



# Public Citizen's 2006

a n n u a l r e p o r t

## Public Citizen Defends Citizen Interests, Challenges Unethical Congress in 2006

For ethically challenged politicians and the influence-peddlers trying to woo them, 2006 will be remembered as the year the party ended. After more than a decade of mounting corruption from one-party, Republican rule, lobbyists and lawmakers alike were indicted, convicted and carted off to prison for ethics abuses.

However, a growing chorus of public outrage over these abuses of power still did not hold much sway in Washington, D.C., last year. The leadership on Capitol Hill offered only tepid reform bills to curb the influence of money in politics. The White House and federal agencies continued to attack hard-won government safeguards and tailor regulations to benefit corporate interests.

Public Citizen was in the fray, as it had been for 35 previous years, defending the rights of citizens and championing their interests in the halls of power. The organization showcased the worst of the worst in Congress and motivated citizens to band together to express their displeasure with the corporate raiding of the federal Treasury.

Public Citizen also took the Food and Drug Administration (FDA) to task on its 100th birthday for the agency's conflicts of interest with the drug industry and for the unsafe medicines and treatments – such as Vioxx and silicone breast implants – that the FDA has allowed onto the market.

And as the National Highway Traffic Safety Administration (NHTSA) turned 40, Public Citizen President Joan Claybrook – a former NHTSA administrator – continued to push the agency to improve safety and fuel efficiency in vehicles.

Public Citizen exposed the corporate mergers and price-gouging that drove up fuel prices last year as drivers paid record prices at the pump and oil companies raked in their largest profits ever. The organization continued to push for increased funding for renewable energy sources and countered efforts to falsely portray nuclear power as a cleaner alternative.

Public Citizen also fought attempts to rush construction of new polluting power plants in anticipation of stricter regulations, such as Texas energy giant TXU Corp.'s plan to build 11 dirty coal-burning plants in Texas. (Under pressure, they cut that number back to three in February 2007.)

In the courts, Public Citizen continued to protect free speech rights and challenge the Bush administration's flagrant disregard for the rule of law. In a high-profile case against the Federal Emergency Management Agency (FEMA), Public Citizen secured continued housing assistance benefits for more than 1,000 households displaced by Hurricanes Katrina and Rita and a better procedure from FEMA to determine eligibility for federal aid.

With the 2006 congressional elections approaching, Public Citizen assessed congressional



Clockwise, from top: 1) Public Citizen Photo/Bridgette Blair; 2) Public Citizen Photo/Valerie Collins; 3) Photo Courtesy of Texas Fair Trade Coalition



Clockwise, from top: 1) The sign pictured here was part of a 2006 effort by Public Citizen and others to encourage incumbent lawmakers to sign the "Voters First" pledge; 2) "Billionaires for Bush," a grassroots organization that uses humor and street theater to expose politicians who support corporate interests at the expense of everyday Americans, "crashes" a press conference on the estate tax in April. 3) This "cat" was at a February 2006 event highlighting a Public Citizen Global Trade Watch report.

voting records and exposed which lawmakers were most dependent on corporate cash and lobbyist largesse. It helped organize the nationwide "Voters First" pledge, putting members of Congress and candidates on record as supporting ethics reform and taking steps to reduce the influence of campaign cash in politics through public funding of congressional elections. And the organization held accountable members who voted for unpopular trade deals that have hurt American workers, labor standards and the environment. In November, fed-up voters crashed the party, sending tainted incumbents packing and handing both houses to the Democrats for the first time in more than a decade.

In 2007, the new leadership started addressing the nation's real concerns with a busy 100-hour reform agenda packed with ethics and lobbying reforms, repeals of handouts to Big Oil and other pro-consumer measures. Public Citizen continued to provide advice, lobby for high ethics standards and government safeguards, and ensure that the voices of the people are heard in Washington.

Joan Claybrook

## Influential Congressional Oversight Reports of 2006

**January:** "Rep. Roy Blunt: Ties to Special Interests Leave Him Unfit to Lead" documented Blunt's ties to disgraced lobbyist Jack Abramoff, unseated House Majority Leader Tom DeLay (R-Texas) and corporate interests. Soon after the report was published, Blunt was defeated in his bid to become House majority leader. ([www.citizen.org/documents/BluntReportFinal.pdf](http://www.citizen.org/documents/BluntReportFinal.pdf))

**April:** "Spending Millions to Save Billions" revealed that 18 super-wealthy families had financed much of the lobbying effort to repeal the estate tax. The report demolished the argument that the repeal would help small businesses and family farms. (Public Citizen partnered with Boston-based United for a Fair Economy to write and release this report.) The report received extensive media coverage, and the U.S. Senate rejected a permanent repeal of the estate tax in June. ([www.citizen.org/documents/EstateTaxFinal.pdf](http://www.citizen.org/documents/EstateTaxFinal.pdf))

**May:** "Willful Misconduct: How Bill Frist and the Drug Lobby Covertly Bagged a Liability Shield" used private e-mail messages obtained by Public Citizen to chronicle the roles pharmaceutical and biotechnology industry lobbyists played in crafting legislation that provided those industries with almost complete immunity from liability for any drugs used to combat pandemic diseases. ([www.citizen.org/documents/050406PandemicFinal\\_1.pdf](http://www.citizen.org/documents/050406PandemicFinal_1.pdf))

**May:** "The Bankrollers: Lobbyists' Payments to the Lawmakers They Court, 1998-2006" provided the first detailed accounting of campaign contributions from lobbyists to members of Congress. The tally: more than \$100 million since 1998. Congress now is considering legislation that would require more disclosure of lobbyists' campaign contributions and fundraising activities. ([www.citizen.org/documents/BankrollersFinal.pdf](http://www.citizen.org/documents/BankrollersFinal.pdf))

**October:** The "Special Interest Index" disclosed the amounts of money members of Congress received from political action committees, individuals who gave more than \$200 or more, individuals who did not live in their state and lobbyists, and ranked each member of the 109<sup>th</sup> Congress by these categories and by their overall dependence on these types of campaign contributions. The report focused on the types of donors who are most likely to want something in return for their contributions. ([www.cleanup-washington.org/sii](http://www.cleanup-washington.org/sii))



Public Citizen Photo/Bridgette Blair

Public Citizen employees and interns gather near the U.S. Capitol on April 27 to protest the House of Representatives' weak lobbying bill. The group positioned itself in the classic "See No Evil, Hear No Evil, Speak No Evil" pose.

