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July 22, 2013

MEMORANDUM

TO: Members, Committee on Oversight and Government Reform

FROM: Majority Staff, Committee on Oversight and Government Reform

SUBJECT: The SEC and Political Speech

Executive Summary

The Committee on Oversight and Government Reform is investigating the targeting of certain applicants for tax-exempt status by the Internal Revenue Service. The Committee has also been investigating the development of a political disclosure rule at the Securities and Exchange Commission (SEC or Commission). Documents produced to the Committee indicate that the SEC has been under immense pressure from elected officials and special interest groups as part of a government-wide effort to stifle political speech. This effort to politicize the agency appears to have been successful in overcoming the objections of the SEC's professional staff, and moving the Commission closer to using its authority to regulate public securities markets as a backdoor way to limit the political speech of the same types of groups targeted by the IRS.

From the very beginning of the politically-motivated effort to regulate political spending disclosure, senior SEC staff argued that this proposed action was beyond the Commission's jurisdiction and that Congress and the Federal Election Commission were the appropriate forums to regulate political speech.

In April 2012, a majority of the Commission, including then SEC-Chairman Mary Shapiro, voted to reject an effort to move toward regulating political speech. However, subsequent to the Commission's initial rejection of the effort, the Commission appears to have been influenced by inquiries from senior Democratic politicians, including former Rep. Barney Frank and the House Democratic Leadership, as well as pressure from left-wing special interest groups. Documents produced to the Committee reveal that this pressure was motivated by partisan antipathy towards political spending by the same types of outside groups that were being targeted by the IRS.

SEC career professional staff continued to express concerns and reservations about moving forward with an effort to regulate political speech. Nevertheless, in September 2012, former Chairman Schapiro appears to have reversed her previous opposition and supported the inclusion of a political disclosure rulemaking on the Commission's regulatory agenda.

On January 15, 2013, a draft document prepared via a senior staff member's personal, non-official email account detailed new attention and emphasis on groups organized under Section 501 and 527 of the Internal Revenue Code, the same types of groups that House Democratic leadership and special interest groups were concerned about and the same types of groups that were being targeted by the IRS. Interestingly, the former leadership of the Commission has close ties to the former leadership of the IRS. Prior to his appointment as IRS Commissioner, Douglas Shulman was the Vice Chairman of the Financial Industry Regulatory Authority (FINRA). During this time, Mr. Shulman served directly under Mary Schapiro – then Chairman of FINRA – and alongside Elisse Walter – then a Senior Executive Vice President of FINRA. It is unclear whether former Chairman Schapiro, Commissioner Walter, or other Commission officials consulted with the IRS in the Commission's evaluation of the rulemaking petition for political disclosure.

Background of the Political Disclosure Rulemaking

In December 2012, the Office of Management and Budget's *Unified Agenda of Regulatory and Deregulatory Actions* announced that the SEC Division of Corporation Finance "is considering whether to recommend that the Commission issue a proposed rule to require that public companies provide disclosure to shareholders regarding the use of corporate resources for political activities."¹ This consideration follows a rulemaking petition submitted to the Commission on August 3, 2011.² Documents provided to the Committee demonstrate that from the earliest consideration of the rulemaking petition, the SEC professional staff voiced serious concerns about the propriety of any Commission action in this area. Their objections fall into three broad categories: existing Commission regulations and precedent already protect shareholders with regard to corporate political disclosure; the regulation of political expenditures is rightly regulated by Congress and the FEC; and consideration of a political disclosure rulemaking will distract from the Commission's mandatory duties to implement the Dodd-Frank Act and the JOBS Act.

From the initial receipt of the rulemaking petition, the SEC professional staff objected to a rulemaking on the grounds that existing statutes, regulations, and Commission precedents already protect shareholders. Under the SEC's longstanding interpretation of Commission Rule 14a-8, shareholder proposals requiring the disclosure of corporate political expenditures

¹ OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT, UNIFIED AGENDA OF REGULATORY AND DEREGULATORY ACTIONS, Rule Identifier Number 3235-AL36 (Dec. 21, 2012), available at <http://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201210&RIN=3235-AL36>. The Spring 2013 Unified Agenda includes the rule as a "long-term" agenda item.

