

Texas Corporate Responsibility Alliance

Common Cause Texas-Public Citizen Texas-Texans for Public Justice - Campaigns for People

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Groups Seek to Reform 54 Corporations Whose Contributions to Texas Elections Are Under Scrutiny

Clean-Up Urged for Corporations That Contributed to Texans for a Republican Majority or the Texas Association of Business

Austin, Texas – Four Texas reform groups today urged the CEOs and outside boards of directors of the 54 corporations that spent corporate funds to influence Texas’ 2002 state elections to adopt policies that would prohibit such actions in the future, both in Texas and nationwide. The 54 corporations directly contributed corporate funds to Texans for a Republican Majority PAC (TRMPAC) or the Texas Association of Business (TAB) in 2002. Criminal prosecutors and civil attorneys in Austin are pursuing complaints that Tom DeLay’s TRMPAC and TAB broke Texas law in 2002 by using prohibited corporate funds to influence state elections.

The groups (Texans for Public Justice, Public Citizen, Common Cause Texas and Campaigns for People) called upon the directors of these corporations to voluntarily agree to apply federal McCain-Feingold “issue-ad” restrictions (enacted in the reform law) at the state and local level. A corporation adopting this policy would refrain from financing “issue ads” during the 60-day period preceding local, state or federal general elections.

The groups also urged the corporations to adopt a set of model principles developed by the Center for Political Accountability in Washington, D.C. These principles require:

- All political activity to be in the long-term interest of – and disclosed to – shareholders;
- All political contributions to be made directly to the intended recipient (rather than funneled through intermediaries); and
- Corporate directors to be directly responsible for overseeing all corporate political contributions and activities.

“Corporations need to be responsible citizens,” said Craig McDonald, director of Texans for Public Justice. “The corporations that bankrolled the hijacking of Texas’ 2002 state elections must change their behavior. We are calling on their outside directors to take control and assume responsibility.”

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“We cannot turn back the clock and change the outcome of the 2002 elections,” said Suzy Woodford, executive director of Common Cause Texas. “But we will not tolerate rogue corporations in the future.”

Twenty-seven of the 54 corporations gave corporate funds to TRMPAC in 2002. A Texas district judge ruled in a civil lawsuit in May that TRMPAC’s corporate contributions constituted reportable political contributions. TRMPAC and four of its operatives, including DeLay, have been indicted on criminal charges related to soliciting and spending these corporate funds. A Travis County grand jury also indicted eight of TRMPAC’s 27 corporate donors (four of which have reached settlements with prosecutors).

Thirty corporations – dominated by insurance companies – reportedly financed the TAB’s 2002 “issue-ad” campaign. (Three corporations, AT&T, PacifiCare and the Alliance for Quality Nursing Home Care, gave to both the TAB and TRMPAC.) The TAB claimed that it spent almost \$2 million in corporate funds on these attack ads, which targeted a total of 77 primary- or general-election campaigns. The TAB’s fundraising and spending activities also are the subjects of a civil lawsuit and a 128-count felony criminal indictment in Travis County.

“We hope the civil and criminal justice systems will hold all the wrongdoers accountable for their assault on lawful, democratic elections in Texas,” said Tom “Smitty” Smith, director of Public Citizen’s Texas office. “These corporate directors need to ensure that these corporations will never improperly influence another election.”

According to the Center for Political Accountability, three major corporations have agreed to adopt policies requiring board oversight of their corporate giving. They are Morgan Stanley, Johnson & Johnson and Schering-Plough.

To see a list of the 54 corporations, a copy of a letter to CEOs and directors, and the model principles, please go to. http://www.tpj.org/page_view.jsp?pageid=923&pubid=686.

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