

Richard Levick – The Age of Transparent Political Donations Is Upon Us



*Richard Levick, Esq., Chairman & CEO, **LEVICK***

On July 27th in 1974, the House Judiciary Committee recommended that Richard M. Nixon be impeached and removed from office. By January of 1975, there were 93 new members of Congress, including 49 seats in the House and Senate which had flipped Republican to Democrat.

In the mid to late 1960s, when I was in elementary school, I would play with Chase Church, whose house was just a quick shortcut through the woods from our elementary school. Too

young to think much of the fact that his father was the United States Senator, Frank Church, I would just hang out at his house after school, say hello to his mom and, on the rare occasion, hear his father's sonorous voice. A few years later, while in high school, I couldn't avoid the recognition as Senator Church would become one of the "Watergate Babies" ushering in remarkable transparency reforms – Sunshine laws – that would become part of the national fabric, though increasingly whittled away over the decades.

The Great Experiment – the American system of democratic rule – is only fully appreciated when viewed through the lens of the 18th century. Authority was the exclusive domain of royalty and self-rule was utterly inconceivable. For all its limitations, American democracy largely self-corrects through Hegelian transitions, like a pendulum in a slow moving Grandfather clock that takes years to go from side to side. Watergate led to Sunshine laws. So too – if our democratic process still works – will the current environment lead to reforms. Companies engaged in the political process need to prepare for it *now*.

In light of the recent unrest, many companies have been calling for diversity, equity and inclusion but are unsure of how to lead and what to do. There is a dawning realization that corporate responsibility is not just to the shareholders but the stakeholders as well.

We have been suggesting that this is a complex wave of change, not healed through symbolic efforts, and that every component, from recruitment to advertising, public affairs to Corporate Social Responsibility, **sustainability** to investments, and more, need to be reexamined through fresh eyes. Corporate political donations play an out-sized role. Already, many companies have been embarrassed after being lauded days earlier for powerful and righteous tweets and statements only to be revealed to have been financially supporting opposite

actions.

On Friday, I interviewed Bruce Freed, co-founder of the Center for Public Integrity, on our daily podcast *In House Warrior*, for the *Corporate Counsel Business Journal*, who has just released a new report entitled **Conflicted Consequences** which follows corporate donations to “527” organizations (527 is the IRS designation). Among the advantages that 527s provide over traditional political spending is that they are opaque. If companies and individuals want to fund someone or something, how much better to do it than in the dark, without accountability? Or so the thinking went for years.

The Center provides maps of which companies spend how much through 527s to fund campaigns and candidates that fuel racial gerrymandering, attack the Affordable Care Act (20 million Americans still rely on it for their health insurance), fight climate change reform, oppose LGBTQ and more. In other words, if you are a company that wants to do the right thing and tweets, advertises or speaks on #BLM, climate change, LGBTQ, DEI or other social issues, now is the time to get your house in order. Companies need to review their entire political spend, not just donations made through PACs and other more transparent methods, but the entire legislative agenda. Support whatever you think is in the company’s interest, just make sure you know it will see the sunshine. A note about the Center. They work with companies. Imagine when others figure out how to trail the breadcrumbs?

During the financial crisis of 2008-2009, AIG brought in an outside expert to review and remake their entire public affairs division. That in itself is a fascinating story, but for today, just a short circuit to the conclusion. AIG recognized it was a new day, with new priorities and, for them, blinding transparency because the whole world was watching. They remade their entire department, leaving few idols standing. For companies wanting and proclaiming to do the right thing, now is exactly the time to put your house in

order because, as Abraham Lincoln said at his party's acceptance speech for United States Senate in Springfield, Illinois, "A house divided against itself, cannot stand." He lost that election in 1858 to Stephen A. Douglas, but, of course, won a bigger office two years later. This transparency change is coming. Time to take the lead.

Listen to the podcast