

February 14, 2012
The Hon. Tim Johnson (D-S.D.)
The Hon. Richard Shelby (R-Ala.)
The Hon. Jack Reed (D-R.I.)
The Hon. Michael Crapo (R-I.D.)
Banking, Housing and Urban Affairs Committee, and
Securities, Insurance, and Investment Subcommittee
U.S. Senate, SD-534
Washington, D.C. 20510

RE: Hearing Request: Corporate Governance Solutions to Citizens United

Dear Chairman Johnson and Ranking Member Shelby,

We are writing to request that the Senate Banking Committee hold a hearing this year on the need to increase disclosure and accountability to shareholders around corporate political spending to mitigate the damage done to our nation by the Supreme Court's decision in *Citizens United v. Federal Election Commission*.

Americans have become increasingly unhappy with the impacts of the unrestricted corporate and special interest money influencing our political system. In fact, 92 percent of the American people believe that the extent of corporate influence on our political system is a problem. Only one month after the *Citizens United* decision, polling revealed that about eighty percent of Americans of all partisan persuasions disagreed with the ruling.

The Supreme Court's decision to give corporations the right under the First Amendment to spend unlimited funds from their corporate treasuries to support or attack candidates is troubling for several reasons.

In the electoral arena, this decision has brought a flood of new money into elections, ratcheting up the cost of campaigns and increasing the time and resources needed for fundraising. Spending by outside groups funded largely by corporate interests and intended to influence the 2010 elections, was more than four times as high than in 2006, the last mid-term cycle. The ads funded by unaccountable corporate interests fueled massive partisan attacks that helped to shape the election cycle. The spending that we are already seeing in the 2012 cycle through SuperPAC and other conduits is even more shocking.

In the legislative arena, the mere threat of corporate political spending gives corporate lobbyists a large new club to wield when negotiating with lawmakers, and makes it harder for legislators to vote their conscience.

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 on spending their money on politics. Corporate disclosure and the raised voices of shareholders can help provide a framework to rein in some of the damage to our democracy in this troubling new political landscape.

Senator Menendez and 12 colleagues, four of whom are also on the Senate Banking Committee, have introduced legislation that would give shareholders a voice in the process of how their company's money is spent—The Shareholder Protection Act S.1360.

In addition a petition has been filed at the SEC calling on that agency to create rules dealing with political spending by publicly traded corporations. Over 25,000 comments have been filed in support of the petition. The SEC should move forward creating these rules quickly, as responsible corporate governance requires the involvement of informed shareholders.

We urge the Senate Banking Committee to use this next session of the 112th Congress to advance the discussion around shareholder empowerment in the wake of a seemingly endless flood of corporate money in our elections.

Holding management accountable and ensuring that political spending decisions are made transparently and in pursuit of sound business goals is important for both the market and for democracy.

Sincerely,

Campaign Legal Center

Center for Corporate Policy

Chesapeake Climate Action Network

Citizen Works

Citizens for Responsibility and Ethics in Washington

Coalition for Accountability in Political Spending (CAPS)

CAPS Members Include:

Public Advocate Bill de Blasio, New York City

Governor Pat Quinn, State of Illinois

State Treasurer Janet Cowell, North Carolina

State Comptroller Tom DiNapoli, New York

State Treasurer Bill Lockyer, California

State Treasurer Rob McCord, Pennsylvania

City Controller Wendy Greuel, Los Angeles

Representative William A. Current, Sr., North Carolina House of Representatives

Representative James Pilliod, NH House of Representatives

County Commissioner Toni Pappas, Hillsborough County, NH

Coffee Party USA

Common Cause

Communications Workers of America

CtW Investment Group

Democracy 21

Democracy for America

Demos

Friends of the Earth

Greenpeace

International Brotherhood of Teamsters

John Cavanagh, Director, Institute for Policy Studies

League of Conservation Voters

Main Street Alliance

Massachusetts Laborers

National Consumers League

Nell Minnow, board member GMI ratings

New Jersey Public Interest Research Group

New Progressive Alliance

NorthStar Asset Management, Inc. (\$160 million AUM)

People For the American Way
Public Campaign
Public Citizen
Sean H. Webb-Trustee-Marin County employees' Retirement Association
Service Employees International Union (SEIU)
Social Equity Group
State Treasurer Denise Nappier, Connecticut
Sunlight Foundation
The Laborers' International Union of North America (LIUNA)
U.S. Public Interest Research Group
West Virginia Citizen Action
Zevin Asset Management (\$330 million AUM)