² Letter from the Committee on Disclosure of Corporate Political Spending to Elizabeth M. Murphy, Secretary, U.S. Securities and Exchange Commission (Aug. 3, 2011), available at <http://www.sec.gov/rules/petitions/2011/petn4-637.pdf>.

categorically receive a fair vote by the shareholders of the corporation.³ A few weeks after receiving the rulemaking petition, the former Director of the Office of Legislative and Intergovernmental Affairs wrote to former Chairman Schapiro and former Director of the Division of Corporation Finance, Meredith Cross: “I think a key point for us to make is that **the mechanisms already exist, and as their letter points out, people are using them.**”⁴ [emphasis added]

SEC professional staff further objected to a rulemaking on the grounds that the regulation of political activity is properly within the purview of Congress and the FEC. In fact, the staff appears to have recognized that proponents of a rule targeted the Commission solely because of an inability to push their agenda through either house of Congress.⁵ As the former Director of Office of Legislative and Intergovernmental Affairs observed, “[i]ronically, it is that fact that Congress cannot act in this area **because the votes are not there that is causing them to put more pressure on the agency so they can show something can be done.**”⁶ [emphasis added]. The SEC Director of Communications was far less circumspect: “This is an issue for Congress to address.”⁷ This contention is supported by the fact that only Congress possesses the authority to comprehensively govern political expenditure disclosure. As noted by the former Director of the Office of Legislative and Intergovernmental Affairs, “[i]t also would seem relevant that only public companies would be covered which does not provide a holistic result.”⁸

In the absence of legislative activity, any administrative rulemaking properly belongs with the FEC. Staff in the Division of Corporation Finance have consistently argued that a political disclosure rulemaking falls within the core jurisdiction and competence of the FEC.⁹ As late as December 2012, the Senior Special Counsel to former Director Cross prepared a memorandum for Chairman-designate Walter summarizing issues before the Division of Corporation Finance. The memorandum included a status update on the political disclosure rulemaking petition, with the following warning:

Issues: FEC is the primary federal regulator of political activity disclosure. Formulating a SEC disclosure rule that is not duplicative of other federal and state law requirements and does not raise First Amendment issues may be challenging.¹⁰

³ Email from the Acting Director of the Division of Corporation Finance to the Director of Communications, Feb. 13, 2013, 4:30 PM [SEC Document Production, SEC-CorpDiscl003133]. See also SEC-CorpDiscl002396.

⁴ Email from Director of the Office of Legislative and Intergovernmental Affairs to Chairman Mary Schapiro *et. al.*, Oct. 17, 2011, 2:54 PM [SEC Document Production, SEC-CorpDiscl000379].

⁵ See, e.g., S. 1360, 112th Cong. (2011); H.R. 2517, 112th Cong. (2011), S. 3628, 112th Cong. (2012).

⁶ Email from Director of the Office of Legislative and Intergovernmental Affairs to the Director of the Division of Corporation Finance and the Director of Communications, Jan. 24, 2012, 11:26 AM [SEC Document Production, SEC-CorpDiscl000308].

⁷ Email from the Director of Communications to the Meredith Cross, Jan. 23, 2012, 9:56 PM [SEC Document Production, SEC-CorpDiscl002418].

⁸ Email from Director of the Office of Intergovernmental Affairs to Chairman Mary Schapiro *et. al.*, Oct. 17, 2011, 2:54 PM [SEC Document Production, SEC-CorpDiscl000379].

⁹ See, e.g., Email from Deputy Director, Division of Corporation Finance, to Meredith Cross, May 8, 2012, 1:34:27 PM [SEC Document Production, SEC-CorpDiscl002823].

¹⁰ Division of Corporation Finance – Significant Projects and Issues – December 2012 (Draft of Dec. 7, 2012) [SEC Document Production, SEC-CorpDiscl001050-1059].

Finally, the professional staff have consistently observed that a discretionary rulemaking on political disclosure would be inappropriate given the extraordinary backlog of mandatory rulemakings. Former Director Cross has been candid with this opinion – in a March 2012 meeting with interest groups advocating for a political disclosure rule, she noted that **“the Commission has a very heavy mandatory rulemaking agenda under Dodd-Frank (and will have additional mandatory rules if the JOBS Act becomes law).”**¹¹ [emphasis added]. As further noted by Director Cross when discussing how to respond to press inquiries about a potential political disclosure rulemaking, **“Not for the reporter, but we have been telling people that we have a huge amount of mandatory rulemaking with deadlines, and this [political disclosure rule] isn’t mandatory, so it’s hard to imagine putting this ahead.”**¹² [emphasis added]