## Corruption Tops 2006 Election Issues; New Congress Considers Ethics Reforms

Public Citizen warned for years that the influence-peddling industries had taken over the levers of power in Washington, D.C. At the end of 2006, the voters agreed that change was needed.

In 2006, the year opened with very few members of Congress taking an interest in the lobbying and ethics reforms proposed by Public Citizen.

All that changed on Jan. 3, 2006, when a Justice Department investigation netted a plea bargain with former super-lobbyist Jack Abramoff. He pleaded guilty in federal court to attempting to bribe public officials but, in exchange for a lighter sentence, agreed to point the finger at those he bribed.

Alarm bells rang in Congress. There was a legislative stampede to introduce bills to regulate the lobbying industry and its target audience (primarily Congress). Lawmakers who had ignored Public Citizen just months before advanced a myriad of reform proposals, seeking Public Citizen's advice and endorsements.

But as the months rolled on and no additional criminal convictions were handed down in the Abramoff scandal, Congress grew increasingly complacent. The gathering "perfect storm" for

reform miraculously transformed itself into light showers with a few wind gusts. The resulting bills passed by the House of Representatives and the Senate, which subsequently were stalled in conference by the leadership, were devoid of real ethics and lobbying reforms.

House Republican leaders assured themselves that voters did not care about lobbying reform – a claim that Public Citizen and others in a coalition of reform organizations seized upon as a battle cry.

Public Citizen worked with a large reform coalition to expand the demands for lobbying and ethics reform to include public financing of elections and helped to orchestrate the "Voters First"

pledge drive. Candidates were asked to pledge support for meaningful new restrictions on congressional gifts and travel, disclosure of lobbyist campaign fundraising activities and public financing of campaigns.

The plan worked beautifully. The pledge drive netted signatures from 364 candidates – almost a third of all congressional candidates – including 73 incumbents who were re-elected. Exit polls confirmed that the issue of corruption was the single most important issue for most voters in affecting their ballots, and angry voters tipped the partisan balance of power to the Democrats in both houses of Congress.

While congressional Democrats must take their share of blame in the corruption scandals, they know they owe their election to the scandals, and to their promise to clean up Washington. As a result, the lobbying and ethics reforms championed by Public Citizen are back on the front burner. On Jan. 4, 2007, the first day of the new Congress, the House nearly unanimously accepted new rules with the same gift and travel restrictions that lawmakers had found so repugnant a few months earlier. On Jan. 18, the Senate passed S. 1, the most comprehensive lobby-

ing and ethics bill in decades, which is now pending before the House.

In addition, for the first time since 1974, Congress is seriously considering public financing for congressional and presidential elections – a legislative package that Public Citizen and the coalition has been discussing with the congressional offices of Sen. Richard Durbin (D-Ill.) and Rep. John Tierney (D-Mass.) for the past six months.

While 2006 was a roller coaster ride for Public Citizen's reform efforts, that ride is beginning to look like it was all worth it.

On Jan. 4, 2007, the first day of the new Congress, the House nearly unanimously accepted new rules with the same gift and travel restrictions that they had found so repugnant a few months earlier.



(Left) Photo Courtesy of Korean National Electrical Workers Union; (Right) Public Citizen Photo/Robert Yule

(Left photo) Tyson Slocum, director of Public Citizen's Energy Program (third from left), participates in an international symposium held in November 2006 in Seoul, South Korea. (Right photo) Slocum (left) and Michele Boyd, legislative director of the Energy Program, flank bestselling artist and accomplished songwriter Bonnie Raitt in July. Raitt donated 75 seats for her sold-out July 3 concert at Wolf Trap National Park for the Performing Arts in Vienna, Va., to benefit Public Citizen.



## Energy Program Helps Block Mergers, Educates Consumers

In the 1990s, utilities made a big push for deregulation, and a number of states jumped on the bandwagon. Now, citizens around the country are beginning to experience the real-life problems with deregulation – including dramatic increases in their monthly energy costs.

In 2006, Public Citizen fought to keep consumers' energy prices down and working to show the public the benefits of alternative energy.

Most notably in 2006, Public Citizen's Energy Program, along with groups from around the country, helped block two multibillion-dollar electric utility mergers – Chicago's Exelon with New Jersey's Public Service Enterprise Group (PSEG) and Constellation Energy Group of Baltimore with FPL Group of Florida.

Public Citizen provided research and helped organize communities to protest these mergers, which likely would have led to higher electricity bills and worse service for New Jersey and Maryland consumers.

In the case of the Exelon-PSEG merger, Exelon has a utility and 24 power plants in Pennsylvania and New Jersey, so the move would have reduced competition and allowed the remaining company to price-gouge consumers, who would have had no alternatives.

In the case of the Constellation-FPL merger, the new company would have been based in Florida – far from Maryland regulators, thereby undermining the ability of the state's lawmakers to reform Maryland's failed deregulation model.

