SEC Should Protect Investors by Requiring Public Companies to Disclose Political Spending  
April 21, 2015

Ms. Elizabeth M. Murphy  
Secretary, Securities and Exchange Commission  
By SEC Web Comment Form

Re: Disclosure Effectiveness Review—Disclosure of Corporate Political Expenditures to Shareholders

Dear Ms. Murphy,

We urge the SEC to issue rules requiring the disclosure of political expenditures by publicly held companies. We are 144 business leaders, entrepreneurs, investors, and philanthropists. Some of us are investment professionals. We hold billions of dollars in investments. Consequently, we have interests in having the companies in which we invest avoid potentially unproductive and risky political expenditures. Securities and Exchange Commission action requiring disclosure of such expenditures is necessary to provide the comprehensive information we need to act as responsible owners.

The absence of disclosure of corporate political spending prevents shareholders and investors from assessing corporate legal, reputational, operational, and other risks. As a result:

- Shareholders cannot properly exercise their ownership rights of corporate oversight;
- Investors cannot make informed investment decisions;
- Shareholders cannot monitor whether such spending may be at odds with the best interests of the corporation or other wider economic concerns; and
- Shareholders cannot determine whether corporate political expenditures are supporting individuals or groups that engage in advocacy on other issues to which they object, and therefore cannot exercise their ownership rights by attempting to restrict such spending or by selling their stakes in the company.

Disclosure of corporate political spending is necessary so that shareholders can evaluate whether a corporation’s assets are being utilized in the best interests of the corporation. For example, a corporation may contribute to an organization advocating for corporate tax reform, but that organization may also advocate on a number of other issues that would adversely affect the corporation, such as opposing legislation to deal with climate change that could pose a long-term threat to the corporation’s facilities. The Supreme Court in its *Citizens United* decision expressly endorsed the concept of prompt corporate disclosure to allow shareholders to “determine whether their corporation’s political speech advances the corporation’s interest in making profits.”

Moreover, corporations may contribute to organizations that support positions or support candidates who take positions contrary to some shareholders’ interests or beliefs in a variety of social, economic, and environmental issues. If shareholders are to avoid subsidizing speech they do not support, they need corporate disclosure of political expenditures to be able to take measures to stop or restrict expenditures they may find objectionable and, if necessary, disassociate themselves from such expenditures by selling their shares. As the Supreme Court wrote this year, “except perhaps in the rarest of circumstances, no person in this country may be compelled to subsidize speech by a third party that he or she does not wish to support.”
Disclosure of political expenditures would also give shareholders a means of averting contributions that may damage the corporation’s reputation. The risk and the difficulty in evaluating that risk is compounded when the corporation contributes to third parties such as trade associations or politically active 501(c)(4) groups. Target encountered precisely this problem in 2010 when some consumers boycotted its stores after discovering that the company had made a contribution to an organization which supported a gubernatorial candidate who opposed same-sex marriage and other gay rights measures. The matter resulted in considerable news coverage and a public apology from the company.

And there seems to be no compelling reason why corporations should not disclose their political expenditures. Keeping track of such spending involves minimal outlays for recordkeeping and publication. Merck, which set up a committee to oversee political contributions after consultation with shareholders, apparently developed reporting measures that were quite manageable. Merck’s vice president of state government affairs and policy stated: “The administrative burden wasn’t much of a problem.”

Shareholder interest in this issue is more than sufficient to justify SEC action. Prior SEC rules have been crafted to require reasonable disclosure of information for any significant number of interested investors, not just at the request of a majority of shareholders. Over the past three years, the 221 shareholder proxy proposals concerning political and lobbying expenditures earned an average of 24.5% support; two proxy proposals adopted with over 50% vote totals in 2013. This level of support is substantially higher than the 11.2% proxy voting support for executive pay proposals cited by the SEC when it expanded those rules in 1992. It is worth noting that the proxy vote totals may underestimate the number of investors supporting disclosure since management and executives often own large numbers of shares and typically vote against such proposals.

The Commission has the responsibility to protect investors, and disclosure is essential to that protection. Investors must have access to corporate political spending information if they are to make informed decisions, evaluate risks, monitor the effectiveness of the businesses they own as shareholders, take appropriate action when such spending conflicts with their own beliefs, and avoid reputational harm to the company. As the SEC’s website points out, “all investors, whether large institutions or private individuals, should have access to certain basic facts about an investment prior to buying it, and so long as they hold it.”