Initial Rejection of Adding the Political Disclosure Rulemaking to the Official SEC Agenda

The Regulatory Flexibility Act requires federal agencies to publish, in April and October of each year, an agenda of rules they expect to propose or promulgate.¹³ In April 2012, SEC staff prepared and circulated this “regulatory flexibility agenda” to the offices of the five Commissioners for approval.¹⁴ After Commissioners Elisse Walter and Daniel Gallagher approved the initial seriatim containing the agenda, Commissioner Luis Aguilar requested that SEC staff add the following rider: “The Division [of Corporation Finance] is considering recommending that the Commission issue a proposed rule to require that public companies provide disclosure to shareholders regarding the use of corporate resources for political activities.”¹⁵

Staff circulated Commissioner Aguilar’s request, but no final decision was recorded in the internal communications. However, the final seriatim approved by the Commission reveals the ultimate disposition: while Commissioners Walter and Aguilar voted to include the rider, a bipartisan majority of the Commission – including former Chairman Schapiro – voted to approve the agenda as prepared and recommended by the professional career staff, effectively rejecting the rider.¹⁶

Political Officials and Special Interest Groups Pressure the SEC to Target Political Speech

Six months passed before it was again necessary to consider any updates to the regulatory flexibility agenda. This period was characterized by two critical developments. First, the professional career staff continued to advise that a Commission rulemaking in this arena was

¹¹ Email from Meredith Cross to the SEC Spokesman, Mar. 26, 2012, 2:13:49 PM [SEC Document Production, SEC-CorpDiscl000704].

¹² Email from Meredith Cross to Staff in the Office of the Chairman, Apr. 11, 2012, 7:42:13 PM [SEC Document Production, SEC-CorpDiscl000348].

¹³ Regulatory Flexibility Act, Pub. L. No. 96-353, § 602, 94 Stat. 1164, 1166 (1980).

¹⁴ Email from Staff in the Office of the General Counsel to SEC Deputy Chief of Staff, Apr. 12, 2012, 10:16 AM [SEC Document Production, SEC-CorpDiscl002493].

¹⁵ *Id.*

¹⁶ Email from SEC staff to Staff in the Office of the General Counsel, Apr. 23, 2012, 11:01 AM [SEC Document Production, SEC-CorpDiscl002060].

inappropriate, inconsistent with the Commission's mandate, and ill-advised. Second, the Commission appears to have been influenced by inquiries from senior Democratic politicians and pressure from special interest groups. Documents produced to the Committee reveal that this pressure was motivated by partisan antipathy towards political spending by outside groups. The documents suggest that the Commission was pressured to target the political speech of the same types of groups targeted by the IRS.

In May 2012, former Chairman Mary Schapiro met with several high-profile advocates of corporate political disclosure, including a former Democratic congressman. **When Chairman Schapiro, on the advice of her staff, asked "why not the FEC instead of us," the former congressman responded "because the FEC is even more broken than you."**¹⁷ [emphasis added] In addition to being derogatory and insulting, such a remark lays bare the fundamental motivation behind demands for an SEC rule on political disclosure – not the belief that such a rule is germane to the Commission's mandate to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, but rather the inability to advance a political disclosure agenda in the forums of proper jurisdiction – the FEC and Congress.

Further documents implicate efforts to specifically target groups that engage in political advocacy, specifically those recognized under § 501(c)(4) of the Internal Revenue Code. On July 9, 2012, the Deputy Chief Counsel to the Financial Services Committee's former Ranking Member, Barney Frank, wrote to the SEC Office of Legislative and Intergovernmental Affairs:

We have gotten a question from leadership about SEC authority to require disclosure on corporate charitable [sic] contributions. There is particular interest in what the authority is for disclosure of 501(c)(4) contributions (political contributions).¹⁸ [emphasis added]

The Office of Legislative and Intergovernmental Affairs forwarded the email to the senior career leadership of the Division of Corporation Finance, including former Director Meredith Cross, the Deputy Directors, and the Chief Counsel, with the following note:

Please see inquiry below from Barney Frank's staff. Can you please provide a response? I suspect the answer to the actual question is relatively easy, **but I'm including all of you on the email so you'll be aware that House Democratic Leadership is interested.**¹⁹ [emphasis added]

A Division of Corporation Finance Deputy Director quickly responded:

There is no specific authority. The argument is that it would fit under one of our broad disclosure provisions such as 14(a) or 13(a) of the exchange act.

