



## ***Spotlight on CPA - May 2016***

**In This Edition:**  
Click to Jump to Story

- [CPA Resolution Gets Majority Votes at 2 Companies, Underscores Strong Support for Transparency](#)
- [Washington Post Editorial, CQ Researcher Feature CPA Successes](#)
- [Corporate Political Spending in Judicial Races Presents Serious Challenges](#)
- [Inside CPA](#)
- [Campaign Finance Briefs](#)
- [Disclosure in the News](#)

### **CPA Resolution Gets Majority Votes at 2 Companies, Underscores Strong Support for Transparency**

Proposals to bring corporate political spending out of the shadows have won majority votes at two publicly traded companies in recent weeks.

On April 30, a resolution based on a template advanced by the Center for Political Accountability won a 61.9 percent vote at Fluor Corp., which describes itself as one of the world's largest publicly traded engineering, procurement, construction, maintenance, and project management companies. The resolution was brought by the City of Philadelphia.

On May 12, a similar resolution for corporate political disclosure and accountability won a 50.3 percent vote at NiSource Inc., a large regulated utility company. The New York State Common Retirement Fund brought the resolution.

Shareholder resolutions typically are non-binding but "they still have teeth," according to Robert K. Kelner who heads Covington & Burling's election and political law practice. "If a company fails to take action on a shareholder resolution that received a majority of votes cast, influential proxy advisory firms like Institutional Shareholder Services will, the following year, recommend a vote against the company's directors," Kelner wrote in [an analysis](#) posted by the Harvard Law School Forum on Corporate Governance and Financial Regulation last year.

Kelner described shareholder resolutions as "the most prominent tool in the advocate shareholder's toolbox."

CPA President Bruce Freed said that in a presidential election year of record-setting spending and burgeoning political "dark money," the majority votes reflect shareholders' ongoing desire for sunlight.

"With majority votes like these, shareholders send an important message to the boardroom," he said. "If directors are listening, they'll recognize voluntary corporate political disclosure isn't a fad. It's good business."

## **The Washington Post**

### **Washington Post Editorial, CQ Researcher Feature CPA Successes**

CPA scored a one-two punch in the national news media this month. It won favorable mention in an editorial from one of the nation's premier newspapers reporting on politics, and it captured the spotlight in one of the most respected publications about Congress, money, and politics.

The [Washington Post](#) editorialized on April 30, "It's time to move ahead with the SEC nomination process," and it discussed political fighting in Washington over a proposed Securities and Exchange Commission rule that would require companies to disclose their political contributions. At the same time, the editorial pointed to positive gains spearheaded by CPA:

"Meanwhile, many public companies have decided voluntarily that it's good business to reveal their political spending through the nonpartisan Center for Political Accountability. That's no substitute for a uniform legal requirement but it's progress."

Also this month, CQ Researcher – an arm of Congressional Quarterly, the go-to source on Congress and politics for news media and Washington insiders – published a big take-out titled "Campaign Finance: Does big money in politics subvert democracy?" The lead article prominently mentioned CPA:

“Political spending can create business risks that shareholders should know about,” says Bruce Freed, president of the Center for Political Accountability, which presses businesses to disclose their political spending. ‘If you lived through Watergate, Watergate shows you what happens when there is secrecy,’ says Freed, referring to the 1970s scandal in which a break-in at the Democratic National Committee headquarters in Washington, D.C., culminated, two years later, in the resignation of President Richard Nixon.”

That’s not all. The CQ Researcher package then devoted an entire sidebar to “More Firms Lifting Veil on Political Activities,” chronicling CPA’s success and examining in detail the improving rates of corporate political disclosure as documented by the annual CPA-Zicklin Index. It was one of the most comprehensive recent media reports on CPA’s achievements. The article even quoted corporate officials about why they consider disclosure important.

“Political transparency is part of ‘a solid foundation of good corporate governance’ that ‘significantly contributes to our company’s ability to compete effectively,’ Prudential Financial Vice President Peggy Foran said.”

“‘You can’t be against transparency in this day and age,’ says Douglas Pinkham, president of the Washington-based Public Affairs Council, an international association of lobbyists and other public affairs professionals. ‘A lot is driven by employees who want the company to be more open. A policy of openness can build trust among employees and customers at a time when most people are cynical about politics.’”

In other media this month, [BusinessInsurance.com](#) had an article headlined, “Aetna, Anthem face shareholder rebuke over political spending,” discussing shareholder resolutions and quoting CPA’s Freed.

A [Tampa Bay Times](#) blog quoted CPA in a post titled, “FPL parent company rejects demand for a report on impact of sea level rise to nuclear plants.” And the [Harvard Business School Executive Education program](#) featured on its website a recent Harvard Business Review article, spearheaded by CPA, entitled “A Board Member’s Guide to Corporate Political Spending.”



## Corporate Political Spending in Judicial Races Presents Serious Challenges

Founder’s Column

By Bruce Freed

A critically important election just took place in West Virginia, and its outcome and bankrolling were all too overlooked by the national news media – and as a result have escaped the attention of too many Americans.

Five candidates competed to win a seat on the West Virginia Supreme Court on May 10. Only days before the vote, five outside groups had spent more than \$2.9 million in the race, according to the [Brennan Center for Justice](#), an outsized expenditure compared to what the candidates spent.

