

NY State Withdraws Political Spending Lawsuit Against Qualcomm After Company Agrees to Disclosure

February 25, 2013 | Client Update | 2-minute read

New York State Comptroller Thomas P. DiNapoli on Friday issued a [press release](#) announcing that the New York State Common Retirement Fund has withdrawn the lawsuit it filed in early January against Qualcomm over political spending disclosure, after Qualcomm implemented and publicly posted what the release calls an “industry-leading” Political Contributions and Expenditure [Policy](#). The lawsuit, which we previously discussed [here](#), sought Qualcomm’s books and records under Section 220 of the Delaware corporation law.

The press release includes statements from both Qualcomm’s CEO and Chairman and Mr. DiNapoli extolling the importance of increased transparency about corporate political spending. According to the release, the company’s policy will include information on contributions to political candidates and parties, and expenditures to trade associations and Section 501(c)(4) organizations, as well as contributions to influence ballot measures. 501(c)(4) groups, whose primary purpose must be focused on “social welfare” in order to stay tax-exempt, have come under increasing attention for their involvement in the political process while being able to maintain donor anonymity.

The Center for Political Accountability weighed in and in the same release announced that the Qualcomm disclosure “puts it near the top” of its CPA-Zicklin Index, which we described [here](#). According to the CPA, 107 large public companies have agreed to disclose corporate political spending so far.

The 4-page Qualcomm policy indicates that political expenditures require the approval of certain members of management and oversight by the board’s governance committee. The company plans to update the policy twice a year for information on specific political contributions, dues to U.S.-based trade associations that received payments of at least \$25,000 (and the portion of those dues and special assessments that were used for activities that are not deductible if such information is available after making reasonable efforts), payments of \$10,000 or more to social welfare organizations, and contributions to influence the outcome of ballot measures. The policy states that the company does not plan to make independent expenditures on behalf of federal candidates.

While some had expected a decrease post-election, ISS reported that, like last year, it is tracking more than 110 shareholder proposals on the topic this season.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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