charge us the same price when we get less energy per gallon, because the oil companies refuse to use temperature-adjusting pumps that are used in Canada. Of course, in Canada, colder fuel means retailers get the benefit of temperature adjustment.

## INTERVENOR

A member of the public or an organization that participates in a regulatory matter on behalf of consumers. Intervenor programs, like the one contained in California's insurance reform law Prop 103, allow the public to be represented when regulated companies, with their vast resources, go to regulators looking for rate hikes and rule changes. In many states, intervenors receive compensation for their work and expenses if they contribute to the regulatory findings.

## MICRA

Little-known acronym for a brutal 1975 California law – the Medical Injury Compensation Reform Act – that limits the compensation for pain and suffering that a patient injured or disabled for life by medical negligence can receive. The \$250,000 cap on compensation has not changed since the law was enacted over 30 years ago. In addition to denying injured patients justice, this law failed to reduce doctors' insurance premiums as insurance companies originally promised.

## NOT-VOTING

Cowardly way for a politician to help special interests defeat legislation without having to vote NO on legislation supported by the public. Often occurs when a consumer or environmental bill comes up for a vote. Can damage a politician's future: A well-publicized joint study of non-voting patterns by Consumer Watchdog and USC was cited in successful campaigns that threw some of the most egregious California "non-voters" out of office.

## PUBLIC INTEREST LITIGATION

The filing of lawsuits in the name of broad social change and systemic impact. Consumer Watchdog has brought lawsuits to successfully block discriminatory insurance practices, return millions of dollars to overcharged consumers and end deceptive and unfair billing practices.

## REDLINING

Corporate discrimination against consumers in certain communities, typically with low-income and minority residents. Named for the old practice of identifying people who won't get banking or insurance services by drawing a red line around neighborhoods on a map and refusing to serve them. Insurance companies now turn to subtler forms of redlining, such as the use of credit scores to set premiums, that are just as pernicious. Under California's Proposition 103, auto insurers cannot use credit history to set rates, or base rates primarily on a customer's ZIP code.

## SMOKING GUN

A memo, e-mail or other document that exposes the true and nefarious goals of a corporation or government agency. Over the years Consumer Watchdog has released proof of coordinated manipulation of electricity markets, a refiner's plans to cut back on gasoline supplies and efforts to use natural disasters to secure quick insurance rate hikes.

## UNIVERSAL HEALTH CARE

A health care system in which all members of society have access to the health care they need, unencumbered by the price gouging and cherry-picking of insurance companies. A Medicare system available to all citizens.

*Antonym:* MANDATORY PRIVATE INSURANCE. Forcing people to purchase unregulated and unaffordable health insurance policies is not universal health care; it's just a boondoggle for insurance companies.

# OUR FUNDING

## Consumer Watchdog Needs You

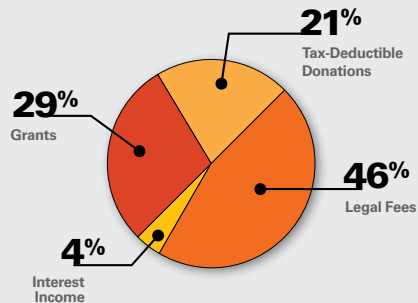
Our aim is to provide an effective voice for consumers and taxpayers in an era when special interests dominate public discourse, government and politics. Consumer Watchdog has assembled some of the nation's most effective public interest lawyers, advocates and organizers under one roof, working on issues that affect people every day.

We speak for the public and we rely on the public for support. The industries, interest groups and politicians may want us out of business, but for over twenty years your support has allowed us to catalyze change. Our new Washington, D.C. office offers an even bigger public platform from which to advocate for some of the great changes in our modern history. We need your support.

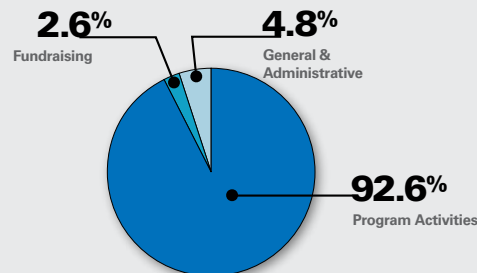
Please join our change-making campaign by becoming a member today. For a tax-deductible contribution of \$50 or more, you will also receive quarterly insider updates from our advocates who fight daily in Washington, D.C. and around the nation.

**Annual Budget: \$2.42 Million**  
 (Source: Consumer Watchdog 2007 Audited Financials)

### REVENUES



### EXPENSES



## I SUPPORT

- Health Care for Every American**
- Cleaner and Cheaper Energy**
- Fair Auto and Home Insurance Rates**
- Privacy Rights**
- Accountability for Politicians and Corporations**
- Affordable Rx and Stem Cell Cures**

**I SUPPORT CONSUMER WATCHDOG**  
*Click Here To Send Your Tax-Deductible Donation Today*







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