Shareholders and investors will continue to bear unknown risks until the Commission enacts robust rules on disclosure of corporate political spending. We urge the Commission to promulgate such rules as soon as practicable. We are happy to provide additional information on any of the points raised in this letter. If you need any further information, Daniel Simon, , will be happy to assist the Commission.

Sincerely,

Brian Arbogast
Seattle, WA

Nancy Bagley
Washington, D.C.

Anne Bartley
San Francisco, CA

Cynda Arsenault
Superior, CO

Kathleen Barry
Berkeley, CA

Marc Baum
New York, NY
<table>
<thead>
<tr>
<th>Name</th>
<th>City, State</th>
<th>Name</th>
<th>City, State</th>
<th>Name</th>
<th>City, State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lawrence Benenson</td>
<td>New York, NY</td>
<td>Roy Crawford</td>
<td>Whitesburg, KY</td>
<td>Mark Ferron</td>
<td>Mill Valley, CA</td>
</tr>
<tr>
<td>Georgia Berner</td>
<td>Zelienople, PA</td>
<td>Harriett Crosby</td>
<td>Cabin John, MD</td>
<td>Jerry Fiddler</td>
<td>Berkeley, CA</td>
</tr>
<tr>
<td>Larry Birenbaum</td>
<td>Saratoga, CA</td>
<td>Alan Davis</td>
<td>San Francisco, CA</td>
<td>Christopher Findlater</td>
<td>Miami Beach, FL</td>
</tr>
<tr>
<td>Loren Blackford</td>
<td>New York, NY</td>
<td>Patrick deFreitas</td>
<td>Salt Lake City, Utah</td>
<td>John Fullerton</td>
<td>Greenwich, CT</td>
</tr>
<tr>
<td>Leonore Blitz</td>
<td>Washington, DC</td>
<td>Ariane de Vienne</td>
<td>New York, NY</td>
<td>Margaret Gamble Boyer</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>Jabe Blumenthal</td>
<td>Seattle, WA</td>
<td>Pouria Dehgan</td>
<td>New York, NY</td>
<td>Ron Garret</td>
<td>La Canada, CA</td>
</tr>
<tr>
<td>Robert Bowditch</td>
<td>Brookline, MA</td>
<td>David desJardins</td>
<td>Burlingame, CA</td>
<td>David Goldschmidt</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Louise Bowditch</td>
<td>Brookline, MA</td>
<td>Cynthia DiBartolo</td>
<td>New York, NY</td>
<td>James Gollin</td>
<td>Santa Fe, NM</td>
</tr>
<tr>
<td>Brady Brim-DeForest</td>
<td>Santa Monica, CA</td>
<td>Shirley Dinkins</td>
<td>Pleasanton, CA</td>
<td>Barbara Grasseschi</td>
<td>Healdsburg, CA</td>
</tr>
<tr>
<td>Cassie Carroll</td>
<td>Seattle, WA</td>
<td>Amy Domini</td>
<td>Cambridge, MA</td>
<td>Anthony Grassi</td>
<td>Camden, ME</td>
</tr>
<tr>
<td>Yue Chen</td>
<td>New York, NY</td>
<td>William Donaldson</td>
<td>Pittsford, NY</td>
<td>Richard Graves</td>
<td>Washington, DC</td>
</tr>
<tr>
<td>Marilyn Clements</td>
<td>Stamford, CT</td>
<td>Mitchell Draizin</td>
<td>New York, NY</td>
<td>Paul &amp; Eileen Growald</td>
<td>Shelburne, VT</td>
</tr>
<tr>
<td>John Clements</td>
<td>Stamford, CT</td>
<td>Douglas Edwards</td>
<td>Los Altos, CA</td>
<td>Garrett Gruener</td>
<td>Berkeley, CA</td>
</tr>
<tr>
<td>Ben Cohen</td>
<td>Williston, VT</td>
<td>Antonio Elmaleh</td>
<td>Ringoes, NJ</td>
<td>Richard Gunther</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>Michael Connolly</td>
<td>New York, NY</td>
<td>Lauren Embrey</td>
<td>Dallas, TX</td>
<td>Jeffrey Gural</td>
<td>New York, NY</td>
</tr>
<tr>
<td>Anthony Crabb</td>
<td>Healdsburg, CA</td>
<td>Andrew Faulk</td>
<td>San Francisco, CA</td>
<td>Diana Hadley</td>
<td>Tuscon, AZ</td>
</tr>
<tr>
<td>Name</td>
<td>City, State</td>
<td>Name</td>
<td>City, State</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------</td>
<td>-----------------------</td>
<td>----------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nick Hanauer</td>
<td>Seattle, WA</td>
<td>Joel Kanter</td>
<td>Vienna, VA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Harrington</td>
<td>San Rafael, CA</td>
<td>Craig Kaplan</td>
<td>New York, NY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Harstad</td>
<td>Boulder, CO</td>
<td>Woody Kaplan</td>
<td>Boston, MA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawrence Hess</td>
<td>San Diego, CA</td>
<td>Norman Kaplan</td>
<td>Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Hess</td>
<td>New York, NY</td>
<td>Barry Karas</td>
<td>Washington, DC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suzanne Hess</td>
<td>San Diego, CA</td>
<td>Michael Kieschnick</td>
<td>San Francisco, CA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barbarina Heyerdahl</td>
<td>Montpelier, VT</td>
<td>Ethel Klein</td>
<td>New York, NY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arnold Hiatt</td>
<td>Boston, MA</td>
<td>Betsy Krieger</td>
<td>Baltimore, MD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daniel Hildreth</td>
<td>Portland, ME</td>
<td>Dal LaMagna</td>
<td>East Norwich, NY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leo Hindery</td>
<td>New York, NY</td>
<td>Ruth Lipsomb</td>
<td>Bellevue, WA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joan Huffer</td>
<td>Alexandria, VA</td>
<td>Anna Lyles</td>
<td>Princeton, NJ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>William Janeway</td>
<td>New York, NY</td>
<td>Neal MacMillan</td>
<td>Brookline, MA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frank Jernigan</td>
<td>San Francisco, CA</td>
<td>Richard Mader</td>
<td>Glendale, CA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melissa Johnsen</td>
<td>Saint Louis, MO</td>
<td>Hal Malchow</td>
<td>Arlington, VA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joseph Kaempfer</td>
<td>McLean, VA</td>
<td>Win McCormick</td>
<td>Portland, OR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albert Kaneb</td>
<td>Newton, MA</td>
<td>Terence Meehan</td>
<td>New York, NY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dennis Mehiel</td>
<td>White Plains, NY</td>
<td>Roger Milliken</td>
<td>Cumberland, ME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachel Moore</td>
<td>Ashfield, MA</td>
<td>Lawrence Ottinger</td>
<td>Chevy Chase, MD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jo Ousterhout</td>
<td>Washington, DC</td>
<td>Frank Patitucci</td>
<td>Pleasanton, CA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Judy Patrick</td>
<td>Oakland, CA</td>
<td>Yolanda Parker</td>
<td>Los Angeles, CA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morris Pearl</td>
<td>New York, NY</td>
<td>Zach Polett</td>
<td>Little Rock, AR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stephen Prince</td>
<td>New York, NY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wade Randlett</td>
<td>San Francisco, CA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catherine Raphael</td>
<td>Pittsburgh, PA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lisa Renstrom</td>
<td>Washington, DC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles Rodgers</td>
<td>Boston, MA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abigail Rome</td>
<td>Silver Spring, MD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Comment to Securities and Exchange Commission
Page 5 (citations)

