

Law Professors Ask SEC to Require Disclosure of Campaign Donations

Wall Street Journal Blogs

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August 5, 2011

A group of 10 corporate law professors asked the Securities and Exchange Commission to require corporations to disclose to shareholders most political spending.

In a [petition filed Thursday with the SEC](#), the professors asked the agency to establish rules to deal with new campaign finance laws that allow companies to donate to outside political groups directly from their corporate treasuries, rather than through political action committees funded by employee contributions.

The law professors, led by **Lucian Bebchuk**, of Harvard Law School, and **Robert Jackson**, of Columbia Law School, argue that while the Supreme Court declared unconstitutional any restrictions on corporate speech during elections, the high court's ruling in the case, *Citizens United v. Federal Election Commission*, assumed shareholders would be able to monitor the use of corporate resources on political activities.

"For this mechanism to work, however, shareholders must have information about the company's political speech," the professors said in the 11 page petition. "Because the Commission's current rules do not require public companies to give shareholders detailed information on corporate spending on politics, shareholders cannot play the role the Court described."

They also said: "Shareholders need to receive such information for markets and the procedures of corporate democracy to ensure that such spending is in shareholders' interest. Such spending is likely to become even more important to public investors in the future."

SEC spokesman Kevin Callahan declined to comment on the petition.

Donations to federal candidates and political action committees are already disclosed to the Federal Election Commission, but the new rules would affect the numerous political nonprofits, operating under a special section of the tax code, that do not have to disclose their donors. Companies donating to those entities – such as Crossroads GPS, which advocates for conservative causes, and Priorities USA, a progressive group started by two former White House aides – would be required make their contributions public.

The petition is part of a push by good government groups and some in the business world to disclose the names of all corporate donors. Proponents of anonymous donations say it is protected by federal case law and free speech rights.