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# CENTER FOR POLITICAL ACCOUNTABILITY

## Spotlight on CPA - November 2017

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## **BREAKING NEWS -- TrackYourCompany.org Just Live With 2016 Spending Data**

CPA's [TrackYourCompany.org](#), a new database on corporate political spending, has just become more encompassing and valuable to those who will use it. – especially to those wanting to take a look at company political pending during the 2016 campaign cycle.

CPA has completed loading reams of new data, including all voluntarily disclosed corporate political spending through the 2016 election year, into the database. The database previously included data through 2015.

TrackYourCompany.org is derived from company disclosure reports and the CPA-Zicklin Index on Corporate Political Disclosure and Accountability. When released in April, the database for the first time pulled back the curtain on over \$100 million in previously hidden money given by companies to trade associations and “social welfare” organizations, also known as 501(c)(4)s.

The data on TrackYourCompany.org is uniquely searchable and sortable by a variety of metrics, including company name, ticker symbol, industry, sector, recipient name, type of recipient, state, and political party.



## **'Thank Goodness' for CPA-Zicklin Index: High Praise in New Jersey Editorial**

**A resounding endorsement of CPA's mission and success came in a recent editorial by a multimedia company covering New Jersey business news. It spotlighted three N.J.-based public companies that were ranked in the top tier of the 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability.**

The editorial by [ROI-NJ](#) praised Becton Dickinson, Celgene and Merck -- and other companies in the highest-scoring "Trendsetter" category -- for their commitment to making their political donations transparent. Becton Dickinson received the first-ever score of 100 in this year's Index.

The ROI-NJ editorial went further, however, to emphasize that investors have a far harder time find out about political spending by a number of other companies.

"Shockingly," the editorial said, "neither Congress nor the Securities and Exchange Commission requires companies to tell investors about the money they donate to political candidates, parties and committees, to 527 groups, 501(c)(4) organizations and trade associations, or to support or oppose ballot initiatives. And many of these organizations are not required to disclose the names of their contributors, thanks to the Supreme Court's 2010 Citizens United decision."

The editorial continued, "Congress likes its 'dark money' just fine, thank you very much. But even the Supreme Court in the Citizens United decision acknowledged that shareholders, in particular, should not be kept in the dark."

The editorial concluded by praising the trio of transparent companies, then by thanking CPA and advocating uniform and universal political spending disclosure:

"[T]hank goodness," it said, "the CPA-Zicklin Index is around to goad corporations on this issue. But better yet would be a law or SEC rule that made the annual index unnecessary."

ROI-NJ describes itself as "the brand-new, go-to media company created to inform and connect businesses in New Jersey." Its editorial was headlined, "Saluting corporate political transparency."

### **Founder's Column, by Bruce Freed** **Company Alert: Your Political Spending May Provoke Adverse Consumer Reaction**

**Given the fiery political division alive in America today -- and the extent to which companies and their brands are perceived to take a position on core values -- who will be targeted for the next backlash?**

Surely this concern is weighing on the minds of corporate executives. Companies like Keurig, Papa John's and Jim Beam find themselves scrambling to contain the social media firestorms that have erupted over advertising and brand affiliations. As [The New York Times](#) reported this month, "In today's political climate, even pizza, bourbon and coffee can be partisan issues."

What's more, a trusted source in the business community tells me the same kind of concerns are inexorably spilling over to potential backlashes against corporate political spending.

In other words, our toxic political climate can have repercussions for businesses who not only advertise on Sean Hannity's Fox News program (where Keurig recently decided to pull ads) but for those whose contributions to political groups or ballot issues strikes some consumers as out of step with their core values. The Times article explained:

“What I think is constantly surprising is how polarized and divisive, certainly, the U.S. has become,” said Ken Kraemer, the chief executive of the agency Deep Focus. Brands are shifting from a world where they avoided politics at all costs, he said, to one where younger consumers want to know that their ‘values are aligned.’

“This is something consumers and future consumers care about,” he said, “but then again, there are very real business repercussions for expressing those points of view.”

In the wake of Keurig pulling its ads from Hannity’s show, some consumers responded by sharing videos of their destroying Keurig coffee machines, according to The Times.

Perhaps the exacerbation of these tensions reached a turning point this spring and summer. Consider the exodus of advertisers from The O’Reilly Factor after sexual harassment allegations were raised against the host; from Breitbart News, the alt-right site; and the violence at a white supremacist march in Charlottesville that ultimately led to top business executives condemning racism and resigning from presidential councils.

In my judgment, this confluence of events has profound implications for the way that consumers and the public will perceive companies in the months ahead.

For years now, the Center for Political Accountability has sought to impress upon shareholders and corporations alike how transparency and careful board oversight of company political spending, and adopting policies for it, can help mitigate or manage the risks.

There already have been signs of backlash against some companies in connection with political spending: some consumers vowed to boycott L.L. Bean after an heiress and board member gave thousands of dollars to a PAC supporting Donald Trump; more recently, black civic and faith leaders called for a boycott of certain local St. Louis businesses, including Schnucks Markets – in part for the company’s political donations to Republican candidates, according to [The Huffington Post](#).

