

May 29, 2013

Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street Northeast
Washington, D.C. 20549

Re: File No. 4-637, Petition to Require Public Companies to Disclose to Shareholders the Use of Corporate Resources for Political Activities.

Dear Sirs and Madams:

As a former General Counsel of a Nasdaq-listed company, I fully support the above-referenced petition as an essential component of disclosure requirements. There are three simple reasons why this needs to be compulsory disclosure:

1. Shareholders have an ownership interest in the company and a separate fundamental constitutional right of political expression. This gives the shareholder a right of association with the company's political activities, and conversely, a right of disassociation if the shareholder disagrees with the company's political activities. This right of disassociation with a political activity can only be expressed if the shareholder understands, through disclosure, the company's political activities and can decide to divest their interest in the company. This makes such political activities *per se* material to the shareholders' investment decision.
2. There is not a sufficient definition of "materiality" in the context of using resources for political activities to guide any rational disclosure. Consequently, management will rely on legal and accounting advice that may specify such "materiality" only in the context of aggregate monetary expenditures. This will allow management to determine without disclosure to shareholders the political activities of the company so long as the expenditures fall within the gross expenditure parameters that define "materiality" as per the advice provided to management by advisors. In my experience, I have seen attorneys and accountants define "materiality" as a percentage of revenue or gross assets, or some other empirical data point. In some cases, they have advised that expenditures of no more than 10% of revenue are *not* material. In this context, the amount of funds available to management to determine political activities of the company could be enormous in absolute terms.
3. The potential for abuse of using shareholder funds for political activities far outweighs any consideration that these disclosures may not be "material." Without disclosure requirements, management will be in a position of determining political expression according to their beliefs. There will be no check against this use of funds based on personal beliefs without disclosure. Management will be

incentivized to ingratiate themselves in political fundraising circles to promote their own particular political beliefs, having the power of the shareholders' pocket book with them. If disclosure is mandated, then the shareholder will have the ability to decide whether or not to (1) vote for directors that support this political activity, or (2) sell their shares. Without disclosure, the shareholders are deprived of this basic right of ownership.

With *Citizens United*, the implications of relying on hazy and inconsistent definitions of "materiality" risk management having unfettered opportunities to advance political causes unrelated to the economic welfare of the company, simply for management's own political influence.

As a former General Counsel and a shareholder of many companies, few compulsory disclosures are as important to an investment decision as full disclosure on political activities. Only this disclosure can protect a shareholder against unwanted association with political views of a company, as expressed at the discretion of management. If there is no compulsory disclosure, a shareholder may be associated with political activities that run counter to their political activities without an knowledge of such. Only such knowledge allows the shareholder the ability to make an investment decision: to associate, or not to associate. To invest, or not to invest: the most basic right of a shareholder.

Sincerely,

Richard Hegger

Richard Hegger