These rate hikes would have come in addition to higher rates many consumers are paying as a result of the deregulation of electricity markets, which Public Citizen continued to lobby against in 2006.

Households in deregulated states pay on average 13.5 cents per kilowatt/hour, while households in regulated states pay 9.1 cents per kilowatt/hour, according to a Public Citizen analysis of government data.

(To help educate federal and state lawmakers about the failures of electric deregulation and the reforms necessary to restore consumer protections, Public Citizen organized a Feb. 26 conference

### Spent Nuclear Fuel Still Threatens U.S. Security

More than five years after 9/11, the federal government has not yet addressed the security threats posed by storing spent nuclear fuel.

Instead, the Bush administration would increase the danger with its proposed Global Nuclear Energy Partnership (GNEP), a program that would restart reprocessing of nuclear waste in the United States. Such reprocessing would separate plutonium from nuclear waste and undermine global nonproliferation efforts, pollute the environment and cost taxpayers hundreds of billions of dollars.

In 2006, Public Citizen led a coalition of consumer, environmental, public health, peace and security, and taxpayer groups from around the country against GNEP.

As a result, Congress provided less than half of what the administration requested for GNEP's fiscal year 2007 budget.

Public Citizen also led a successful campaign in 2006 to block legislation that would have established federal spent fuel storage sites that are located away from nuclear reactors. Currently, spent fuel is stored at about 77 sites; this legislation would have increased the total

number of sites. There is no national storage site for nuclear waste; plans to build one in Nevada have stalled because of bad science and mismanagement.

To offer an alternative, Public Citizen collaborated with national and grassroots groups to develop "Principles for Safeguarding Nuclear Waste at Reactors," which call for spent fuel to be secured in robust structures at reactor sites. The groups supporting the principles – now more than 125 members strong – are urging Congress to enact legislation to implement them.

Instead of increasing its reliance on dangerous and expensive nuclear power, the United States government should promote and invest in renewable technologies and efficiency measures.

Studies show that the United States can meet its energy needs and address climate change with renewable energies and efficiency.

For more information about the principles, visit [www.citizen.org/documents/PrinciplesSafeguardingIrradiatedFuel.pdf](http://www.citizen.org/documents/PrinciplesSafeguardingIrradiatedFuel.pdf).

For more information about GNEP, visit [www.citizen.org/documents/WhatIsGNEP.pdf](http://www.citizen.org/documents/WhatIsGNEP.pdf).

in Washington, D.C. For more information, visit [www.takebackthepower.net](http://www.takebackthepower.net).)

#### Global warming

To expose the oil industry's massive role in causing global warming, Public Citizen's Energy Program released a report in September 2006 titled "Hot Profits and Global Warming: How Oil Companies Hurt Consumers and the Environment," which explained how oil companies shortchange the public by price-gouging consumers and merging into non-competitive conglomerates.

The report also outlined the need to shift billions of dollars in oil company subsidies to renewable energy and energy efficiency.

These recommendations will be put to use if Congress passes a law that would invest money in clean, renewable and alternative energy sources. (The House already has passed a bill, H.R. 6, that would do this. See page 1 for related story.)

In addition, Public Citizen's Texas office launched the "Campaign to Cool the Climate" in 2006. The campaign educated mayors in Texas cities about global warming and the ways cities can reduce emissions of global-warming gases.

#### Public education

Public Citizen's Energy Program spent a great deal of time on outreach and public education in 2006. Energy Program Director Tyson Slocum used numerous television news interviews to speak against the 109th Congress' gifts of subsidies and tax breaks to Big Oil campaign donors, debate global warming disbelievers and tout the need for renewable energy and mass transit programs to reduce American dependence on oil.

He also branched out to new audiences, appearing on Comedy Central's "The Colbert Report," where he spoke about renewable energy sources.

"Public participation is essential to the fight for clean, sustainable and renewable energy," Slocum said. "Unless someone takes the lead on explaining the benefits of alternative energy and the danger posed by Big Oil's cozy connections with lawmakers, positive change isn't likely to happen."

"Public participation is essential to the fight for clean, sustainable and renewable energy. Unless someone takes the lead on explaining the benefits of alternative energy and the danger posed by Big Oil's cozy connections with lawmakers, positive change isn't likely to happen."

– Tyson Slocum, director  
Public Citizen's Energy Program



Public Citizen Photo/Rachel Pleatman

Dr. Sidney Wolfe, director of Public Citizen's Health Research Group, speaks at a June 2006 press conference on Capitol Hill about the Food and Drug Administration's (FDA) failure to protect Americans from dangerous drugs and unsafe food, as well as the FDA's domination by the industries it is supposed to regulate. Seated are Rep. Henry Waxman (D-Calif.) (left) and Michael F. Jacobson (right), executive director of the Center for Science in the Public Interest, who also participated in the press conference, which was held shortly before the FDA's 100th anniversary.

## Public Citizen Keeps Close Eye on FDA in 2006

As the Food and Drug Administration (FDA) celebrated its 100th anniversary in 2006, Public Citizen was there to remind the agency of its shortcomings.

More than 100,000 people die each year of adverse drug reactions caused by medications approved by the FDA, making these largely preventable tragedies one of the five leading causes of death in the United States. Public Citizen's Health Research Group works to get dangerous medications banned or to have stronger warnings about unsafe drugs given to the public.

### Petitions

In 2006, Public Citizen filed six petitions with the FDA – four asking the FDA to ban, relabel or remove certain drugs from the market, one asking the FDA to reverse its approval of an ineffective medical device for depression called the vagus nerve stimulator, and one asking the Centers for Medicare and Medicaid Services to create special requirements for genetic testing and establish standards to ensure the quality of genetic testing.

