



STATE OF OREGON  
OREGON STATE TREASURY  
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SALEM, OREGON 97301-4043

October 6, 2011

Ms. Elizabeth Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street Northwest  
Washington, D.C. 20549

Re: File No. 4-637, Committee on Disclosure of Corporate Political Spending, Petition for Rulemaking

Dear Ms. Murphy,

I am the Treasurer of the State of Oregon and a fiduciary of more than \$70 billion in assets belonging to Oregonians and their families – and I am also a strong believer in openness. As such, I am writing today to add my voice in support of the pending petition before the U.S. Securities and Exchange Commission that would assist investors by authorizing new rules requiring disclosure of corporate political spending.

Today, corporations have the absolute right to be involved in political activity and, if their executives choose, to spend heavily on activism or candidates. That particular spending may or may not be a good thing, depending on your personal viewpoint. Yet the First Amendment protects that political speech, and rightly so. This is not an argument to limit the ability to give politically. However, political activity is not free, so it makes absolute sense to give shareholders such as the Oregon Public Employees Retirement Fund and Oregon Common School Fund a clearer view.

Shareholders of any company have a right to know about the activities of the company they own, particularly when those actions – or even inaction – can impact the bottom line.

We can all agree that openness is a good thing. Information about political spending on politics is important to shareholders, and should be available. That is particularly true in light of research from Harvard University, which suggests that companies that are more active politically tend to have lower stock prices than their less-active peers. (Coates, IV, John C., Corporate Governance and Corporate Political Activity: What Effect Will Citizens United Have on Shareholder Wealth? (September 21, 2010). Harvard Law and Economics Discussion Paper No. 684. SSRN: <http://ssrn.com/abstract=1680861>)

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In 2010, Target Stores donated \$150,000 to a political group, called Minnesota Forward, that supported candidates in statewide races including a gubernatorial candidate who was critical of same-sex marriage. The contribution resulted in picketers and a proposed national boycott of Target stores – in effect, a potential hit to the bottom line. If companies are supporting political actions, one would hope that those expenses would be to a benefit the company and shareholders

Thanks to campaign finance laws, candidates need to disclose who is giving them money. It should not be incumbent on individual shareholders to research data in every jurisdiction across the nation to see which causes and candidates or causes are receiving financial support from corporations the shareholders partly own. Also, some political spending, such as contributions through intermediaries, is often opaque and not always reported publicly. A uniform system of disclosure would resolve this barrier to transparency.

In 2011, Oregon voted on 401 shareholder and company proposals related to political spending. The increase in the volume of political spending-related information indicates that this issue has become a priority for many shareholders, and for many companies. As of this year, 60 of the 100 firms in the S&P 100 voluntarily disclosed their political spending, up from less than 10 in 2005. But that means a substantial percentage of companies are not providing this information.

In *Citizens United v. FEC*, 130 S. Ct. 876 (2010), the Supreme Court paved the way for increased corporate spending on political campaigns, but the Court also reinforced the need for transparency when those expenditures are made. Justices reminded us that political speech is central to the meaning and purpose of the First Amendment, but also that adequate disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.

I respectfully request the Securities and Exchange Commission consider proposing a rule to require public companies to disclose campaign spending. This request is a direct result of the rapidly increasing frequency with which Oregon encounters this issue. The SEC is the right body to establish a uniform set of guidelines to facilitate company compliance with the requirement, and to enhance shareholders' ability to gather and analyze this information.

Again, this is not an argument to limit political speech. This is about openness, transparency and about providing accountability for shareholders. At the end of the day, that is good business and it will be good for Oregonians.

I would be pleased to answer any remaining questions or provide any assistance the SEC might require in considering this issue. I appreciate the opportunity to contribute to this important conversation.

Sincerely,



Ted Wheeler  
Oregon State Treasurer