¹⁷ Email from Deputy Director, Division of Corporation Finance, to Meredith Cross, May 8, 2012, 1:34:27 PM [SEC Document Production, SEC-CorpDiscl002823].

¹⁸ Email from Deputy Chief Counsel for the Minority, H. Comm. on Financial Services, to Staff in the SEC Office of Legislative and Intergovernmental Affairs, July 9, 2012, 12:03 PM [SEC Document Production, SEC-CorpDiscl001729].

¹⁹ Email from Staff in the SEC Office of Legislative and Intergovernmental Affairs, to Staff in the Division of Corporation Finance, July 9, 2012, 1:30 PM [SEC Document Production, SEC-CorpDiscl001728-1729].

I have not heard the request framed as precisely as [the Deputy Chief Counsel] frames it – 501(c)(4) contributions. Typically one hears it in terms of political contributions more broadly with some folks wanting to know about contributions to organizations/groups that may then in turn use that money for political contributions.²⁰ [emphasis added]

Advocates for a Commission rule requiring the disclosure of corporate political spending predicate their advocacy on the argument that *all* political spending is material to shareholders under the terms of the Exchange Act. In stark contrast, the House Democratic Leadership was “particularly” concerned with a highly specific subtype of tax-exempt organization recognized by the Internal Revenue Code.

Moreover, it appears Public Citizen, a group with a history of calling for investigations of groups organized under section 501(c)(4) of the tax code, is spearheading outside efforts to pressure the SEC to adopt a political disclosure rule. The SEC informed the Committee that senior SEC officials, including former Chairman Schapiro, Commissioner Walter, and Commissioner Aguilar, had 11 meetings with outside parties related to the rulemaking petition.²¹ Public Citizen directly participated in at least four of those meetings and likely also participated in three additional meetings through the Coalition for Accountability in Public Spending, of which it is a member.²² Representatives of Public Citizen also frequently contacted SEC representatives about the prospects of a rule.²³ In addition, Public Citizen oversaw tens of thousands of form letters sent to the SEC in support of the rulemaking petition.²⁴

Public Citizen has a history of demanding that the IRS and the FEC investigate tax-exempt groups.²⁵ On October 20, 2010, at the height of the IRS’s inappropriate targeting of conservative groups, Public Citizen called for an investigation of the American Future Fund, a group organized under section 501(c)(4) of the tax code.²⁶ Public Citizen’s government affairs lobbyist alleged that “American Future Fund is pulling out the stops to ensure that Republicans

²⁰ Email from Deputy Director of the Division of Corporation Finance, to Staff in the SEC Office of Legislative and Intergovernmental Affairs, and Staff in the Division of Corporation Finance, July 9, 2012, 1:57 PM [SEC Document Production, SEC-CorpDisc001728].

²¹ Letter from Timothy Henseler, Acting Director, Office of Legislative and Intergovernmental Affairs, SEC, to Chairman Darrell Issa (May 30, 2013).

²² *Id.*

²³ For example, in April 2012, the Deputy Director of Public Citizen’s Congress Watch emailed Commissioner Walter’s counsel to thank Commissioner Walter for her time and her “helpful suggestions for elevating this rulemaking down the road.” Email from Deputy Dir. of Public Citizen’s Congress Watch, to Sara Cortes, Apr. 27, 2012 12:11 PM [SEC Document Production, SEC-CorpDisc001612-1613].

²⁴ Email from Secretary of the SEC to Staff in the Division of Corporation Finance, July 27, 2012, 4:48 PM [SEC Document Production, SEC-CorpDisc001852].

²⁵ See e.g., “Public Citizen Charges Americans for Job Security as Nonprofit Front,” Public Citizen, April 12, 2007. Available at <http://www.foreffectivegov.org/node/7230>.

