



Spotlight on CPA - May 2017

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THE WALL STREET JOURNAL. Wall Street Journal Blog Features CPA's TrackYourCompany Database

A blog of [The Wall Street Journal](#) delivered a glowing announcement about CPA's newly launched database and search tool, TrackYourCompany.org.

"At the same time that shareholders are pushing for greater disclosure of corporate political spending, it is getting easier to follow the money," Mara Lemos Stein wrote for The Morning Risk Report of the Risk & Compliance Journal on May 4.

The search tool "allows users to drill down into [CPA's] database and download information on corporate contributions to candidates and parties, trade associations, ballot measures and other direct or indirect payments," the blog reported.

Stein interviewed CPA President Bruce Freed and wrote:

"There is no regulatory obligation for a company to disclose political contributions, but more and more are choosing to do so because of investors' pressure and the risk to their reputations. 'Companies are recognizing that [disclosure] is good governance and self-protection,' said Mr. Freed. By having a contribution policy in place, a corporation can explain their payments and equally, it can use it to say 'no' when approached for contributions, he said. Corporations are the largest contributors to political campaigns or causes—both directly and indirectly through trade associations or other tax-exempt groups—and addressing the risks and consequences of political spending is increasingly an item on boards' agendas, said Mr. Freed."

Meanwhile, data from the 2016 CPA-Zicklin Index of Corporate Political Disclosure and Accountability was noted in a [Newark Star-Ledger](#) article about Sen. Robert Menendez, D-N.J., opposing President Trump's nominee to chair the U.S. Securities and Exchange Commission, Wall Street lawyer Jay Clayton.

"Among his concerns: Clayton wouldn't support efforts to require publicly traded corporations to disclose how much of their shareholders' money they spent on politics," the article said. It cited data from the Index to document the extent to which public companies currently disclose their political spending.



CPA Op-Ed Introduces New Database to Washington 'Insider' Audience

As part of CPA's multipronged effort to publicize its new search tool and database, TrackYourCompany.org, Vice President for Programs Nanya Springer and President Bruce Freed wrote an [essay published in The Hill](#), titled "Guess Who's Addressing Money in Politics in 2017? Hint: It's Not the Government."

The Hill boasts an audience of avid Washington "insider" readers. Springer and Freed penned the op-ed to educate them about CPA's mission, the ways in which the database can be used to search and sort volumes of political spending data, and implications of the changing political climate under President Donald Trump.

"In the age of President Trump, the question of how companies use shareholders' money for political purposes is particularly salient," they wrote. "As companies continue to be named and in some cases shamed by the president, many observers expect to see an uptick in company political spending. While involvement in

the political process has long been an accepted part of doing business in America, secret spending can lend itself to exploitation of, or by, corporations. Such exploitation not only undermines the democratic process but also leads to policy outcomes that distort the competitive nature of markets. And in today's hyper-partisan environment, every political contribution or expenditure comes with the risk of alienating half of a company's customer base."

The duo continued with an appeal to corporate leaders. "Today, the burden falls on companies to safeguard their reputations by being forthcoming with shareholders and consumers, and by adopting protective transparency and accountability policies. Even where the law does not require disclosure, anonymity can't be guaranteed. Inadvertent disclosure will always pose a risk to companies—one that can be mitigated by establishing robust decision-making, disclosure, and oversight policies and procedures."

"It is for these reasons that now more than ever, companies must have their political spending houses in order."

Founder's Column: More Reasons for Political Disclosure? Just Think About the Latest News

by Bruce Freed

There's been a barrage of news about changing campaign finance practices and norms. Yet it was eclipsed by bombshell media reports about the president, FBI Director James Comey, appointment of a special counsel and the Russia probe.

Even the closest readers of this column may have overlooked the important money-in-politics news. Because these developments provide powerful new ammunition for our arguments for corporate political disclosure, here's a quick recap:

PRESIDENT TRUMP, in another action "upending political norms," is engaging in a "perpetual campaign operation" with legal papers filed that let him begin raising and spending money on Jan. 20, the same day he took his oath of office, according to a [USA Today article](#). "By contrast, both President Obama and President George W. Bush had been in office for more than two years before they filed for re-election," the article noted. The Trump campaign raised \$7.1 million by the end of March.

"CORPORATE AMERICA Starts Funding Super PACs" in this heightened partisan political atmosphere, a [BNA Money and Politics Report](#) headline declared. The Congressional Leadership Fund, associated with Speaker Paul Ryan and other House GOP leaders, has received more than \$575,000 in direct corporate contributions, according to BNA. These include donations from well-known public companies that "hadn't made direct contributions in decades—if ever—to super PACs supporting federal campaigns or to national committees of the major political parties."

