



Americans *for* Educational Testing Reform

711 Whipple Street
Prescott, AZ 86301

20 June 2009

IRS EO Classification
1100 Commerce Street
Dallas, TX 75242-1198

To Whom It May Concern,

The enclosed Form 13909 Tax-Exempt Organization Complaint Form should be considered a formal request for the immediate revocation of the tax-exempt status, as defined under 26 U.S.C. § 501(c)(3), currently held by Educational Testing Service of Princeton, New Jersey. Aside from countless serious violations of the spirit of non-profit service, Educational Testing Service operations are inuring to the benefit of many private interests (as elaborated below and in enclosed documents).

This request is being made on behalf of all Americans, particularly those students and young professionals required by institutions of higher education and employers both private and public, obligated to pay for and complete examinations owned and/or administered by Educational Testing Service. For at least 30 years, Educational Testing Service has been egregiously and flagrantly abusing its non-profit status for the financial gain of its officers and trustees. Proof of these abuses is clear in the data offered in its most recent Form 990 filing (for fiscal year 2007), which establish:

- CEO Kurt M. Landgraf is compensated at a rate of seven (7) times the average of the CEOs of the five largest U.S. non-profit companies on a compensation-to-revenue basis. (In contravention of IRS Good Governance Practices Section 8, “A successful charity pays no more than reasonable compensation for services rendered” and “Director compensation should be allowed only when determined appropriate by a committee composed of persons who are not compensated by the charity and have no financial interest in the determination.”)
- Sixteen Trustees are paid an average of \$32,688 annually, at an average rate of \$419.10 per hour. (In contravention of IRS Good Governance Practices Section 8, “Charities should generally not compensate persons for service on the board of directors except to reimburse direct expenses of such service.”)
- Gross profit margin is 155% of the average of the five largest U.S. non-profit companies.

Please see www.AETR.org/ets.php for a more thorough examination of Educational Testing Service’s abuse of its non-profit status.

Educational Testing Service is a non-profit company in name only, and seeks to maintain its non-profit status solely for the significant competitive advantages and unique legal protections that status provides. It is using its non-profit status to take advantage of the American students and young professionals it promised to serve, and as such that non-profit status should be revoked immediately.

Sincerely,

Daniel C. Jensen
President, Americans for Educational Testing Reform
www.AETR.org

Tax-Exempt Organization Complaint (Referral) Form

1. NAME OF REFERRED ORGANIZATION: Educational Testing Service

Street Address: Rosedale Road MS 56D

City/State/Zip Code: Princeton / NJ / 08541

Date of Referral: 20 June 2009

2. ORGANIZATION'S EMPLOYER IDENTIFICATION NUMBER (EIN): 21-0634479

3. NATURE OF VIOLATION:

- Directors/officers/persons are using income/assets for personal gain
- Organization is engaged in commercial, for-profit business activities
- Income/assets are being used to support illegal or terrorist activities
- Organization is involved in a political campaign
- Organization is engaged in excessive lobbying activities
- Organization refused to disclose or provide a copy of Form 990
- Organization failed to report employment, income, or excise tax liability properly
- Organization failed to file required federal tax returns and forms
- Organization engaged in deceptive or improper fundraising practices
- Other (describe):

4. DETAILS OF VIOLATION: **(See Attachment A)**

Name(s) of Person(s) Involved: _____

Organizational Title(s): _____

Date(s): _____

Dollar Amount(s) (if known): _____

Description of activities:

5. SUBMITTER INFORMATION:

Name: Daniel C. Jensen

Occupation or Business: Americans for Educational Testing Reform

Street Address: 711 Whipple Street

City/State/Zip Code: Prescott / AZ / 86301

Telephone: _____

I am concerned that I might face retaliation or retribution if my identity is disclosed.

6. SUBMISSION AND DOCUMENTATION: The completed form, along with any supporting documentation, may be mailed to IRS EO Classification, Mail Code 4910DAL, 1100 Commerce Street Dallas, TX 75242-1198, faxed to 214-413-5415 or emailed to eoclass@irs.gov.

Attachment A

DETAILS OF VIOLATION

- 1) Name of Person Involved: Kurt M. Landgraf
Organizational Title(s): President & CEO, Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$997,608 (2007)
Description of activities: Corporate earnings are inuring to Mr. Landgraf's private benefit. Based on compensation-to-revenue ratios, Mr. Landgraf earned seven (7) times the average of the CEOs of the five largest U.S. non-profit organizations (Mayo Clinic's Mr. Denis H. Cortese, YMCAs of America's Mr. Neil Nicoll, United Way's Mr. Brian A. Gallagher, Salvation Army's Mr. Israel L. Gaither, and Red Cross's Mr. John F. McGuire).
- 2) Name of Person Involved: Naomi Geraldine House
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$28,000 (358.97 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 3) Name of Person Involved: Richard E. Cavanagh
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$40,000 (\$512.82 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 4) Name of Person Involved: Piedad F. Robertson
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$44,000 (\$564.10 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 5) Name of Person Involved: Anthony J. Alvarado
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$26,000 (\$333.33 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 6) Name of Person Involved: Lee C. Bollinger
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$12,000 (\$153.85 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 7) Name of Person Involved: John S. Clarkeson
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$28,000 (\$358.97 per hour)

Attachment A

DETAILS OF VIOLATION

Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines

- 8) Name of Person Involved: Michela English
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$30,000 (\$384.62 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 9) Name of Person Involved: Kenji Hakuta
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$36,000 (\$461.54 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 10) Name of Person Involved: Wade Henderson
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$26,000 (\$333.33 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 11) Name of Person Involved: John F. Jennings
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$44,000 (\$564.10 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 12) Name of Person Involved: Henry Mordecai Leven
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$44,000 (\$564.10 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 13) Name of Person Involved: Robert S. Murley
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$28,000 (\$358.97 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 14) Name of Person Involved: Arturo Pacheco
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$38,000 (\$487.18 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines

Attachment A

DETAILS OF VIOLATION

- 15) Name of Person Involved: Earl S. Richardson
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$35,000 (\$448.72 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 16) Name of Person Involved: Jozef M. M. Ritzen
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$24,000 (\$307.69 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines
- 17) Name of Person Involved: Richard J. Varn
Organizational Title(s): Trustee
Date: 2007 Fiscal Year
Dollar Amount (if known): \$40,000 (\$512.82 per hour)
Description of activities: Exorbitant trustee compensation in contravention of IRS guidelines