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NY State Comptroller Sues Over Political Spending Disclosure

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As media outlets are reporting, New York State Comptroller Thomas DiNapoli **announced** that the NY State Common Retirement Fund has filed suit in Delaware court against Qualcomm for the right to inspect its books and records to determine how shareholder funds are being spent for political purposes. According to the press release, in 2011 and 2012, the Fund filed 27 shareholder proposals asking for disclosure of political spending, reaching agreement with 10 companies. In addition, they support the rulemaking petition submitted to the SEC regarding disclosure of political expenditures.

The **complaint** states that shareholders have an interest in "knowing how corporate funds are spent, especially in the political arena, in order to monitor the actions of corporate fiduciaries, to exercise responsible decisions when voting annually for the election of corporate directors, and to hold corporate fiduciaries accountable for their stewardship of the corporation." It further claims that without disclosure, shareholders cannot "assess the level of risk to their investments in a given company."

Mr. DiNapoli is quoted in a *New York Times* **article** as saying, "We've done the petitions and the letter-writing. We've done shareholder resolutions. Rather than continue to be rebuffed, we're taking this new approach."

The press release and the complaint also cite to Qualcomm's ranking under the Corporate Political Accountability Index, which we previously discussed **here**.

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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