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# Assembly California Legislature



**NANCY SKINNER**  
ASSEMBLYMEMBER, FOURTEENTH DISTRICT

COMMITTEES  
CHAIR, RULES  
INSURANCE  
NATURAL RESOURCES  
PUBLIC SAFETY  
UTILITIES AND COMMERCE

July 18, 2012

Mary L. Schapiro  
Chair, U.S. Securities and Exchange Commission  
100 F St., NE  
Washington, DC 20549

Dear Chair Schapiro:

We write to urge the Securities and Exchange Commission to use its authority to issue new rules requiring disclosure of corporate political spending. The U.S Supreme Court's *Citizens United* decision currently gives corporations the ability to use shareholder money for partisan political purposes without disclosing to shareholders how these corporate funds are being used. As a result, shareholders are often unaware that their money could be funding political attack ads. Shareholders are not able to hold management accountable for decisions the shareholders are not aware of. The present system is seriously flawed in this respect. In order to protect the rights of shareholders, the SEC should use its rulemaking authority to issue rules that would require corporations to disclose their political spending to shareholders.

Shareholders have demonstrated both the desire to be informed of corporate political spending and concern that there is inadequate disclosure of corporate political activity. In August 2011, the Committee on Disclosure of Corporate Political Spending, a group of academics whose teaching and research focuses on corporate and securities law, petitioned the SEC to initiate a rulemaking proceeding. Their petition noted that, even before *Citizens United*, a 2006 Mason-Dixon survey of shareholders showed that 85 percent of shareholders believed there was inadequate disclosure of corporate political activity. Here in California, the California Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS), two of the largest institutional investors in the country, have both added corporate disclosure to their global principles for investing.

Requiring disclosures of corporate political spending does not have to be overly burdensome on businesses. The SEC can utilize existing shareholder communications to facilitate disclosure. Disclosures could appear on proxy statements, quarterly and annual reports, and/or registration statements. To ensure that shareholders are informed of all political spending, the disclosures should include spending on independent expenditures, electioneering communications, and donations to outside groups for political purposes (i.e. super-PACs).

Chair Mary Schapiro

July 18, 2012

Page 2

Unfortunately, the present system does not well serve either shareholders or voters. We urge you to begin the rulemaking process so the SEC can ensure that shareholders are no longer left in the dark regarding their companies' political spending.

Thank you for your prompt attention to this growing problem.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Skinner". The signature is written in a cursive, flowing style.

**NANCY SKINNER**

Assemblymember, 14th District