Marsha Rosenbaum
San Francisco, CA

Adam Simon
Concord, MA

Carol Tolan
New York, NY

Steve Roth
Seattle, WA

James Simon
New York, NY

Katherine Villers
Concord, MA

Fred Rotondaro
Shady Side, MD

Ryan Smith
Salt Lake City, UT

Philippe Villers
Concord, MA

Carlynn Rudd
Washington, DC

Daniel Solomon
Bethesda, MD

Kathy Washienko
Seattle, WA

Vin Ryan
Boston, MA

Cathy Steck
New York, NY

Daniel Weise
Kirkland, WA

William Samuels
New York, NY

Nancy Stephens
Los Angeles, CA

Millicent Patricia West
Philadelphia, PA

Keike Schmitz
Palo Alto, CA

Faye Straus
Lafayette, CA

Kelly Williams
New York, NY

John Schram
San Francisco, CA

Patricia Stryker
Fort Collins, CO

Carol Winograd
Stanford, CA

Benjamin Schwartz
West Springfield, MA

Ritchie Tabachnick
Pittsburgh, PA

Terry Winograd
Stanford, CA

Claire Silberman
Brooklyn, NY

Valerie Tarico
Seattle, WA

Joseph Zimlich
Fort Collins, CO

Ian Simmons
Cambridge, MA

Michael Thornton
Boston, MA

Paul Zygielbaum
Santa Rosa, CA

Daniel Simon
New York, NY

William Titelman
Washington, DC

---


