

Menendez: SEC should require corporations to disclose political spending

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The Securities and Exchange Commission should require public corporations to disclose any political spending, Sen. Bob Menendez said Thursday.

"The bottom line's pretty simple. We need to know who's contributing millions of dollars to influence American elections right now," Menendez said on a conference call organized by the Corporate Reform Coalition, which has petitioned the SEC to expand disclosure rules.

"These are anonymous donors, some of whom have already spent over \$26 million in the Republican primaries to influence the outcome in their favor, and we should know who those corporate interests are, [and] we need to know where they are from so we can openly determine what they want," Menendez said.

The SEC petition is a response to the Supreme Court's ruling in the Citizens United case two years ago, which lifted a decades-old ban on direct corporate spending on campaigns.

In July, Menendez introduced the Shareholder Protection Act that would give investors the power to vote on corporate political spending. The bill has not advanced, but the coalition contends the SEC already has the power to order disclosure.

Coalition members, including law professors at Columbia and Harvard universities, filed a petition in August urging the SEC to use its rulemaking power to require disclosure.

Harvard professor Lucian Bebchuk said that since the Citizens United ruling, shareholders have been demanding disclosure through proxy votes, and it is common for the SEC to follow those types of initiatives with rules for all public corporations.

To date, half the companies in the Standard & Poors 100 have decided to voluntarily disclose political spending, including Microsoft, Wells Fargo, Merck and Aetna.

"Undisclosed political payments distort the marketplace," said Adam Kanzer, managing director and general counsel at Domini Social Investments, a social-change oriented mutual fund company.

Kanzer noted that some companies have resisted disclosure because they do not want their competitors to know about their spending. That means they believe they have a competitive advantage because of their influence, he said, and investors deserve to know it that competitive advantage could go away "when the political winds shift."

Menendez released a letter Thursday that he and 13 of his Senate colleagues signed urging the SEC to require disclosure.

"Many shareholders remain in the dark, unaware that their money could be funding political activities, or even political attack ads. The rights of shareholders must be protected and at present, we believe that they are being compromised," the letter said.