

Former Commissioners Slam SEC for Inaction on Political Spending Rule

Compliance Week

By Joe Mont

May 27, 2015

It has been submitted as a rulemaking petition twice since 2011, garnered 1.2 million [comment letters](#), sparked [a superhero-themed ad campaign](#), and is [the subject](#) of a [current lawsuit](#). The latest push to get the Securities and Exchange Commission to act on a largely ignored demand that companies disclose political contributions and spending on lobbyists: [pressure from former commissioners](#).

“The Commission’s inaction is inexplicable,” William Henry Donaldson and Arthur Levitt, former chairmen, and Bevis Longstreth, a former commissioner, [wrote in a letter](#) delivered to current SEC Chair Mary Jo White on Wednesday. “Its failure to act offends not only us, who are alumni of this agency struggling to retain our deep pride of association, but investors and the professionals who serve them. And it flies in the face of the primary mission of the Commission, which has since 1934 been the protection of investors. To use a metaphor, mandatory disclosure of corporate political activities should be a ‘slam dunk’ for the Commission.”

The push for [political spending disclosures](#) initiated with a Petition for Rulemaking filed by a team of 10 prominent law professors. Robert Jackson, an associate professor at Columbia Law School, and Harvard Law School Professor Lucian Bebchuk spearheaded the effort in 2011. An [amended rulemaking request](#) was submitted to the SEC in 2014 by the advocacy group Citizens for Responsibility and Ethics in Washington. Despite the record-breaking number of comment letters, the Commission has steadfastly refused to consider acting on the petition.

"Despite the Supreme Court’s decision in Citizens United in 2010, allowing corporations greater freedom to spend shareholder money to influence politics, there have still been no new rules or procedures established to ensure that shareholders are informed of decisions on spending their money on politics,” the former commissioners wrote. “This lack of regulation is in direct conflict with one of the essential building blocks supporting the opinion in the case. Its author, Mr. Justice Anthony Kennedy, justified permitting corporate political activities in large part on the expectation that shareholders and citizens would be informed of what those activities entailed....To date, the Court’s expectation of disclosure, which can only be assured by SEC rule, has been denied.”