



## October 2014 Spotlight on CPA



### Attacks Underscore Emptiness of Disclosure Opposition

Founder's Column  
By Bruce Freed

There they go again.

The critics have summoned up all the usual tired arguments in trying to discredit the 2014 CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

This month, the Wall Street Journal joined the chorus of secret-spending defenders, as it has done in past years. They say mostly the same negative things about our annual benchmarking study. Other critics include the U.S. Chamber of Commerce and the Center for Competitive Politics.

So many attacks. So little substance. So little new.

We are accused of trying to muzzle companies' free speech, of bullying companies, and of using flawed methodology. The Wall Street Journal editorial board even refused to use reprint the name of the CPA-Zicklin Index, instead rebranding it the "Wharton-Zicklin" index.

We're supposed to believe that more leading American companies are embracing political disclosure and making it a mainstream

practice because CPA threatens them? The Center for Political Accountability has four full-time employees, several consultants and a modest budget. Really, where's the threat?



### Heightened Media Scrutiny of "Dark Money" Surge

Both overall political spending and anonymous "dark money" spending are heading through the roof in the 2014 mid-term elections.

A glance at recent headlines tells the story of exploding secret money in our elections, which steps up pressure on corporations to fuel the dark money race and heightens risk for shareholders. Here are some of the headlines

Wall Street Journal, Oct. 23: "[At \\$4 Billion, 2014 Is Most Expensive Midterm Ever.](#)"

Los Angeles Times, Oct. 18: "[Unprecedented amount of 'dark money' fuels midterm races/Midterm campaign spending has seen a record amount of 'dark money' from groups that don't disclose donors.](#)"

"It's a big question mark — is this the future of political spending?" said Ian Vandewalker of the Brennan Center [for Justice at New York University]. "Is that going to become the new normal, this kind of money focused on one candidate, and we don't know where it's coming from?"

New York Times, Oct. 10, "[Secret Money Fueling a Flood of Political Ads.](#)"

"More than half of the general election advertising aired by outside groups in the battle for control of Congress has come from organizations that disclose little or nothing about their donors, a flood of secret money that is now at the center of a debate over the line between free speech and corruption.

"Fifty-five percent of broadcast advertising in the midterm elections has been paid for by groups that do not fully

## CPA-Zicklin Index Gets Brickbats, Bouquets in Continuing Media, Online Coverage

The Wall Street Journal launched another attack on the Center for Political

In fact, companies are increasingly adopting more transparency in political spending practices because it's a good idea whose time has come, especially in a post-Citizens United world. As CPA's letter to the editor of the Wall Street Journal (see main article) indicates, more companies are coming forward to talk publicly about their CPA-Zicklin Index scores. They're not running or hiding.

As for the Journal's editorial, at CPA, we're willing to engage in a robust debate over the transparency and accountability practices we advocate. Indeed, we have appeared before a range of audiences and with proponents and opponents, in the interest of educating the public and companies about transparency.

Dubbing the CPA-Zicklin Index the "Wharton-Zicklin" index? Does the editorial board of one of the country's leading newspapers think that to fit an ideological slant it has to set aside the facts and make up a fictional name for the leading company political disclosure benchmark?

*There they go again.*

Accountability in October, its second in two weeks and third this year. It attempted in an editorial on Oct. 12 to discredit the [2014 CPA-Zicklin Index of Corporate Political Disclosure and Accountability](#) and CPA's motives for publishing the benchmarking study.

## THE WALL STREET JOURNAL. CORPORATE COUNSEL



The Harvard Law School Forum on  
Corporate Governance and Financial Regulation

CPA Director Lawrence Zicklin replied in a [letter to the editor](#) published on Oct. 19. The editorial mistakenly portrayed the Center as bullying companies, Zicklin said, despite the fact that almost two dozen companies have publicly touted their recognition by CPA or the Index for good disclosure scores. He said these companies' public embrace of political transparency showed the "total error" of the editorial's opinion.

"These major companies are among scores that have recognized the value of disclosure as a good corporate-governance practice. Along with other companies that have received high scores in our benchmarking study, they're part of a broader movement for transparency that is gaining acceptance by U.S. businesses," Zicklin wrote.

Zicklin mentioned by name J.P. Morgan Chase, [Noble Energy](#), [Exelon](#), Boeing, Altria, Merck, Intel, Qualcomm, Lockheed Martin and Monsanto. J.P. Morgan Chase said its disclosure evaluation came from a "leading nonprofit oversight organization."

There was a continuing wave of commentary about the Index, which was published in September (see [September newsletter](#)). The U.S. Chamber of Commerce, repeating earlier criticisms, blogged, "CPA-Zicklin Index is Really a Tool to Silence the Business Community."

At [The Motley Fool](#), Casey Kelly-Barton wrote a piece headlined, "There's a Powerful Case for Better Corporate Political Disclosure." Of companies that received high Index scores for disclosure, "These companies consider political transparency good business," Kelly-Barton wrote. The Motley Fool also carried [a commentary](#) by Kelly-Barton that examined a polar opposite view of disclosure.

Further coverage and commentary came from diverse sources including [Caplin & Drysdale](#); [Davis Polk & Wardwell LLP](#); [JD Supra Business Advisor](#); [Microsoft's 2014 Citizenship Report](#); [Corporate Counsel](#); the [Harvard Law School blog](#) (which posted an essay by CPA President Bruce Freed); [SocialFunds.com](#); [PAC Outsourcing LLC](#); and the [Columbia Law School's Blog on Corporations and the Capital Markets](#).

The 2014 Index showed that a majority of almost 200 publicly held companies that were examined in both 2013 and 2014 received higher overall scores for political disclosure and accountability this year.

disclose their donors, according to an analysis by The New York Times."

Pro Publica, Oct. 14, "[In Wisconsin, Dark Money Got a Mining Company What It Wanted/An accidentally released court filing reveals how one company secretly gave money to a nonprofit that helped get favorable mining legislation passed.](#)"

Bloomberg View, Al Hunt, Oct. 12, "[Midterm Voters Drown in Dark Money.](#)"

"Dark spending provides the influence and access that comes with big money without the accountability or the attention from critics. ...One thing is certain, however: When it counts, the political beneficiaries of those secret donors will be made well aware of their benefactors and their needs."

Mother Jones, Oct. 28, "[How Dark Money is Taking Over Judicial Elections: Secretive partisan groups are spending millions to elect their favorite state judges. Can you still get a fair hearing?](#)"

Center for Public Integrity, Oct. 24, "[Power shifts to outsiders in U.S. Senate fight: Candidates routinely outspent by super PACs, political nonprofits in pivotal contests.](#)"

"The days of candidates dominating their own political campaigns are over. In the [most competitive U.S. Senate races](#) this year, big-money special interests that proliferated after the U.S. Supreme Court's [Citizens United v. Federal Election Commission decision](#) are routinely out-muscling and out-messaging the candidates themselves."

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