One of the five outside groups was the Republican State Leadership Committee, which is “primarily funded by business interests,” according to the Brennan Center. The RSLC poured in “more than \$2.6 million either supporting [candidate Beth Walker] or attacking her opponents,” according to [Facing South](#), published by the Institute for Southern Studies. On Election Day, this “pro-big business Republican” ended up “smashing the field with millions in outside support.” Facing South continued:

“The RSLC is funded almost entirely by corporations, including West Virginia Coal Association members Alliance Coal of Tulsa, Oklahoma, which gave \$70,000 between 2010 and 2012; Alpha Natural Resources of Abingdon, Virginia, which gave \$54,000 since 2012, including \$10,000 in June of last year; and Consol Energy of Canonsburg, Pennsylvania, which has given \$315,000 since 2010.”

“The RSLC spent \$3.4 million on state supreme court races in four states and a local court contest in another during the 2013-14 election cycle, and it has already matched that amount this cycle.”

In other words, a partisan outside group heavily funded by corporations apparently is becoming a juggernaut in state judicial elections. Do shareholders want this – and do they even know about it? If shareholders don’t know, they ought to find out before there’s irreparable harm.

“Judicial watchdogs say spending by national groups overwhelmingly favors judges on the right of the political spectrum, and is mostly aimed at maintaining or improving the courts’ responses to corporate interests while countering state-level spending by labor unions and other interest groups.” (AP, “[Control of state courts becomes a top political battleground](#),” April 3.)

Because CPA is non-partisan, we would be raising alarms no matter which side aims to tilt the scales of justice. That’s what we did in our [comprehensive 2006 report](#) detailing “the hidden rivers of political spending by trade associations and other tax-exempt organizations [that] aggravate the risks to shareholder value.”

Our report used case studies of hotly contested judicial elections in seven states –including West Virginia in 2004 – where companies were heavily involved. It said “trade associations and related organizations are playing an increasingly prominent role as proxies for corporate political involvement. ... [This] report shows how corporate support can be hidden and how direct and indirect political spending can ensnare companies in contentious social issues that may endanger their reputations.”

Fast-forward to 2016, when outside spending in judicial elections has soared after *Citizens United* [see [a study](#) co-authored by the Brennan Center and Justice at Stake], and you can start to understand the scale of what just happened in West Virginia, and what could unfold in still more state judicial elections this year.

"When the influence of wealthy individuals and corporations enter our courtrooms," cautioned Natalie Thompson of WV Citizens for Clean Elections, "West Virginians pay the price with a state government that fails to take into account the needs of all of our citizens."

Is this a failure that shareholders and companies want their investments to support? [For more about corporate political money and the RSLC, see last month's [Spotlight on CPA.](#)]

---

## Inside CPA

Nanya Springer has joined CPA as its new associate director. She previously was associate director of communications at the American Constitution Society.

"We are excited to have Nanya Springer bring her legal, advocacy, and communications expertise to CPA," said Bruce Freed, the group's president. Nanya holds a Bachelor of Arts in Government and Politics from the University of Maryland. She also holds a J.D. from the University of Illinois College of Law, where she was a member of Student Legal Relief and co-founded the school's chapter of Law Students for Reproductive Justice. Before joining ACS, Nanya coordinated continuing legal education programs at the American Association for Justice and managed AAJ's national Student Trial Advocacy Competition.

Dr. Marian Currinder departed her post as associate director to join Transparency International as Policy Director, U.S. Government Accountability Programs. CPA wishes her all the best in her new job.

Meanwhile, Freed recently addressed the Rand Center for Corporate Ethics and Governance to discuss CPA's work in this area.

---

## Campaign Finance Briefs

CHEVRON LARGESSE: Chevron was the first publicly traded corporation to crack the list of top 50 political donors, according to [a Washington Post article](#) about surging super-PAC fundraising reported this month, saying the oil giant "has given \$3 million to GOP congressional super PACs."

SPENDING SHIFT: "U.S. Chamber Launches Campaign to Bolster Republican Senate Races," the [Wall Street Journal](#) reported, and "G.O.P. Donors Shift Focus From Top of Ticket to Senate Races," a [New York Times](#) headline declared. One of the impacts? "[T]he battles that will determine control of the Senate are seeing historic amounts of dark money spending," [OpenSecrets.org](#) said.

---

## Disclosure in the News

The Center for Responsive Politics has unveiled its new [Dark Money website](#), explaining, "Dark Money Groups spend millions influencing our elections without reporting where the money came from. Learn more about their growing influence below."

Attorneys Kathleen M. Donovan-Maher and Steven L. Groopman wrote a [New York Times op-ed](#) titled, "Why Dark Money is Bad Business." Taking a different approach to secret spending, a [USA Today article](#) reported, "Often-secret donors spend big to push elected officials' pet projects."

Sarah C. Haan of the University of Idaho College of Law has drafted a lengthy academic paper, "[Shareholder Proposal Settlements and the Private Ordering of Public Elections.](#)" Haan discusses the work of CPA and allied shareholder groups and raises some questions; watch this space or the CPA website for our thoughts.

---

[forward to a friend](#)

Copyright © 2016 Center for Political Accountability, All rights reserved.

[unsubscribe from this list](#) | [update subscription preferences](#)

---