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March 13, 2014

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: File No. 4-637 Petition to require public companies to disclose to shareholders the use of corporate resources for political activities

Dear Ms. Murphy:

As the state regulator responsible for oversight of the securities laws, I respectfully write to urge the U.S. Securities and Exchange Commission (the "Commission") to promptly issue rules requiring transparency in corporate political spending and in the use of corporate resources on political activities.

The above-referenced rulemaking petition was submitted on August 3, 2011, by a group of prominent law professors who have dedicated their careers to the areas of corporate and securities laws. This petition effectively outlines the current lack of transparency in corporate political spending. Investors are extremely interested in receiving these disclosures, as demonstrated by shareholder proposals, investor polls, policy statements of institutional investors, and more than 700,000 comment letters on Rulemaking Petition 4-637. For example, during the 2012 proxy season, political spending was the most common shareholder proposal that appeared on public company proxy statements.<sup>1</sup> As early as 2006, polls indicated that 85 percent of shareholders held the view that there is a lack of transparency surrounding corporate political activity.<sup>2</sup> Moreover, investors in Missouri and elsewhere want to know how – and to what degree – their money is being spent for political purposes.

The reasoning inherent in *Citizens United v. FEC*<sup>3</sup> demonstrates why requiring this disclosure is so important. In that case, the United States Supreme Court noted that shareholders

<sup>1</sup> Bebchuk, Lucian A. and Jackson, Robert J., Shining Light on Corporate Political Spending, 101 Geo. L.J. 923, 938 (2012).

<sup>2</sup> MASON-DIXON POLLING & RESEARCH, CORPORATE POLITICAL SPENDING: A SURVEY OF AMERICAN SHAREHOLDERS (2006), <http://www.politicalaccountability.net/index.php?ht=a/GetDocumentAction/i/918>.

<sup>3</sup> 130 S. Ct. 876 (2010).

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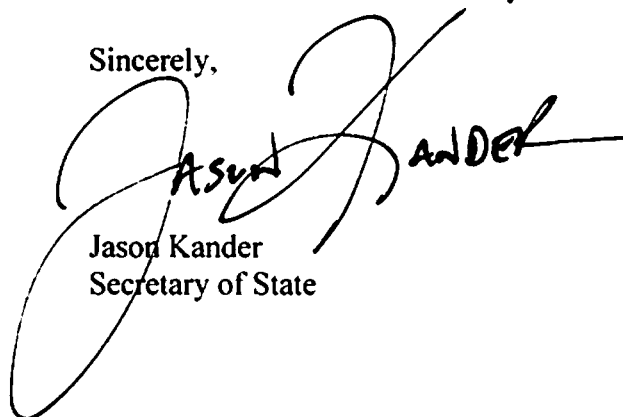
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could, on their own, “determine whether their corporation’s political speech advanced the corporation’s interest in making profits.” Full disclosure of corporate political spending is imperative to ensure all investors have equal access to accurate, complete, and timely information about the corporations in which they are invested.<sup>4</sup>

The Commission was specifically granted rulemaking authority to “improve disclosure. [and] facilitate the flow of important information to investors and the public,” among other things.<sup>5</sup> The SEC has long utilized this rulemaking authority as a necessary mechanism for accountability where the interests of directors and executives diverge from those of shareholders. For example, the SEC requires extensive disclosure of directors’ decisions on executive compensation and also requires public companies to give investors detailed information about any transactions between the company and insiders.<sup>6</sup> In my judgment, there is no doubt that reasonable and responsible corporate transparency – including with respect to political spending – is in the best interests of investors, companies, and the general public.

The SEC is fully empowered to prescribe standards for the disclosure of political spending that will ensure transparency and accountability, consistent with the best interests of shareholders and the public. I strongly urge the Commission to exercise this authority.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Kander". The signature is stylized with large loops and a long horizontal stroke at the end.

Jason Kander  
Secretary of State

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<sup>4</sup> U.S. SECURITIES AND EXCHANGE COMMISSION, DRAFT SEC STRATEGIC PLAN FOR 2014-2018 (2014), <https://www.sec.gov/about/sec-strategic-plan-2014-2018-draft.pdf> (Noting that one of the central principles from which securities laws and regulations flow is that “all investors should have equal access to accurate, complete and timely information about the investments they buy, sell, and hold.”).

<sup>5</sup> *Id.* at p. 6.

<sup>6</sup> Bebhuk & Jackson, *supra* note 1, at 944.