

# United States Senate

WASHINGTON, DC 20510

January 19, 2012

The Honorable Mary L. Schapiro  
Chairwoman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairwoman Schapiro:

We write today to urge the Securities and Exchange Commission to consider using its existing authority to issue rules requiring full public disclosure of corporate political spending.

As you may know, the Shareholder Protection Act (S. 1360), would require shareholder authorization and full disclosure of any political spending by any publicly-owned corporation. While the SEC may not have the authority to implement every part of this bill, we believe the SEC should immediately consider implementing the disclosure requirements that your leadership has advised us are within your existing powers.

As such, we urge the SEC to consider using its rulemaking authority to issue rules that would require corporations to disclose their political spending to shareholders. The disclosures should include spending on independent expenditures, electioneering communications and donations to outside groups for political purposes, i.e., Super PACs. Such disclosures can be online in an easily searchable format and can also use existing communication lines between corporations and shareholders, such as proxy statements, quarterly and annual reports, and registration statements.

We believe that the Supreme Court's *Citizens United* decision has had profoundly negative effects for all parties in our election system, including shareholders. While some companies, such as Microsoft, Wells Fargo, Merck and Aetna, have taken the steps to publicly disclose their political spending – illustrating not only the ease with which it can be accomplished but also the acceptance of this practice by many prominent and large corporations – many shareholders remain in the dark, unaware that their money could be funding political activities, or even political attack ads. The rights of shareholders must be protected and at present, we believe that they are being compromised.

Furthermore, this information is not only material to shareholders, but also something that shareholders continue to request. As indicated by the Committee on Disclosure of Corporate Political Spending in its August 2011 petition to the SEC for rulemaking, a 2006 poll – well before the *Citizens United* decision – showed that 85% of shareholders believed there was a lack of transparency surrounding corporate political activity. Additionally, an October 2010 Zogby International poll commissioned by the Center for Economic Development found that 77% of business leaders said that corporations should disclose all of their direct and indirect political expenditures. And two-thirds of those business leaders agreed with the following statement:

“The lack of transparency and oversight in corporate political activity encourages behavior that puts corporations at legal risk and endangers corporate reputations.”

The call for disclosure of political spending by publicly-owned corporations is not a new one. However, in the wake from the *Citizens United* decision, the demand for disclosure has grown as the consequences of unregulated political contributions have been fully realized by the public and businesses alike.

A corporation’s money belongs to the shareholders, not the executives, and while we believe that shareholders deserve a voice and say if their money is going to be spent on political activity, a positive first step would be to disclose this activity so that shareholders can at least be aware of it, which they may not presently be.

We thank you for your attention to this matter and look forward to your response.

Sincerely,

Robert M. Merensky

Shirrod Brown

Patrick Leahy

Tom Harkin

Richard Blumenthal

Jeffrey B. Blum  
Tom Udall

Shirrod Brown

Mark Begich

Jeffrey A. Merkley

Frank R. Lautenberg

B. Sanders

Al Franken

Jane Harman

Dick Durbin

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