



Spotlight on CPA - November 2015

In This Edition:
Click to Jump to Story

- [CPA Featured in Harvard Business Review](#)
- [Huff Post Carries CPA Director Kolb's Op-Ed](#)
- [Founder's Column: We Couldn't Say it Better: 'Let the Sun Shine, Conservatives'](#)
- [Disclosure in the News](#)
- [News Briefs](#)



CPA Featured in Harvard Business Review

The Center has co-authored a Harvard Business Review article about the role of corporate directors in overseeing political disclosure and accountability, thrusting the issue squarely into boardrooms nationwide.

The November article is titled, [“A Board Member’s Guide to Corporate Political Spending.”](#) It was written by Constance Bagley, a Senior Research Scholar in Law at Yale Law School, Bruce Freed, CPA President, and Karl Sandstrom, Senior Counsel of Perkins and Coie. They write that in an election cycle of blockbuster spending, corporate contributions will be a large part, and directors are on the frontline:

“More than ever, it is the directors’ responsibility to determine when and how their company should engage in political activities. But do board members actually know how to provide proper oversight and help their companies navigate this perilous landscape? Our contention is no. Despite the prevalence of corporate political spending, our conversations with company leaders have revealed a knowledge gap on the depth and breadth of risks involved as well as the oversight needed. These risks extend to a company’s reputation, its employee relations, its customer and shareholder relationships, its legal footing, and attainment of its business strategies.

“We have developed a framework to help boards make decisions concerning corporate political spending — decisions that are informed; consistent with company strategies, policies, and values; and that mitigate risks as much as possible.

“To accomplish this, directors must be able to do three central things: 1) Decide whether the company should engage in political spending; 2) Decide whether to disclose that spending; and 3) Ensure that appropriate oversight and other policies and procedures are in place.”

The article goes on to provide a checklist of effective oversight steps, guidelines for writing corporate policies, and suggestions for directors in executing review of political spending.

Published in a prestigious academic publication, the directors’ primer has captured corporate sector and academic attention. It also solidified the Center for Political Accountability’s role as a national thought leader about best corporate governance practices.

[Corporate Secretary](#) quickly seized upon the HBR article. It advised its readers, “Corporate secretaries can do their boards a big favor by asking them to reflect on the oversight they currently provide to their companies’ political activity to make sure they know what causes their shareholders’ money is being spent on.”

Corporate Secretary’s editor named it the top news story of the week. The HBR article also was mentioned in Global Proxy Watch and featured in many blogs.

THE HUFFINGTON POST

INFORM • INSPIRE • ENTERTAIN • EMPOWER

Huff Post Carries CPA Director Kolb's Op-Ed

Capping a wave of news media coverage of the [2015 CPA-Zicklin Index](#), [Huffington Post](#) published an adapted version of Charles Kolb’s foreword to the report. Kolb is a member of the CPA Board of Directors.

Kolb served as Deputy Assistant to the President for Domestic Policy from 1990-1992 in the George H.W. Bush White House. He was president of the French-American Foundation - United States from 2012-2014 and president of the Committee for Economic Development from 1997-2012. He wrote in part:

"In the Center's view, greater tracking of disclosure practices leads to greater transparency, and greater transparency means greater trust. Americans are fundamentally competitive, optimistic people, whether the issue is business or politics. Our citizens, however, expect that competition will be fair and above-board - and especially so in the political arena.

"Our public elections are the most important aspect of our democracy, because it is through elections that our citizens choose the leaders of government. Elections are public goods; they are not private auctions. It is for this reason that the principles of accountability, disclosure, and transparency are so important: all of the money that flows into our election system and that is intended to influence the outcomes of our elections must be disclosed.

"The Center for Political Accountability is devoted to these principles, and it is extremely heartening to see the rapidly growing number of companies, CEOs, and boards who feel the same way. By supporting accountability and transparency when it comes to political contributions, they are protecting their companies against substantial, unexpected risks and also ensuring that our democracy remains vibrant and free from corruption."

The Index is an annual benchmarking study of corporate political spending disclosure and accountability.

We Couldn't Say it Better: 'Let the Sun Shine, Conservatives'



Founder's Column
By Bruce Freed

"Disclosure, particularly when it is voluntary, is an easy fix with potential bipartisan appeal."

This message didn't come from a CPA news release, but from a leading money-in-politics reporter and analyst in Washington.

In her recent CQ Weekly column, Eliza Newlin Carney cited the 2015 CPA-Zicklin Index and the stepped-up disclosures by Fortune 500 companies that it reflects, as she nailed why conservatives ought to support voluntary disclosure.