One of the drug-related petitions asks the FDA to include a black box warning with certain antibiotics – specifically, fluoroquinolones such as Cipro, Levaquin and others – to alert consumers of the

risk of tendon rupture associated with the use of these drugs. (A black box warning is the strongest warning the FDA can request that a manufacturer place on a drug label. It is usually reserved for drugs that can cause severe injury or death.)

This is the second petition Public Citizen has sent to the FDA regarding inadequate labeling of fluoroquinolones.

In 1996, the consumer group requested a warning on fluoroquinolone labels to highlight the problems associated with tendons when taking these drugs but did not ask for a black box warning. Public Citizen joined with Illinois Attorney General Lisa Madigan's office in urging the agency to include the black box warning. The FDA has yet to respond.

### Advisory Committees

FDA advisory committees are critical to ensuring the safety of the drugs that are put on the market every year. They are made up of individuals outside the agency whom the FDA invites to give advice about whether drugs should or should not be approved, relabeled or banned.

Many of the committee members also have been consultants to, research grant recipients of or investors in companies whose drugs the FDA is considering for approval. Public Citizen exposed

these conflicts of interest in an April article published in *The Journal of the American Medical Association*. The article, "Financial Conflict of Interest Disclosure and Voting Patterns at Food and Drug Administration Advisory Committee Meetings," analyzed the prevalence of such conflicts as well as the voting behavior of FDA advisory committees from 2001 to 2004.

These conflicts of interest could have an impact on the drugs that receive FDA approval, the research showed.

According to Public Citizen, for every advisory committee member with a conflict, there was a 10 percent greater chance that committee would favor the drug being considered. If those members were not allowed to vote, the overall committee vote would have been less favorable toward the drug, though in no case would the outcome of the vote have changed.

The analysis also found that these conflicts were common but rarely led to members being kicked off the committee. In response to Public Citizen's article, the FDA presented its own analysis of the data that differed in its interpretation of the results.

Public Citizen continues to hold the FDA accountable in a variety of fronts. To read more about HRG's activities, visit [www.citizen.org/hrg](http://www.citizen.org/hrg).

### 2006 health research highlights: a timeline

April 10	April 26	May 18	June 22	Sept. 6	Oct. 11	Oct. 16	Dec. 14
Filed a petition with the Food and Drug Administration (FDA) to remove the diet drug orlistat (Xenical) from the market. The FDA approved orlistat for over-the-counter use early in 2007, a decision that Dr. Sidney Wolfe, director of Public Citizen's Health Research Group, called "reckless."	Calculated the rate of serious disciplinary actions (revocations, suspensions and probation/restrictions) per 1,000 doctors in each state and compiled a national report ranking state medical boards by the rate of serious disciplinary actions for 2003-2005.	Sent a letter to the FDA requesting the immediate halt of advertisements for vagus nerve stimulators, manufactured by the medical device company Cyberonics, that included at least 10 false or misleading statements. The devices are surgically implanted under the patient's clavicle and generate 30-second electrical pulses every five minutes, stimulating a nerve leading to the brain. Despite no acceptable evidence that the devices work, the FDA approved them in July 2006 for treatment-resistant depression.	Sent a letter to the FDA urging the agency to stop five companies from illegally promoting low-power laser therapy to curb smoking. Laser therapy has not been approved by the FDA for this purpose and there is no acceptable evidence to suggest it is effective. Shortly after the letter was sent, three of the five specified companies removed ads promoting the benefits of laser therapy for smoking cessation from their Web sites.	Filed a petition with the FDA to reverse the approval of the vagus nerve stimulation device for the management of treatment-resistant depression. On the same day, asked the Centers for Medicare and Medicaid Services (CMS) to not reimburse for implantation of the device. Early in 2007, CMS decided not to reimburse for this.	Called for a criminal investigation of breast implant manufacturer Mentor for withholding safety data from the FDA. A former Mentor senior scientist had sent a letter to the FDA accusing his company of withholding information about dangerous physical and chemical properties of its silicone gel implants. Despite this, the devices, which Wolfe called "the most defective medical device ever approved by the FDA," were approved in November.	Released a report that described the availability of online doctor disciplinary information from state medical boards and ranked the sites.	Testified before an FDA advisory committee strongly opposing the approval of a proposed experiment involving unconscious trauma victims being given manufacturer Biopure's blood substitute, HBOC-201. This product has been shown in previous trials to increase the risk of cardiovascular events (such as heart attacks and strokes) and death. (Ultimately, the advisory committee did not OK the study.)

# Public Citizen Fights Efforts to Undermine Government Regulations

For as long as corporate special interests have attacked the regulatory process to undermine the federal government's ability to protect the public with health and safety regulations, Public Citizen has fought back, and 2006 was no different.

## Resisting extremists

President Bush nominated anti-regulatory extremist Susan Dudley, who was director of regulatory studies at the industry-funded Mercatus Center, in August 2006 to become administrator of the Office of Information and Regulatory Affairs (OIRA) in the White House Office of Management and Budget. From this powerful post, she could weaken, delay and eliminate needed regulatory safeguards for the public health, safety, civil rights, environment, privacy and consumers.

Public Citizen investigated Dudley's record and co-authored a report with OMB Watch, a nonprofit government watchdog group, "The Cost Is Too High: How Susan Dudley Threatens Public Protections," which exposed how, throughout her career, Dudley has consistently fought against government safeguards and advocated a radical, hands-off approach to regulating corporations. Working with other public interest groups, Public Citizen convinced the Senate not to vote on Dudley's nomination.

