



THE PUBLIC ADVOCATE FOR THE CITY OF NEW YORK  
Bill de Blasio – PUBLIC ADVOCATE

**\*\*FOR IMMEDIATE RELEASE\*\***

February 4, 2010

**THE DANGER OF THE SUPREME COURT'S  
CITIZENS UNITED DECISION TO OUR DEMOCRACY:**

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**LOOKING BACK TO PREDICT WHAT LIES AHEAD**

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*A Report by the Office of Bill de Blasio, Public Advocate for the City of New York*

Over the last two weeks, concerned citizens across the country have expressed alarm in the wake of the decision in Citizens United v. FEC, in which the Supreme Court eliminated limits on independent campaign spending by corporations. Without those limitations, shareholders, many of whom depend upon the sustained profitability of corporations to support them in retirement, should fear that companies will increase political expenditures even if it hurts their bottom lines in the long term.

Research regarding the relationship between spending on politics and risk and returns suggests what is at stake for investors. A study by economists at the University of Minnesota revealed a correlation between high levels of political spending and falling corporate governance standards and returns. In addition, the International Monetary Fund released a working paper that demonstrated a negative relationship between spending on lobbying and performance among lending institutions. This research suggests that political spending can adversely affect corporate performance. The removal of limitations on spending offers corporate management and directors expanded opportunities to engage in this potentially damaging activity.

Campaign contribution practices of corporate PACs and the management and directors of corporations can help shed light on what Citizens United could mean for the future. Even before the Supreme Court's decision in Citizens United, institutional investors concerned about the impact of corporate political expenditures on corporate profitability had sought disclosure of such information. Last year, New York City's public pension funds filed shareholder resolutions requiring disclosure of political spending by twelve corporations in which they are invested.

Since the resolutions were filed, three companies, Humana, Altria, and AES Corporation, have agreed to adopt them and disclose their political spending to investors. The Public Advocate's office studied the FEC disclosures of campaign spending at the remaining nine corporations during the 2008 and 2010 election cycles. The research included a review of campaign contributions by corporate PACs and the management and directors at the corporations.

Within the context of strict caps on corporate contributions, the breadth of the contributions studied underscores the pervasiveness of corporate involvement in campaigns:

- Campaign contributions from corporate PACs, boards of directors and management of these nine corporations totaled nearly \$10 million.
- The PACs had a total of over \$7 million in political expenditures.
- On average, the PACs had political expenditures totaling nearly \$850,000.
- In total, the boards of directors and management of these corporations spent nearly \$2 million on federal campaigns.
- On average, directors spent \$12,442.09 and managers spent \$7,126.75.

These patterns of pervasive involvement are likely to continue. After Citizens United, however, directors and management will be able to spend money from the corporate treasury without limit.

See attached Appendix for a detailed breakdown of expenditures by corporation.

APPENDIX

Spending of Companies' Boards, Managers, and PACs for Companies with Pending New York City Pension Funds Resolutions on Political Disclosure

