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TOP STATE INVESTMENT OFFICERS CALL ON SEC TO REQUIRE CORPORATIONS TO DISCLOSE TO SHAREHOLDERS ALL POLITICAL CONTRIBUTIONS

*'Shareholders Have a Right To Know' How Companies Use Money in Political Arena,
State Chief Investment Officers Say In Letter to SEC Chairman Donaldson*

SACRAMENTO, CA – A group of the nation's 11 top state and city investment officers today called on the U.S. Securities and Exchange Commission to require publicly traded companies to disclose to shareholders their political contributions.

"Shareholders have a right to know how the companies they own are using their money in the political arena," the investment officers – who also serve as trustees of some of the nation's largest public pension funds – wrote to SEC Chairman William Donaldson in a letter made public today. "We ask you and your fellow SEC commissioners to let the sun shine on corporate contributions so that the tens of millions of shareholders in America's public companies can know how their money is being used in the nation's political life."

Specifically, the officials called on the SEC to adopt a rule requiring publicly traded companies to disclose their political contributions annually. The disclosure to shareholders should detail contributions at the national, state, and local levels, to candidates, political parties and their conventions, ballot measure campaigns, issue ad campaigns and all independent political committees, including 527 organizations.

The investment officers who signed the letter to Donaldson include: California Treasurer Phil Angelides, Oregon Treasurer Randall Edwards, Iowa Treasurer Michael Fitzgerald, Sean Harrigan, a member of the California Public Employees' Retirement System – the nation's largest public pension fund, New York State Comptroller Alan Hevesi, Maine Treasurer Dale McCormick, Kentucky Treasurer Jonathan Miller, North Carolina Richard Moore, Connecticut Treasurer Denise Nappier, Vermont Treasurer Jeb Spaulding and New York City Comptroller William C. Thompson, Jr.

A corporation's record of political contributions "is potentially valuable additional information about a company's values, business strategy, and future prospects," the officials wrote. "For those funds and individuals who want to make sure their investments are consistent with their values, full disclosure is a vital ingredient in their investment decisions."

In their letter, the officials noted that Donaldson – in his two years as SEC Chairman – has established as major goals improving the transparency of markets and promoting responsible corporate governance, and that he has undertaken a number of initiatives to achieve those goals. “We are writing to urge you to strike another blow for transparency by requiring publicly traded companies to disclose to shareholders the political contributions they make.”

The officials wrote that although various federal, state, and local laws require candidates and/or contributors to report political contributions at various thresholds, there is no way for shareholders to learn how much the companies they own contribute to political campaigns and causes short of combing through the records of hundreds of jurisdictions.

Despite the lack of corporate reporting and disclosure to shareholders, it is nonetheless clear that the use of shareholder funds by corporations for political purposes is substantial. For example, the major party presidential candidates in the 2004 general election will be limited to spending \$74 million apiece in public funds. By contrast, according to the Center for Responsive Politics, businesses have already donated \$54 million in this election cycle to federal Section 527 independent political committees.

But this is nothing new. Indeed, the officials write in their letter that corporate political contributions have long played an important role in this nation’s public life. Most recently, during the long debate in 2002 over the Bipartisan Campaign Reform Act, popularly know as McCain-Feingold (which bars corporate and union soft money contributions to political parties in federal elections), Americans were sharply divided over whether to restrict political contributions. “But on one reform approach,” the officials wrote, “there has been remarkable consensus: When it comes to political money, across the political spectrum almost everyone supports more disclosure and transparency.”

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