

111TH CONGRESS
2^D SESSION

S. 3004

To require notification to and prior approval by shareholders of certain political expenditures by publicly traded companies, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2010

Mr. BROWN of Ohio introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require notification to and prior approval by shareholders of certain political expenditures by publicly traded companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Citizens Right to Know
5 Act of 2010”.

6 **SEC. 2. NOTIFICATION TO SHAREHOLDERS OF ELECTION-**
7 **EERING COMMUNICATIONS.**

8 The Securities Exchange Act of 1934 (15 U.S.C. 78a
9 et seq.) is amended by inserting after section 17B the fol-
10 lowing:

1 **“SEC. 17C. NOTIFICATION TO SHAREHOLDERS OF ELEC-**
 2 **TIONEERING COMMUNICATIONS.**

3 “(a) DISCLOSURES TO SHAREHOLDERS.—Each
 4 issuer, the securities of which are registered under section
 5 12, or that is subject to the reporting requirements of sec-
 6 tion 13(a) or 15(d), that makes or participates in an elec-
 7 tioneering communication shall disclose such activity, in
 8 writing, to each shareholder of the issuer.

9 “(b) DEFINITION.—As used in this section, the term
 10 ‘electioneering communication’ has the same meaning as
 11 in section 304(f)(3)(A) of the Federal Election Campaign
 12 Act of 1971 (2 U.S.C. 434(f)(3)(A)).”

13 **SEC. 3. PRIOR SHAREHOLDER APPROVAL OF ELECTION-**
 14 **EERING COMMUNICATIONS.**

15 Section 14 of the Securities Exchange Act of 1934
 16 (15 U.S.C. 78n) is amended by adding at the end the fol-
 17 lowing new subsection:

18 “(i) LIMITATIONS ON ELECTIONEERING COMMUNICA-
 19 TIONS.—

20 “(1) PROHIBITION ON FOREIGN-OWNED
 21 ISSUERS.—Notwithstanding any other provision of
 22 law, no issuer may make or participate in any elec-
 23 tioneering communication if 51 percent or more of
 24 the outstanding securities of such issuer are owned
 25 or controlled by any foreign principal or agent of a
 26 foreign principal.

1 “(2) PRIOR SHAREHOLDER APPROVAL RE-
2 QUIRED.—Before an issuer makes or participates in
3 any electioneering communication, as defined in sec-
4 tion 304(f)(3)(A) of the Federal Election Campaign
5 Act of 1971 (2 U.S.C. 434(f)(3)(A)), the issuer shall
6 obtain prior approval, by majority vote of all share-
7 holders, for any such activity. Such vote shall be
8 taken with each shareholder entitled to one vote per
9 share of common stock held, regardless of any per-
10 share voting rights of an outstanding class or classes
11 of common stock under any other agreement or pro-
12 vision to the contrary.

13 “(3) DEFINITIONS.—As used in this sub-
14 section—

15 “(A) the term ‘electioneering communica-
16 tion’ has the same meaning as in section
17 304(f)(3)(A) of the Federal Election Campaign
18 Act of 1971 (2 U.S.C. 434(f)(3)(A));

19 “(B) the terms ‘foreign principal’ and
20 ‘agent of a foreign principal’ have the same
21 meanings as in section 611 of the Foreign
22 Agents Registration Act of 1938 (11 U.S.C.
23 611); and

24 “(C) the term ‘issuer’ means only those
25 issuers, the securities of which are registered

1 under section 12, or that are subject to the re-
2 porting requirements of section 13(a) or
3 15(d).”.

4 **SEC. 4. STAND BY YOUR AD REQUIREMENTS.**

5 (a) RULES FOR CORPORATIONS.—Paragraph (2) of
6 section 318(d) of the Federal Election Campaign Act of
7 1971 (2 U.S.C. 441d(d)) is amended—

8 (1) by striking “Any communication” and in-
9 serting the following:

10 “(A) IN GENERAL.—Any communication”;

11 and

12 (2) by adding at the end the following new sub-
13 paragraph:

14 “(B) SPECIAL RULE FOR COMMUNICA-
15 TIONS BY CORPORATIONS.—

16 “(i) IN GENERAL.—In the case of any
17 communication described in subparagraph
18 (A) which is paid for by a corporation—

19 “(I) the audio statement required
20 under this paragraph shall be made
21 by the president or chief executive of-
22 ficer of such corporation and shall
23 identify such individual by name and
24 position; and

1 “(II) for purposes of the second
2 sentence of subparagraph (A), the
3 view of the person making the state-
4 ment shall be a view of such president
5 or chief executive officer.

6 “(ii) JOINT COMMUNICATIONS.—In
7 the case of any communication described in
8 subparagraph (A) which is paid for by
9 more than 1 corporation, the president or
10 chief executive officer described in clause
11 (i) shall be the president or chief executive
12 officer of the corporation which pays for
13 the largest portion of the communication
14 (or, if paid for equally by all such corpora-
15 tions, the president or chief executive offi-
16 cer of the corporation with the highest
17 gross revenue for the calendar year prior
18 to the date on which such communication
19 is made).”.

20 (b) RULES FOR OTHER ENTITIES.—

21 (1) IN GENERAL.—Paragraph (2) of section
22 318(d) of the Federal Election Campaign Act of
23 1971 (2 U.S.C. 441d(d)), as amended by subsection
24 (a), is amended by adding at the end the following
25 new subparagraph:

1 “(C) SPECIAL RULES FOR CERTAIN OTHER
2 ORGANIZATIONS.—In the case of any commu-
3 nication described in paragraph (A) which is
4 paid for by an organization (other than a cor-
5 poration), such communication shall include, in
6 addition to the other requirements of this sec-
7 tion, a statement listing the name of the 3 per-
8 sons making the largest aggregate contributions
9 to such organization during the 12-month pe-
10 riod before the date of the communication.”.

11 (2) REPORTING OF CONTRIBUTORS ON INTER-
12 NET.—Section 304 of such Act (2 U.S.C. 434) is
13 amended by adding at the end the following new
14 subsection:

15 “(j) INTERNET DISCLOSURE OF CONTRIBUTORS FOR
16 CERTAIN RADIO AND TELEVISION ADS.—In addition to
17 any reports required to be filed with the Commission
18 under this section, any organization (other than a corpora-
19 tion) which makes a communication to which section
20 318(d)(2)(C) applies shall make available on the Internet,
21 by means of a direct link from the home page of such
22 organization, the following information:

23 “(1) In the case of any such communication
24 made by a political committee, the information re-
25 quired under subsection (b)(3).

1 “(2) In the case of any communication which is
2 an independent expenditure and which is made by a
3 person other than a political committee, the informa-
4 tion required under subsection (c)(2)(C).

5 “(3) In the case of any communication which is
6 an electioneering communication and which is made
7 by a person other than a political committee, the in-
8 formation required under subsection (f)(2)(F).”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply with respect to communications
11 made after the date of the enactment of this Act, without
12 regard to whether or not the Federal Election Commission
13 has promulgated regulations to carry out such amend-
14 ments.

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