The organization will continue this fight in 2007; the White House renominated Dudley on Jan. 9 and made her a "senior adviser" to the acting OIRA head.

## Joining the fight in Congress

When Congress considered a bill in 2006 that would have given small businesses a free pass for "first-time" violations of requirements for reporting information that the public needs to know – such as the amount of toxic chemicals a company has released into the air – Public Citizen testified against this bad idea. When 2006 ended, the bill failed to get even a committee vote. Public Citizen also helped to lead more than 400 public interest groups that successfully thwarted legislation to create unelected, unaccountable sunset commissions with the power to sit in judgment over all federal programs, recommend which programs live or die, and then force those recommendations through Congress.

## Saving scientific evaluations

Public Citizen and OMB Watch coordinated a network of scientists, law professors and activists last year to oppose a White House proposal to exert political power over scientific evaluations, or "risk assessments," which are conducted for a variety of reasons – from determining how to get a space shuttle back to earth safely to figuring out how much pesticide residue we can tolerate on our food. The National Research Council condemned the proposal in 2007, prompting the White House to back down.



(Top) Public Citizen Photo/Angela Bradbery; (Bottom) Photos Courtesy of Xprts LLC

(Top photo) Public Citizen President Joan Claybrook (left), Donald Friedman (center), an engineer and founder of Xprts LLC, and Clarence Ditlow (right), executive director of the Center for Auto Safety, listen at a Dec. 12 press conference about a new vehicle roof strength test. (Bottom photos) These vehicles were tested with the new test. The roof of the Ford Explorer (black SUV) crushed in severely, while the roof of the Volvo XC90 (white SUV) fared much better – its windshield cracked just slightly, and its roof remained intact.

## Vehicle Safety Makes Small Strides

The National Highway Traffic Safety Administration (NHTSA) took some small steps toward requiring automakers to build safer vehicles in 2006 – but it also took some steps backward from requiring vehicles to have better fuel economy.

### Safer vehicles

Public Citizen's years of hard work on rollover prevention paid off – at least in part – on Sept. 16, when NHTSA issued a proposed rule to require a basic version of electronic stability control (ESC) in all passenger vehicles under 10,000 pounds by 2011. A final rule is pending.

ESC prevents a vehicle from shifting its center of gravity, which can cause a vehicle to flip. But NHTSA's proposed rule requires automakers to install stability control systems that are less sophisticated than systems installed in vehicles on the road today.

Public Citizen has demanded that NHTSA address these shortcomings.

Meanwhile, NHTSA has dragged its feet for years while an increase in roof strength standards was needed. Its current method of testing roofs gives vehicles with weak roofs a pass, leaving dangerous automobiles on the road.

On Dec. 12, Public Citizen and the Center for Auto Safety showed NHTSA that it can use a more realistic test – and, as a byproduct, showed the agency that automakers can design vehicles with much stronger roofs. The groups unveiled a roof strength test developed by prominent test-device maker Acen Jordan and renowned auto safety engineer Donald Friedman. The test, called the Jordan Rollover System (JRS), is the only repeatable crash test that can recreate real-world rollover forces the same way in test after test.

### Fuel economy

Public Citizen fought hard to improve vehicle fuel economy in 2006.

Public Citizen and the Sierra Club sued NHTSA in May 2006, arguing that the agency's new rule changing the way fuel economy standards apply to light trucks, including SUVs, does not require automakers to make vehicles that meet the maximum feasible level of fuel economy as required by law. The rule raised the standard for light trucks by, at best, 1.8 miles per gallon by 2011.

Public Citizen also exposed the failure of Ford's flex-fuel vehicles to operate properly when they use E85 (a mixture of 85 percent ethanol and 15 percent gasoline). Ford had used its Ford Taurus and Mercury Sable flexible fuel vehicles to avoid as much as \$135 million in fines for failing to comply with fuel economy standards.

### Truck safety

For years, Public Citizen has been fighting government efforts to increase truck drivers' work hours. In February 2006, Public Citizen, Advocates for Highway and Auto Safety, Parents against Tired Truckers, Citizens for Reliable and Safe Highways and the International Brotherhood of Teamsters for the second time sued the Federal Motor Carrier Safety Administration (FMCSA) because the agency, after being reprimanded by the federal Court of Appeals, issued an almost identical dangerous rule increasing the number of hours truck drivers can work each week.

This increase amounts to 14 hours of daily work, with 11 of those hours behind the wheel. The case is pending.

### Public access to safety information

In 2006, Public Citizen received two favorable decisions in a court case challenging NHTSA's decision to shield injury, death and warranty information from the public. Despite these wins, NHTSA has once again proposed to withhold this information. In response, Public Citizen submitted comments to the agency in January 2007 detailing the changes needed to comply with FOIA.

## New Consumer Justice Project Takes On Unfair Business Practices

In its first year, Public Citizen's Consumer Justice Project began to establish itself as an ally for consumer advocates nationwide, working on issues ranging from mandatory binding arbitration and predatory lending to auto fraud and credit reporting violations.

In one of the project's first cases, Public Citizen teamed up with a legal aid lawyer in Florida to object to an unfair class-action settlement that would have stripped consumers of valuable legal defenses – measures that they could use to defend their homes against foreclosure – without notifying the citizens whose rights would be affected. As a result of Public Citizen's efforts, the court approved a settlement last June that required clear written notice to all class members, so they could decide whether to opt out and preserve their rights.

Public Citizen is also bringing its own class-action lawsuits on behalf of consumers who have been harmed by abusive business practices. In Maryland, Public Citizen teamed up last June with a private lawyer to represent homebuyers who were overcharged for title insurance. A proposed settlement in the case will give consumers compensation and reform the title company's practices. A court will decide at an April 2007 hearing whether to approve the settlement.

