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**Press Contacts:**

**Bruce F. Freed,**  
Center for Political  
Accountability, 301-  
233-3621

**Karl Sandstrom,**  
Perkins Coie,  
202-434-1639

## **Citizens United decision makes company political disclosure, corporate governance changes even more critical**

Washington DC - "Company disclosure and board oversight of political spending becomes more critical because of the Supreme Court's sweeping decision allowing unlimited corporate political spending," the Center for Political Accountability said in a statement.

"The Citizens United decision will place companies under immense pressure to use shareholder funds to support candidates, groups and causes whose positions and activities could threaten a company's reputation and bottom line and shareholder value," said CPA president Bruce Freed.

"We urge companies to resist this pressure by joining with Microsoft, Time Warner, Aetna, Merck, Hewlett-Packard and the 65 other companies that have adopted disclosure and board oversight of their political spending with corporate funds," Freed said. "We urge companies to police the use of their funds by trade associations and other groups to assure they are not used at odds with the interests of the company and its shareholders."

Karl Sandstrom, CPA counsel and Of Counsel at Perkins Coie, said, "The court's decision reflects a profound misunderstanding of how the modern corporation operates and the pressures corporations are under to spend politically. The only available check on the misuse of corporate funds is through changes in corporate governance." The CPA and the Wharton School's Zicklin Center for Business Ethics

Research filed two [amicus briefs](#) in the case.

As a result of the CPA's effort, nearly half of the trend-setting S&P 100 -- an index of the largest and most influential members of the corporate community -- has agreed to adopt the CPA's framework for political disclosure. Overall, 70 companies have embraced this corporate governance standard.

The Court lifted a century old prohibition on companies using their funds in connection with federal elections. Major trade associations such as the U.S. Chamber of Commerce have mounted multi-million dollar independent political efforts over the past several years.

Even before today's decision, American corporations spent hundreds of millions of dollars in the political process, both directly and indirectly, through trade associations and other organizations. This corporate spending has gone to finance attack ads in an effort to influence legislators, regulators and elections.

Despite campaign finance reform efforts in recent years, a major portion of corporate political spending is hidden from public view. Companies are not required to report their payments to trade associations that are used for political purposes, or to report their soft money political donations. The recipients of corporate dollars do not disclose the sources of their funds or their political and grassroots lobbying expenditures.

The CPA is leading a nationwide effort that involves about 30 socially responsible investors. The initiative seeks to bring transparency and accountability to corporate political spending. CPA launched the initiative in late 2003.

### **ABOUT THE CENTER FOR POLITICAL ACCOUNTABILITY**

The Center for Political Accountability is a nonprofit, nonpartisan advocacy group whose mission is to bring transparency and accountability to corporate political spending.

Website: [www.politicalaccountability.net](http://www.politicalaccountability.net)