²⁶ See “Watchdogs to FEC: American Future Fund Appears to be Violating Campaign Finance Law,” October 20, 2010, available at <http://www.citizen.org/pressroom/pressroomredirect.cfm?ID=3206>.

are elected this November.”²⁷ Public Citizen claimed that the American Future Foundation was “hiding behind [its] nonprofit tax status” to keep its donor information non-public.²⁸

In a white paper published in July of 2012, Public Citizen further explained its motivation in calling for investigations of tax-exempt groups:

While some outside spending groups register as political action committees or section 527s and are required to disclose donors, some groups register as non-profit organizations, such as 501(c)(4), social welfare organizations, or 501(c)(6), trade associations Today, nonprofit 501(c)(4) and 501(c)(6)s are becoming the preferred vehicle of electioneering front groups, like CrossroadsGPS, that want to spend heavily to influence elections but not disclose their donors.²⁹

Public Citizen applauded Senate Democrats, who had “recently asked the IRS to challenge organizations registering as nonprofit groups that are focusing on political advocacy.”³⁰

Addition of a Political Disclosure Rulemaking to the Official SEC Agenda

Unfortunately, it appears that the intense political pressure exerted by House Democratic Leadership and special interest groups like Public Citizen bore fruit. In September 2012, professional staff in the SEC Office of General Counsel (OGC) again began preparing the regulatory flexibility agenda. OGC sent an email to Division of Corporation Finance, asking for the Division’s opinion on whether to include the political disclosure rulemaking on the agenda. Former Director Cross’ professional opinion was plain and unambiguous: **“the Division would not recommend adding it to the agenda at this time unless requested by the Commission.”**³¹

Notwithstanding the opinion of the professional career staff, on September 19, 2012, the office of Commissioner Aguilar began campaigning for its inclusion. Formal requests for its inclusion were forwarded to offices of former Chairman Schapiro and Commissioner Walter.³² Eight days later, OGC circulated an updated agenda which included the political disclosure rule.³³ The only permissible inference is that former Chairman Schapiro changed her mind, and joined the offices of Commissioners Aguilar and Walter in supporting the political disclosure rulemaking. No documents produced to the Committee explain why former Chairman Schapiro chose to override the advice and recommendations of the Commission’s professional staff. The Committee should be extremely troubled by this decision. The Commission’s actions implicate a

²⁷ *Id.*

²⁸ *Id.*

²⁹ Public Citizen, “DISCLOSE: The Rise of Secret Money in Campaigns and Elections,” July 2012. Available at <http://www.citizen.org/documents/rise-of-secret-money-disclosure-needed.pdf>.

³⁰ *Id.*

³¹ Email from Chief of the Office of Rulemaking, Division of Corporation Finance, to the Office of the General Counsel, Aug. 30, 2012, 5:45:44 PM [SEC Document Production, SEC-CorpDiscl001988].

³² Email from Counsel to Commissioner Aguilar to SEC Deputy Chief of Staff, Sept. 19, 2012, 3:57:27 PM [SEC Document Production, SEC-CorpDiscl003066]; Email from Counsel to Commissioner Aguilar to Counsel to Commissioner Walter, Sept. 19, 2012, 12:33:24 PM [SEC Document Production, SEC-CorpDiscl003007].

³³ Email from the Office of the General Counsel to SEC Deputy Chief of Staff, Sept. 27, 2012, 3:22 PM [SEC Document Production, SEC-CorpDiscl003079].

regulatory process wherein non-partisan, professional advice fell victim to coordinated political pressure and naked partisan advocacy. Former Director Cross had even lamented that this is **“how well it goes when the securities laws are used for social and political causes.”**³⁴ [emphasis added]

Despite their own objections, the SEC professional staff dutifully responded to this top-down decision. Documents produced to the Committee provide insights into the context of this decision. In November 2012, a Deputy Director in the Division of Corporation Finance sent an email to staff working on the political disclosure issue a *Washington Post* op-ed entitled “How the FEC can stop the tidal wave of secret political cash.”³⁵ On its face, the very concern for “secret political cash” is divorced from the proposed rulemaking’s purported basis of materiality and shareholder protection. On a broader level, the article reflects a deep realignment of the SEC staff’s opinions: rather than arguing for the fundamental inappropriateness of the rulemaking, staff now appeared to be searching for reasons to justify a potential rulemaking.