A major focus of the project has been combating abuses by debt collectors, which have skyrocketed in recent years, through both class-action and individual lawsuits. For instance, in a ruling issued last September, the federal appeals court in Atlanta agreed with Public Citizen to reinstate a lawsuit brought against a debt collection agency that continued to harass an elderly man over the telephone, even after he wrote a letter asking the collection agency to stop.

In 2006, Public Citizen also began litigating federal lawsuits in California, Florida, and Indiana against debt collectors that use threats of criminal prosecution to coerce consumers who have bounced checks into paying exorbitant collection fees. Courts in Florida and California have reached opposite conclusions on whether the debt collectors are entitled to the same immunity from lawsuits in federal court that the states are accorded. Public Citizen is handling the appeals in both cases.

### consumer law and policy blog

In September 2006, the Public Citizen Litigation Group's Consumer Justice Project, along with a group of legal academics and consumer attorneys, launched the Consumer Law and Policy Blog to keep the legal community informed about developments in consumer law and policy. Check out the blog at [www.clpblog.org](http://www.clpblog.org).



Public Citizen Photo/Bridgette Blair

Alan Morrison Supreme Court Assistance Project fellow Emma Cheuse (left) and Public Citizen staff attorneys Scott Nelson (center) and Allison Zieve (right) listen to a moot court presentation in February 2007. Each year, Public Citizen holds an average of 15-20 moot courts, which help lawyers prepare for Supreme Court arguments.

## Lawyers Protect Citizen Rights in '06

Despite having only 11 attorneys on staff, the Public Citizen Litigation Group participated in more than 200 cases in 2006, tackling issues ranging from housing assistance for hurricane survivors to a blogger's right to criticize politicians.

The following are highlights:

### ACORN v. FEMA

Following Hurricanes Katrina and Rita, the Federal Emergency Management Agency (FEMA) provided housing assistance to hurricane survivors.

But in March 2006, FEMA began sending cryptic letters to thousands of evacuees, notifying them that they would stop receiving aid on Aug. 31, 2006, but failing to explain why benefits would be discontinued.

Public Citizen, along with Texas RioGrande Legal Aid, sued FEMA on behalf of the Association of Community Organizations for Reform Now (ACORN), arguing that the Constitution requires FEMA to thoroughly explain its decisions and how to appeal them.

The court agreed with Public Citizen on Nov. 29, 2006, ordering FEMA to clarify its letters. As a result, thousands of evacuees' benefits were restored.

### Garcetti v. Ceballos

Los Angeles County prosecutor Richard Ceballos reported to his supervisors that he believed a police officer had falsified an affidavit used to obtain a search warrant.

In response, his superiors demoted him, transferred him to a more remote location and gave him fewer murder cases, thus undermining his chance for promotion.

Public Citizen represented Ceballos before the Supreme Court, arguing that a restriction on Ceballos' First Amendment protection ran contrary to the Court's precedents and would cause many whistleblowers to remain silent. The Court disagreed by a vote of 5-4 on May 30, 2006.

### Jones v. Flowers

The state of Arkansas sent a certified letter to Arkansas resident Gary Jones in April 2000 in an

attempt to alert him that the state was going to sell his house to recover unpaid property taxes. The letter was returned to the state undelivered. The state took no further action to tell Jones about the impending sale – even though Jones could have been easily located – and, as a result, Jones lost his house.

Public Citizen represented Jones in the Supreme Court and argued that when mailed notice of a tax sale is returned undelivered, the Constitution requires the government to take additional reasonable steps to attempt to provide notice to the owner before selling the property. The Court ruled in Jones' favor on April 26, 2006.

### Nickolas v. Fletcher, et al.

Online journalist Mark Nickolas is a frequent critic of Kentucky Gov. Ernie Fletcher. Following a June 20, 2006, front-page *New York Times* article in which Nickolas was quoted criticizing the governor, the Fletcher administration banned state employees from accessing all blogs on state-owned computers – including Nickolas' blog.

In a federal case filed on July 10, 2006, Public Citizen argued that the state's decision to ban Nickolas' Web site, which is devoted to Kentucky news and policy, was made in retaliation for Nickolas' criticism of corruption in Fletcher's administration.

Public Citizen is arguing that the state's policy violates the First Amendment and is asking the court to hold the policy unlawful. The case is pending.

### Public Citizen v. Clerk

On Feb. 8, 2006, President Bush signed into law the Deficit Reduction Act, a budget bill that, among other things, made cuts to student loan funding, Medicare and Medicaid. However, the House of Representatives had never passed the version of the bill that he signed.

The Constitution requires both the House and Senate to pass the same bill before it can be sent to the president for his signature.

On March 21, 2006, Public Citizen filed a lawsuit in federal court, seeking a declaration that the Deficit Reduction Act is invalid. The case was dismissed by the district court and is now pending in the Court of Appeals.

## The New Class of Fair Traders

More than 30 new fair-trade supporting members of Congress replaced free-trade supporters in the 2006 congressional elections. The following lists fair-trade supporting members.