<b>COMPANY</b>	<b>DIRECTORS/COMPANY EXECUTIVES</b>	<b>2008 Cycle Total</b>	<b>2010 Cycle Total</b>	<b>2008 Cycle - Present</b>
Bank of America	Board Totals	\$ 180,907.00	\$ 11,008.00	\$ 191,915.00
Avg Director Contributions:	Executive Totals	\$ 28,000.00	\$ -	\$ 28,000.00
\$ 12,794.33	Board and Executive Totals	\$ 208,907.00	\$ 11,008.00	\$ 219,915.00
Avg Executive Contributions:	Bank of America Corporation Federal PAC	\$ 928,821.00	\$ 236,500.00	\$ 1,165,321.00
\$ 2,800.00	Bank of America Corporation PAC*	\$ 13,000.00	\$ -	\$ 13,000.00
	Bank of America Corporation State and Federal PAC	\$ 102,500.00	\$ 1,000.00	\$ 103,500.00
	PAC Totals	\$ 1,044,321.00	\$ 237,500.00	\$ 1,281,821.00
	Company Totals	\$ 1,253,228.00	\$ 248,508.00	\$ 1,501,736.00
Charles Schwab Corporation	Board Totals	\$ 193,750.00	\$ 29,600.00	\$ 223,350.00
Avg Director Contributions:	Executive Totals	\$ 61,800.00	\$ 12,000.00	\$ 73,800.00
\$ 20,304.55	Board and Executive Totals	\$ 255,550.00	\$ 41,600.00	\$ 297,150.00
Avg Executive Contributions:	Charles Schwab & Co. PAC	\$ 127,000.00	\$ 41,000.00	\$ 168,000.00
\$ 7,380.00	Company Totals	\$ 382,550.00	\$ 82,600.00	\$ 465,150.00
DTE Energy Corporation	Board Totals	\$ 103,072.00	\$ 15,765.00	\$ 118,837.00
Avg Director Contributions:	Executive Totals	\$ 20,747.00	\$ 3,973.00	\$ 24,720.00
\$ 9,141.31	Board and Executive Totals	\$ 123,819.00	\$ 19,738.00	\$ 143,557.00
Avg Executive Contributions:	DTE Energy Co. PAC - Federal	\$ 323,027.00	\$ 140,000.00	\$ 463,027.00
\$ 2,472.00	Company Totals	\$ 446,846.00	\$ 159,738.00	\$ 606,584.00
Norfolk Southern Corporation	Board Totals	\$ 118,844.00	\$ 19,798.00	\$ 138,642.00
Avg Director Contributions:	Executive Totals	\$ 118,226.00	\$ 67,356.00	\$ 185,582.00
\$ 11,553.50	Board and Executive Totals	\$ 237,070.00	\$ 87,154.00	\$ 324,224.00
Avg Executive Contributions:	Norfolk Southern Corporation Good Government Fund	\$ 791,500.00	\$ 385,400.00	\$ 1,176,900.00
\$ 16,871.09	Company Totals	\$ 1,028,570.00	\$ 472,554.00	\$ 1,501,124.00
Union Pacific Corporation	Board Totals	\$ 183,503.00	\$ 60,964.00	\$ 244,467.00
Avg Director Contributions:	Executive Totals	\$ 15,833.00	\$ 17,432.00	\$ 33,265.00
\$ 20,372.25	Board and Executive Totals	\$ 199,336.00	\$ 78,396.00	\$ 277,732.00
Avg Executive Contributions:	Union Pacific Corp. Fund for Effective Government	\$ 1,226,869.00	\$ 685,300.00	\$ 1,912,169.00
\$ 5,544.17	Company Totals	\$ 1,426,205.00	\$ 763,696.00	\$ 2,189,901.00
Regions Financial Corporation	Board Totals	\$ 137,500.00	\$ 29,199.00	\$ 166,699.00
Avg Director Contributions:	Executive Totals	\$ 2,000.00	\$ 5,373.00	\$ 7,373.00
\$ 12,630.77	Board and Executive Totals	\$ 139,500.00	\$ 34,572.00	\$ 174,072.00
Avg Executive Contributions:	Regions Financial Corporation Committee on Government Affairs	\$ 3,500.00	\$ -	\$ 3,500.00
\$ 1,228.83	Regions Financial Corporation	\$ 104,000.00	\$ 27,750.00	\$ 131,750.00

Political Action Committee							
	PAC Totals	\$	107,500.00	\$	27,750.00	\$	135,250.00
	Company Totals	\$	247,000.00	\$	62,322.00	\$	309,322.00
<b>Sprint Nextel Corporation</b>							
	Board Totals	\$	31,057.00	\$	6,198.00	\$	37,255.00
Avg Director Contributions:	Executive Totals	\$	16,157.00	\$	5,204.00	\$	21,361.00
\$ 3,725.50	Board and Executive Totals	\$	47,214.00	\$	11,402.00	\$	58,616.00
Avg Executive Contributions:	Sprint Nextel Corporation Political Action Committee	\$	276,000.00	\$	113,000.00	\$	389,000.00
\$ 2,373.44	Company Totals	\$	323,214.00	\$	124,402.00	\$	447,616.00
<b>Coventry Health Care</b>							
	Board Totals	\$	39,000.00	\$	8,000.00	\$	47,000.00
Avg Director Contributions:	Executive Totals	\$	4,000.00	\$	-	\$	4,000.00
\$ 5,222.22	Board and Executive Totals	\$	43,000.00	\$	8,000.00	\$	51,000.00
Avg Executive Contributions:	COVENTRY HEALTH CARE INC - FIRST HEALTH GROUP PAC	\$	48,000.00	\$	14,000.00	\$	62,000.00
\$ 500.00	Company Totals	\$	91,000.00	\$	22,000.00	\$	113,000.00
<b>Burlington Northern Santa Fe</b>							
	Board Totals	\$	145,165.00	\$	32,243.00	\$	177,408.00
Avg Director Contributions:	Executive Totals	\$	154,102.00	\$	87,824.00	\$	241,926.00
\$ 16,128.00	Board and Executive Totals	\$	299,267.00	\$	120,067.00	\$	419,334.00
Avg Executive Contributions:	Burlington Northern Santa Fe Corporation RailPAC (BNSF RAILPAC)	\$	1,352,500.00	\$	672,241.00	\$	2,024,741.00
\$ 14,230.94	Company Totals	\$	1,651,767.00	\$	792,308.00	\$	2,444,075.00
<b>TOTAL EXPENDITURES</b>							
	PACs	\$	5,296,717.00	\$	2,316,191.00	\$	7,612,908.00
	Board Member and Mangers	\$	1,553,663.00	\$	411,937.00	\$	1,965,600.00
	Total Corporate Expenditures:	\$	6,850,380.00	\$	2,728,128.00	\$	9,578,508.00

Sources: Center For Responsive Politics, [opensecrets.org](http://opensecrets.org) and [fec.gov](http://fec.gov)