On January 15, 2013, the Division of Corporation Finance Special Counsel assigned to the rulemaking petition circulated a draft document – apparently prepared via the Special Counsel’s personal, non-official email account – that “summarizes recommendations that **will be made** by the Division of Corporation Finance to effectuate [the rulemaking petition].”³⁶ [emphasis added] This draft memorandum is characterized by a compulsive obsession with groups organized under Section 501 and 527 of the Internal Revenue Code – a full third of the document is dedicated to analyzing such organizations. The inexplicable attention to political spending by tax-exempt organizations suggests that pressure from the House Democratic Leadership and special interest groups successfully influenced staff consideration of the issue. For example, the draft memorandum states:

[A] substantial amount of corporate spending on politics is conducted through intermediaries not required to disclose the sources of their contributions to the public. ...[W]e expect that the Commission will determine the types of political spending subject to disclosure. In particular, the Commission may consider whether contributions that are restricted from political use will be subject to these rules. On the other hand, there are cases, such as corporate contributions to intermediaries that spend a large fraction of their funds on politics, for which inclusion within the scope of the Commission’s rules seems warranted.³⁷ [emphasis added]

The contributions to “intermediaries” that the memo suggests will be included within the scope of the Commission’s rules appear to refer to the same types of groups that have been systematically targeted by the IRS.

³⁴ Email from Meredith Cross to Senior Special Counsel and Deputy Directors of the Division of Corporation Finance, Aug. 15, 2012, 12:15:38 PM [SEC Document Production, SEC-CorpDisc1002964].

³⁵ Email from Deputy Director, Division of Corporation Finance, to Chairman Mary Schapiro and Director Meredith Cross, Nov. 19, 2012, 11:14 AM [SEC Document Production, SEC-CorpDisc1003229].

³⁶ Draft Memorandum on Corporate Political Spending prepared by Special Counsel in the Division of Corporation Finance, Jan. 15, 2013 [SEC Document Production, SEC-CorpDisc1001645-1655].

³⁷ *Id.*

The former leadership of the Commission has close ties to the former leadership of the IRS. Prior to his appointment as IRS Commissioner, Douglas Shulman was the Vice Chairman of the Financial Industry Regulatory Authority (FINRA). During this time, Mr. Shulman served directly under Mary Schapiro – then Chairman of FINRA – and alongside Elisse Walter – then a Senior Executive Vice President of FINRA.³⁸ It is unclear whether former Chairman Schapiro, Commissioner Walter, or other Commission officials consulted with the IRS in the Commission’s evaluation of the rulemaking petition for political disclosure.

Conclusion

The Securities and Exchange Commission, like all federal regulatory agencies, is necessarily subject to petitions for agency action. However, it is axiomatic that such petitions receive appropriate and objective scrutiny from the agency’s professional staff. In the case of a Commission rule mandating the disclosure of corporate political expenditures, the longstanding and conclusive opinion of the agency’s professional staff was that such a rulemaking was unnecessary, outside of the Commission’s core jurisdiction, and inappropriate given the agency’s mandatory rulemaking responsibilities.

Notwithstanding this advice from the SEC professional staff, three SEC Commissioners acted to place a political disclosure rulemaking on the agency’s official agenda. The decision to do so implicates a process wherein the professional, objective advice of the SEC staff was overridden by the three votes of political appointees. Documents provided to the Committee demonstrate that this action followed intense lobbying by elected officials and special interest groups. The possibility that a corporate disclosure rulemaking is grounded on political expediency, and not the reasoned advice of professional staff, has immediate implications to Administrative Procedure Act’s proscription of “arbitrary and capricious” rulemaking.

The “particular concern” for 501(c)(4) organizations and other “political intermediaries” is consistent with the Internal Revenue Service’s targeting of such organizations based on their political viewpoints. The close ties between the leadership of the IRS and the Commission raises further questions about the Commission’s decision to place the rulemaking on its official agenda.

³⁸ See SEC Biography: Commissioner Elisse B. Walter (“Prior to her appointment as an SEC Commissioner, Ms. Walter served as Senior Executive Vice President, Regulatory Policy & Programs, for FINRA. She held the same position at NASD before its 2007 consolidation with NYSE Member Regulation.”); SEC Biography: Chairman Mary L. Schapiro (“Prior to becoming SEC Chairman, she was CEO of the Financial Industry Regulatory Authority (FINRA) Chairman Schapiro joined the organization in 1996 as President of NASD Regulation, and was named Vice Chairman in 2002. In 2006, she was named NASD’s Chairman and CEO. The following year, she led the organization’s consolidation with NYSE Member Regulation to form FINRA.”); Press Release, Press Release. Douglas Shulman served as Vice Chairman of FINRA prior to becoming IRS Commissioner in March 2008.