It doesn’t take much to ignite a tinderbox, as all of these episodes in our polarized nation illustrate: when the broader body politic is politicized too, the risk for companies engaging in political spending is greatly heightened.

That’s why we will work overtime in the months ahead to inform companies and shareholders about this serious risk and about ways to mitigate it.



## 2017 Mutual Fund Analysis Finds Boost in Support for CPA Model Resolution

**Each year at this time, CPA publishes a study of mutual fund votes on corporate transparency and accountability. The newest study showed support by mutual funds for the CPA’s corporate political disclosure resolution increased significantly in the first year of the Trump presidency.**

Support for the CPA model resolution increased to 48 percent from 43 percent in 2016, according to an analysis by Fund Votes. The analysis also found that abstentions decreased from five percent to three percent.

“These developments are important,” said CPA President Bruce Freed. “Mutual funds are the largest shareholders across America, and how they cast their proxies has a major impact on company policies and practices. What we’re seeing is a shift in support for political disclosure and accountability, and companies would be smart to heed it.”

The report is available [on the Center's website](#).



## CPA Showcased in Washington

**CPA showcased its innovative approach and successes before two Washington audiences in November, one an audience of activists convened by Common Cause and the second an audience of journalists gathered at the National Press Club.**

CPA's Bruce Freed appeared on a panel at the **Common Cause Blueprint for a Great Democracy Conference** on Nov. 7. The overall theme of the conference was "Turning Cynicism into Confidence: Advancing Integrity in Our Democracy."

Freed participated in a panel about Money in Politics with Wendy Fields, Executive Director, Democracy Initiative; Lindsey Kerr, Democratic Chief Counsel, Senate Rules Committee, U.S. Senate; and moderator Paul S. Ryan, Vice President of Policy & Litigation, Common Cause.

CPA participated Nov. 3 in a **National Press Club** training for journalists that was part of a political transparency curriculum. The session spotlighted companies voluntarily disclosing their political spending in response to more than a decade of work by CPA and its investor partners, and the tools that CPA makes available to the news media for tracking company political cash.

## Disclosure in the News: A Push for Sunlight in Ohio

**A leading Ohio newspaper, [The Columbus Dispatch](#), recently called for legislators and the next secretary of state "to shine the light of transparency on dark money" after anonymous donors spent millions of dollars to defeat a drug ballot issue.**

"Allowing donations by anonymous players with deep pockets opens the door for the political conversation to be warped by extreme or even misleading messages. Companies that pay for those messages and politicians who benefit from donations can't be held accountable if voters don't know the identities of campaign donors," the editorial said.

"And disclosure would allow shareholders to discern whether their corporation's public speech, via donations, is aligned with their interests," the editorial added, echoing a theme long sounded by the Center for Political Accountability in its campaign for corporate political disclosure.

Issue 2 was overwhelmingly defeated by Ohio voters on Nov. 7. It would have placed a cap on prescription drug prices for Medicaid and other state-run programs at prices no greater than what the U.S. Department of Veterans Affairs pays. According to the editorial, the ballot issue's opponents spent \$58 million, a record in Ohio, and its supporters spent \$14.2 million.

"While it was no secret that PhRMA, the Pharmaceutical Research and Manufacturers of America, was behind the campaign to kill the ballot issue, individual drug companies' contributions to that effort are invisible because they were routed through an LLC" or limited liability corporation, the editorial said.

The Columbus Dispatch had taken an editorial stand opposed to Issue 2. Nonetheless, its editorial board condemned the anonymous spending to defeat it. "In this era of election mega-spending by corporations, voters need to know where the money is coming from if they wish to judge a campaign's message," the editorial explained.

Announced candidates for Ohio secretary of state from both parties have endorsed revising state law "so that the public knows

exactly which companies give money to political campaigns,” the editorial noted.

**The Ohio ballot issue and the millions of dollars in spending it generated have attracted national and international news media attention. “PhRMA’s Ohio maneuver spotlights how so-called ‘dark money’ groups are creating new ways to get around state campaign finance laws after two federal court decisions in 2010, most notably Citizens United, allowed unlimited corporate and union money in elections,” reported [The International Business Times](#).**

According to a Columbus Dispatch report [during the summer](#), two pharmaceutical companies, Amgen and Biogen, voluntarily disclosed having donated more than \$7.7 million to the drive against the Issue 2. The companies made the disclosure on their corporate websites.

## THE AMERICAN PROSPECT

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**The House-passed tax overhaul bill includes** a provision basically repealing the Johnson Amendment, “a tax provision that bars charities from engaging in partisan politics,” and the legislation thereby “frees up big donors to funnel even more unlimited, undisclosed money into campaigns, and, for the first time, to deduct that money from their taxes,” writes Eliza Newlin Carney at [The American Prospect](#).



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