"NEARLY HALF of Recent Campaign Money From Undisclosed Sources," a separate [Bloomberg BNA](#) headline stated. The accompanying article said anonymous donors "provided nearly half of the more than \$20 million in outside campaign spending in three closely watched, current congressional election races" in special election campaigns in Georgia, Montana and South Carolina.

HILLARY CLINTON announced creation of a new progressive group, Onward Together, with nonprofit 501(c)(4) status. This IRS designation is given to "so-called social welfare nonprofits, which are often cited for a rise in dark money in politics because of their ability to protect donor anonymity," according to [The New York Times](#).

What's the bottom line? Perpetual campaigning means perpetual fundraising. There's new corporate political spending, heavy undisclosed sources of spending, and still another new dark money group. This means more reasons than ever for companies to adopt political disclosure and oversight policies and practices – thereby protecting shareholders from undue risk; shielding the companies from unwanted pressure to pay out political money; and shining more sunlight on darkness in our democracy.

THE AMERICAN PROSPECT

American Prospect Joins Media Spotlighting CPA's Positive Impact

May 2017 marked a great month for news media coverage of CPA's positive impact. In addition to mention in a Wall Street Journal blog (see separate article), CPA's company engagement effort was featured when [The American Prospect](#) analyzed mounting shareholder pressure on companies for disclosure and GOP pushback against it.

Eliza Newlin Carney's comprehensive article noted stepped-up pressure by shareholders and watchdogs, calling on mutual funds to support corporate political disclosure resolutions, and a report by Public Citizen about the funds' voting power.

Newlin Carney made the important assertion that while "[m]ost corporate spending post-Citizens United has flown under the radar," this "may be changing under Donald Trump, who has stocked his cabinet and his White House staff with CEOs and Wall Street insiders."

She discussed a staggering \$107 million in fundraising by his inaugural committee, "including tens of millions from big companies making unlimited corporate contributions for the first time," and also an inaugural event that "raised millions for the Congressional Leadership Fund...from such corporate givers as AT&T, Amgen, Anthem, and Exelon...which until now have steered clear of super PACs" (also see this month's Founder's Column).

"This could be the beginning of expanded company contributions to super PACs," Freed told The American Prospect. Its analysis then provided context, drawn from CPA's TrackYourCompany.org, about AT&T's funneling \$4.7 million in 2015 to non-federal political groups. Such expenditures by companies are not risk free, Newlin Carney noted. She alluded to instances when expenditures are out of alignment with a company's own policies.

"Companies in many cases don't know where the money is going, don't know how it is being used, and really don't look at the risks that are associated with this type of spending," the article quoted Freed as saying. Newlin Carney concluded her analysis with more about CPA and the expanding corporate political

disclosure movement:

“...Freed says that shareholder resolutions have been ‘a very powerful tool’ in changing corporate policies. Increasingly, he notes, companies embrace disclosure voluntarily as a good governance measure. Indeed, there’s some evidence that companies with strong political money transparency, policies and board oversight outperform other companies on the stock market. In other words, corporations that spend political money with no regard for their shareholders, their employees and the public may have reason to regret it in the long run. As would Republicans who count on their support.”



Bross, Formerly of Microsoft, Joins CPA Board of Directors

Dan Bross, who recently retired from his post as Microsoft’s Senior Director of Corporate Citizenship, has joined the CPA Board of Directors.

Bross has a distinguished background in public policy and government and public affairs in the public, private and nonprofit sectors. He joined Microsoft in 1998. He served as co-chair of The Conference Board Committee on Corporate Political Spending.

“Dan has remarkable experience on the front lines, considering how companies balance corporate political engagement and their responsibilities to shareholders and the public,” CPA’s Freed said. “He is a strong addition to the CPA Board.”

Australian Group Shines Light on Corporate Political Spending



CPA President Bruce Freed and a leading Australian advocate recently discussed their mutual interests in shining sunlight on corporate political spending. Freed, during a trip to Australia, met with Howard Pender, a board member and research manager for the Australasian Centre for Corporate Responsibility (ACCR).

In undertaking its own work, ACCR has drawn from CPA’s company engagement effort and the CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

2017 Proxy Season Update

The following annual general meeting votes in support of CPA’s model corporate political spending disclosure resolution were available by press time: Textron, 23.4 percent; Equifax, 35.9 percent; Consol, 21.6 percent; Western Union, 35.1 percent; and Wynn, 29.7 percent.

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