

More Than 30 Organizations Call On Congress to Pass a Shareholder Protection Act

Corporate Political Spending Must Be Subject to Scrutiny

WASHINGTON, D.C. – A diverse coalition of groups today called on Congress to require shareholder approval and full transparency of corporate spending promoting or attacking candidates. The groups, responding to an expected onslaught of unlimited corporate spending in elections, sent lawmakers a letter supporting the Shareholder Protection Act (H.R. 4790), sponsored by Rep. Michael Capuano (D-Mass.).

The call for a Shareholder Protection Act was made by 32 organizations from very diverse backgrounds, with concerns ranging from constitutional rights to campaign finance to financial services. “We have many different priorities, but we all agree that the Shareholder Protection Act constitutes an important part of an appropriate legislative response to the unprecedented Supreme Court decision, *Citizens United v. Federal Election Commission*,” noted the groups.

The Shareholder Protection Act would:

- Mandate an affirmative vote of a majority of all shareholders for approval of an annual political expenditure budget chosen by the management for a publicly held corporation;
- Require that each specific corporate political expenditure over a certain dollar threshold be approved by the board of directors and promptly disclosed to shareholders and the public;
- Require that institutional investors inform all persons in their investment funds how they voted on corporate political expenditures; and
- Post on the Securities Exchange Commission Web site the amount each corporation is spending on elections and which candidates or issues they support or oppose.

“We find this [Supreme Court] decision troubling in many ways,” said the groups in their letter. “In the electoral arena, this decision will bring a flood of new money into elections, ratcheting up the cost of campaigns and increasing the time and resources needed for fundraising. In the legislative arena, the mere threat of corporate political spending gives corporate lobbyists a large new club to wield when negotiating with lawmakers. In corporate governance, there are no rules or procedures established in the United States to ensure that shareholders – those who actually own the wealth of corporations – are informed of, or have the right to approve, decisions to spend their money on politics.”

The groups are encouraging congressional leadership to make the Shareholder Protection Act part of its legislative package in response to the *Citizens United* decision, which is expected to be introduced this week.

The coalition letter concludes: “The Shareholder Protection Act is a reasoned response to help offset some of the damage expected from the *Citizens United* decision.... Responsible corporate governance requires the involvement of informed shareholders, holding management accountable and ensuring that political spending decisions are made transparently and in pursuit of sound business.”

The coalition letter and list of signatories is available [here](#).

Signatories of the letter include:

Americans for Campaign Reform	Demos
A New Way Forward	Green Century Capital Management
Backbone Campaign	Greenpeace Holy Cross International Justice Office
Blue America	Krull and Company
BuzzFlash.com	League of Conservation Voters
Center for Corporate Policy	Maryknoll Office for Global Concerns
Chesapeake Climate Action Network	Organic Consumers Association
Citizen Works	People for the American Way
Citizens Against Unlimited Corporate Contributions (CAUC3)	Progressive Democrats of America
Citizens for Responsibility and Ethics in Washington (CREW)	Public Campaign
Common Cause	Public Citizen
Consumer Watchdog	Robert Brooke Zevin Associates, Inc.
Corporate Accountability International	SEIU
Corporate Governance	USAction
Democrats.com	U.S. PIRG
	Wisconsin Democracy Campaign

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April 8, 2010
U.S. House of Representatives
Washington, D.C. 20515

RE: Shareholder Protection Act (H.R. 4790)

Dear Representative:

We write to you to encourage your support of the Shareholder Protection Act (H.R. 4790), introduced by Rep. Michael Capuano (D-Mass.).

Our organizations come from diverse backgrounds, with concerns ranging from constitutional rights to campaign finance to financial services. We have many different priorities, but we all agree that the Shareholder Protection Act constitutes an important part of an appropriate legislative response to the unprecedented Supreme Court decision, *Citizens United v. Federal Election Commission*.

In January, the Court flouted a century of American political tradition and ruled in *Citizens United* that the First Amendment gives corporations the right to spend unlimited funds from their corporate treasuries to support or attack candidates. We find this decision troubling in many ways. In the electoral arena, this decision will bring a flood of new money into elections, ratcheting up the cost of campaigns and increasing the time and resources needed for fundraising. In the legislative arena, the mere threat of corporate political spending gives corporate lobbyists a large new club to wield when negotiating with lawmakers. In corporate governance, there are no rules or procedures established in the United States to ensure that shareholders – those who actually own the wealth of corporations – are informed of, or have the right to approve, decisions to spend their money on politics.

The Shareholder Protection Act provides a framework to rein in some of the damage we can expect in this troubling, new political landscape. Specifically, the Act would:

- Mandate prior approval by shareholders for an annual political expenditure budget chosen by the management for a publicly held corporation.
- Require that each specific corporate political expenditure over a certain dollar threshold be approved by the Board of Directors and promptly disclosed to shareholders and the public.
- Require that institutional investors inform all persons in their investment funds how they voted on corporate political expenditures.
- Post on the Securities Exchange Commission web page how much each corporation is spending on elections and which candidates or issues they support or oppose.

The Shareholder Protection Act is a reasoned response to help offset some of the damage expected from the *Citizens United* decision. A similar framework of shareholder protections has operated successfully in the United Kingdom since 2000.

We, the undersigned, hope you will join us in supporting H.R. 4790. Responsible corporate governance requires the involvement of informed shareholders, holding management accountable and ensuring that political spending decisions are made transparently and in pursuit of sound business.

Sincerely,
Americans for Campaign Reform
A New Way Forward
Backbone Campaign
Blue America
BuzzFlash.com
Center for Corporate Policy
Chesapeake Climate Action Network
Citizen Works
Citizens Against Unlimited Corporate Contributions (CAUC3)
Citizens for Responsibility and Ethics in Washington (CREW)
Common Cause
Consumer Watchdog
Corporate Accountability International
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