"In theory," Carney writes, "a recent report that finds American companies are taking steps to shed more light on their political spending should score a conservative home run."

That's because the increasing disclosure described in the Index is "entirely voluntary," she continues. "Conservatives typically champion self-regulation as preferable to government regulation. And the Fortune 500 companies ramping up their disclosures – from Prudential to JP Morgan Chase, Exelon and General Mills – are mainstream corporate leaders often allied with the GOP."

Nonetheless, some conservatives gave the Index a shellacking. Carney seems puzzled by their reasoning.

"But corporate executives say political disclosure is simply good business practice. Some are responding to shareholders who have petitioned to draw back the curtain on political activities. Others describe political transparency as part of a broader culture of corporate accountability that helps their companies' bottom lines." She quotes executives from Microsoft, Prudential Financial, and Monsanto.

"It's one thing for conservatives to resist calls for new disclosure mandates. But rejecting voluntary corporate disclosures seems at odds with core conservative principles and may be politically ill-advised," Carney contends.

The headline for the column declares, "Checks and Balances: Let the Sun Shine, Conservatives!"

Disclosure in the News

A NEW REPORT on surging spending in state judicial elections by special interests, including corporations and their trade associations, demonstrates the need for the Securities and Exchange Commission to require political spending disclosure, said [Citizen Vox](#), a blog of Public Citizen.

Citizen Vox cited [Bankrolling the Bench: The New Politics of Judicial Elections 2013-14](#). It was co-authored by Justice at Stake, the Brennan Center for Justice, and the National Institute on Money in State Politics.

RENOWNED FIRST AMENDMENT lawyer Floyd Abrams [told the Wall Street Journal editorial board](#) that its opposition to disclosure requirements was at odds with the Supreme Court's Citizens United decision and virtually all Supreme Court rulings in this area.

The Journal had editorialized about a case involving a government official's demand for a nonprofit group to disclose its donors.

WHEN A FORTUNE MAGAZINE [article](#) reported on Pfizer's interest in merging with Allergan, and moving its headquarters to low-tax Ireland, it described

Pfizer's political spending as "anything but an open book."

The article continued that "no specific donations to trade associations and other organizations like the Chamber of Commerce, of which Pfizer is a prominent member, are disclosed. Bruce Freed from the Center for Political Accountability told Fortune, 'Many companies use the Chamber as a cover for tax issues and shaping tax policy to benefit them.'"

THE 2015 CPA-ZICKLIN INDEX was spotlighted by James McRitchie in a [piece at CorpGov.net](#). "Shareholder proposals work," he wrote. He encouraged readers to find out what companies scored lowest in the Index and to file shareholder proposals with them.

News Briefs

Capital One Contribution: [Bloomberg Politics](#) began a news report about a **corporate political spending controversy** this way: "Capital One Financial Corp. is defending a donation to a Republican congressman facing a backlash over alleged anti-gay remarks, saying it bases political giving on business interests rather than social issues."

State Legislative Races: Political parties and donors are rewing up for what could be **soaring spending on state legislative races** in 2016, [The Associated Press](#) said. At stake will be control of dozens of state legislative chambers.

DoJ Tough Policy: "Justice Department Gets Tougher on **Corporate Crime**: New guidelines suggest more individuals will be prosecuted in corporate investigations," [The Wall Street Journal](#) reported.

Prominent State Jurist on Roberts Court and Corporate Political Power: Chief Justice Leo Strine Jr. of the Delaware Supreme Court, a preeminent corporate law jurist, has written [an academic paper](#) titled "Corporate Power Ratchet: The Courts' Role in Eroding 'We the People's' Ability to Constrain our Corporate creations." He says:

"Taken together, the decisions of the Roberts Court and other like-minded federal judges have had the practical effect of increasing the power of corporations to influence the electoral and regulatory process, diminishing the ability of human citizens to constrain their corporate creations in the public interest, and reducing the practical ability of Congress and executive agencies to adopt and implement externality regulations and newsocial welfare regulation. The result has been to alter the relationship between society and the corporations that it has created."

Strine is especially critical of the *Citizens United* decision. "[R]ecent recent Supreme Court decisions like *Citizens United*," he says, "have freed corporations to use treasury funds to make unlimited political expenditures. This is likely to make politicians more responsive to moneyed interests, including both corporations and the economic elites who control them."

[forward to a friend](#)

Copyright © 2015 Center for Political Accountability, All rights reserved.

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