### Senators

**Claire McCaskill (D-Mo.)**

**Jon Tester (D-Mont.)**

**Sherrod Brown (D-Ohio)**

**Bob Casey Jr. (D-Pa.)**

**Sheldon Whitehouse (D-R.I.)**

**Bernie Sanders (I-Vt.)**

**Jim Webb (D-Va.)**

### Representatives

**Harry Mitchell (D-Ariz.)**

**Gabrielle Giffords (D-Ariz.)**

**Jerry McNerney (D-Calif.)**

**Ed Perlmutter (D-Colo.)**

**Joe Courtney (D-Conn.)**

**Chris Murphy (D-Conn.)**

**Kathy Castor (D-Fla.)**

**Tim Mahoney (D-Fla.)**

**Ron Klein (D-Fla.)**

**Mazie Hirono (D-Hawaii)**

**Joe Donnelly (D-Ind.)**

**Bruce Braley (D-Iowa)**

**David Loebsack (D-Iowa)**

**Nancy Boyda (D-Kan.)**

**John Yarmuth (D-Ky.)**

**Tim Walz (D-Minn.)**

**Carol Shea-Porter (D-N.H.)**

**Paul Hodes (D-N.H.)**

**John Hall (D-N.Y.)**

**Kirsten Gillibrand (D-N.Y.)**

**Mike Arcuri (D-N.Y.)**

**Heath Shuler (D-N.C.)**

**Zack Space (D-Ohio)**

**Chris Carney (D-Pa.)**

**Jason Altmire (D-Pa.)**

**Patrick Murphy (D-Pa.)**

**Steve Cohen (D-Tenn.)**

**Nick Lampson (D-Texas)**

**Ciro Rodriguez (D-Texas)**

**Steve Kagen (D-Wisc.)**



Public Citizen Photo/David Edeli

Participants at the "Lame Duck, Lame Deal" lobby day visited more than 400 congressional offices in November 2006. Participants included (from left to right) Meredy Throop, national organizer with the Student Trade Justice Campaign; Julian Monroy, a Colombian-American activist from New York City; Alex Davis, a student from George Washington University and a constituent of U.S. Rep. Steven LaTourette (R-Ohio); Paul Adler, administrative assistant for Public Citizen's Global Trade Watch program; and Katie Russell, a former Global Trade Watch intern.

## Trade Issues Impact Elections

The 2006 congressional elections marked a turning point for U.S. policy on trade issues. Voters voiced their discontent with the policy of corporate globalization and instead elected lawmakers who supported fair trade.

Almost all the Democratic candidates who made fair trade a campaign priority won their elections, while most of those who did not have a strong fair trade message, including many high-profile candidates supported by the national Democratic party, lost, according to a comprehensive midterm election report, "No To Staying the Course on Trade," written by Public Citizen's Global Trade Watch division. After all the ballots from the fall 2006 elections were counted, voters sent seven pro-fair trade lawmakers to the U.S. Senate and 30 pro-fair trade lawmakers to the U.S. House of Representatives.

After the Bush administration pushed the Central America Free Trade Agreement (CAFTA) through Congress in 2005, Public Citizen's trade team went to work researching, organizing and reaching out to the media about how the failed NAFTA trade model has harmed economies abroad, as well as shifted valued jobs from the United States. Incumbents who supported CAFTA were placed on the defensive, and many lost their elections.

### Fast Track and the WTO

Public Citizen also is working closely with labor, environmental, farm and consumer groups inside

and outside of Washington, D.C., to push for the replacement of "fast track" trade negotiating authority – the mechanism that delegates to the executive branch Congress' constitutional authority to set trade policy. Fast track sunsets this year, and Public Citizen is playing an active role in indicting it, illustrating the harmful trade deals it has delivered and building support among policy-makers and the media to replace it with a mechanism that restores Congress' constitutional power to authorize trade policy.

In another significant victory against corporate globalization, World Trade Organization (WTO) negotiations to expand its harmful one-size-fits-all model into even more areas of domestic policy-making, known as the Doha round of WTO talks, were suspended indefinitely in July 2006. Public

Citizen's trade program worked with other activist groups for five years to derail the proposed expansion.

"The most interesting aspect of the trade electoral trend beyond its national scope is that it busted the myth of the trade debate being divided into 'pro-traders' and 'protectionists.' The candidates who ran and won on trade explicitly advocated better trade policies," said Lori Wallach, director of Public Citizen's Global Trade Watch division. "They were not against trade, but against the specific avoidable damage delivered by more than a decade of the NAFTA-WTO model."

After all the ballots from the fall 2006 elections were counted, voters sent seven pro-fair trade lawmakers to the U.S. Senate and 30 pro-fair trade lawmakers to the U.S. House of Representatives.

## LameDuckHunt.org prelude to new trade blog

Public Citizen's Global Trade Watch division started a new blog, LameDuckHunt.org, in late 2006 to keep a close watch on the 2006 "lame-duck" session of Congress, where fired and retired members of Congress, totally unaccountable to the public, were in the position to push through anti-consumer, anti-worker and other controversial bills. Global Trade Watch staffers and invited guests kept blog readers updated about bills Congress was trying to sneak through – such as the failed attempt at pushing through the Peru "free trade" agreement. The blog, while now dormant, is a precursor to a more permanent planned trade-focused blog, which is expected to be up and running soon.

# Texas Office Deals Major Blows in Coal Plant Controversies

In 2006, Public Citizen's Texas office fought the proposed construction of 19 coal-fired power plants around the state – 11 of which Texas energy giant TXU Corp. would build, and the rest of which would be built by other companies.

To block the plants, which would be located mostly in eastern and southern Texas, Public Citizen helped build coalitions with businesses that were also opposed to the plants for economic and environmental reasons, assisted with the statewide organization of mayors concerned about air quality and global warming, and publicized study results about the damage that the coal plants would do to the environment and the health of Texas residents. Their work paid off in late February 2007, when TXU's board of directors approved a buyout offer that called for eight plants to be scrapped.

The coal plant controversy heated up

when Texas Gov. Rick Perry issued an executive order in 2005 fast-tracking the permitting of the plants by cutting the time for discovery and hearings in half.

In November, Public Citizen joined the Texas-based Sustainable Energy and Economic Development Coalition in releasing research linking the pollution that would be emitted by the 19 plants to 240 premature deaths per year and almost 12,000 premature deaths during the expected 50-year lifespan of the plants.

While not supporting the use of coal to generate power, Public Citizen studied and publicized a coal-based alternative to burning coal: coal gasification.

In this process, solid coal is turned into a gas before being burned for power, releasing fewer pollutants into the air. (Traditional coal-fired power plants burn solid coal.)

A Public Citizen study released in

October predicted a 70 to 90 percent reduction in emissions at 18 of the proposed coal plants if modern coal gasification technology was used. (The 19th plant had not been proposed at the time of the study; it is a coal gasification plant.) Public Citizen, however, prefers government investment in renewables and conservation to any fossil-fuel plants.

The work that Public Citizen and other groups have done is having an impact.

In February 2007, a Travis County, Texas, district judge declared that Perry did not have constitutional authority to fast-track decisions on coal plant construction. And as part of the buyout proposal, TXU agreed to work toward global warming emissions caps.

Still, 11 plants are either under construction or in the permitting process, and Public Citizen is vowing to fight them.

public citizen's annual report 2006

## Public Citizen Foundation Fiscal Year 2006

### Support From Foundations/Organizations

- Abraham Fuchsberg Family Foundation
- ARCA Foundation
- Center for the Study of Responsive Law
- Clean Air Task Force
- Common Benefit Litigation Expense Trust
- Compton Foundation, Inc.
- CS Fund/Warsh-Mott Legacy
- Deer Creek Foundation
- Edna Wardlaw Charitable Trust
- Educational Foundation of America
- Energy Foundation
- Environmental Defense Fund
- Equal Justice Works
- Everett Philanthropic Fund
- Ford Foundation
- Houston Endowment Inc.
- Irene Diamond Fund
- Jewish Communal Fund
- JMG Foundation
- Magnolia Charitable Trust
- Moriah Fund
- Nathan Cummings Foundation
- Park Foundation
- Rockefeller Brothers Fund
- Rockefeller Family Fund
- SEED Coalition/Energy Foundation
- Solidago Foundation, Inc.
- The Braeside Foundation
- The Max and Anna Levinson Foundation
- Tides Foundation/Working Assets
- Unitarian Universalist Veatch Program at Shelter Rock
- Wallace Global Fund

Public Citizen and the Center for Auto Safety would also like to give a very special thanks to the Santos Family Foundation for providing grant money for conducting the vehicle roof crush tests using the Jordan Rollover System.

## Public Citizen Mission Statement

Public Citizen fights for openness and democratic accountability in government; for the right of consumers to seek redress in the courts; for clean, safe and sustainable energy sources; for social and economic justice in trade policies; for strong health, safety and environmental protections; and for safe, effective and affordable prescription drugs and health care.

## Public Citizen Board Members

### Public Citizen Inc.

- Adolph L. Reed Jr., *Chair*
- David E. Bonior
- Joan Claybrook
- Howard Metzenbaum
- Joseph A. Page, *Secretary-Treasurer*

### Public Citizen Foundation Inc.

- Robert C. Fellmeth, *Chair*
- Lisa A. Blue
- Joan Claybrook
- Joseph W. Cotchett
- Morris Dees
- Jim Hightower, *Secretary-Treasurer*

[www.citizen.org](http://www.citizen.org)

Public Citizen  
1600 20th Street, NW  
Washington, DC 20009  
(202) 588-1000



## Public Citizen Bequests Fiscal Year 2006

*In sympathy for people who have lost a loved one and in deep appreciation for those who made an ultimate gift to protect our health, safety and democracy.*

- |                    |                   |
|--------------------|-------------------|
| Alice Schneider    | Alexander Carl    |
| Len Schiff         | Robert Morrison   |
| Evelyn Haber       | Victoria Franklin |
| Norman Kay         | Gertrude Sandt    |
| Theodore Lichtgarn | James Shawley     |
| Pamela K. Pedrucci | Lester Waverly    |
| Charmianne Shipe   |                   |

We acknowledge with deep gratitude those annuitants who have made gifts that will ensure the continuation of Public Citizen's work for the benefit of future generations.

## FINANCIAL STATEMENT

### Public Citizen Inc. and Public Citizen Foundation Inc.

#### Combined Statement of Revenue

Support and Expenses For the Year Ended Sept. 30, 2006

#### Revenue and Support

Contributions and Membership fees .....	\$6,367,588
Publications/Subscriptions .....	\$2,566,132
Grants.....	\$1,283,000
Program Income* .....	\$161,699
Rental Income** .....	\$200,136
Other .....	\$42,803
Income from Investments.....	\$443,103
Total Revenue and Support .....	\$11,064,461

#### Expenses

Programs.....	\$6,597,489
Publications .....	\$2,731,562
Support Services.....	\$2,405,965
General and Administrative .....	\$1,425,765
Development .....	\$980,200
Total Expenses.....	\$11,735,016

Change in net assets\*\*\* .....

\*Court awards

\*\*Net of Operating Expenses

\*\*\* In accordance with Statement of Financial Standards No. 116, Accounting for Contributions Received and Contributions Made, Public Citizen is required to record all grants and contributions in the current fiscal year even if the monies have not been received or related expenses have not been expended. As of Sept. 30, 2006, Public Citizen had temporarily restricted net assets of \$1,636,024, which represent restricted grants and contributions whose donor-stipulated time or purpose restriction has not been accomplished. Several of the net assets included in this amount are intended to be expended over several subsequent years.