DiNapoli Shareholder Resolution Calls On AT&T To Disclose Surveillance Requests

The $160.7 billion New York State Common Retirement Fund (Fund) has filed a shareholder resolution at AT&T Inc. (AT&T) asking the company to disclose how often and what consumer information it has shared with U.S. or foreign governments, New York State Comptroller Thomas P. DiNapoli announced today. The resolution will be voted on at the company’s 2014 annual meeting scheduled for late April.

“Customer trust is critical for any business, but nowhere is it more so than for those corporations that handle our personal data and communications,” DiNapoli said. “AT&T has not made it clear to investors or customers what data it shares or with whom. Customers should not be the last to know how their personal information is being used by governmental agencies.”

The resolution cites global scrutiny of corporations in the wake of press coverage over U.S. government surveillance programs. Google, Microsoft, Twitter, LinkedIn, Facebook and Yahoo! have all published “transparency reports” disclosing information on government data requests. Additionally, Google and Microsoft have sought court approval to disclose further information to the public concerning these requests.

“Privacy is clearly one of the most critical business issues of the digital age. Companies that fail to actively defend the privacy rights of their customers expose themselves – and their shareholders – to significant legal, reputational and financial risk,” said Michael Connor, Executive Director of Open MIC, a non-profit organization that works with investors on media issues. “Comptroller DiNapoli is to be commended for demonstrating real leadership with this resolution.”

The resolution, filed in early November, asks AT&T to use existing transparency reports published by the major internet companies as models to publish semi-annual reports, subject to existing laws and regulations, on requests for customer information provided to U.S. and foreign governments. AT&T may, at its discretion, omit information on routine requests provided under individualized warrants.

DiNapoli’s resolution also asks AT&T to include information on (1) how often AT&T has shared information with U.S. or foreign government entities; (2) what type of customer information was shared; (3) the number of customers affected; (4) type of government requests; and (5) discussion of efforts by the company to protect the privacy of such customer data.

As of November 8, the Fund owned 15,709,913 shares of AT&T valued at approximately $552.5 million.

A companion resolution has been filed at Verizon by Trillium Asset Management, LLC, a Boston-based investment management firm. The resolution at AT&T is co-filed with Trillium, the American Civil Liberties Union of Northern California and Arjuna Capital.
Whereas,

Customer trust is critical for any business, but especially for major Internet and telecommunications companies that routinely gather massive amounts of personal data concerning and affecting the lives of hundreds of millions of people in the U.S. and around the world.


AT&T acknowledges in its corporate code of conduct that privacy is critical to the success of its business. Yet, the Company has not disclosed to customers and investors any information regarding the extent and nature of requests for customer data made on the Company by government agencies.

Controversy over U.S. government surveillance programs reportedly involving AT&T has spurred massive global press coverage, hearings in the U.S. Congress and the European legislature, and widespread calls for reform. Brazilian President Dilma Rousseff called the NSA surveillance program “a breach of international law.” U.S. Senator Ron Wyden said, “I have to believe the civil liberties of millions of American have been violated.”

Responding to growing public concern over these issues, major Internet companies such as Google, Microsoft, Twitter, LinkedIn, Facebook and Yahoo!, have published “Transparency Reports”, disclosing information on government data requests. Google and Microsoft have also filed in court seeking authorization to disclose further information to the public concerning these requests. AT&T has not done so.

The Wall Street Journal has reported that AT&T’s plans to expand its mobile network in Europe, including anticipated acquisitions, could face “unexpected hurdles” due to its co-operation with NSA consumer information requests. “NSA Fallout Hurts AT&T’s Ambitions in Europe,” October 30, 2013.

Transparency in this regard is essential if individuals and businesses are to make informed decisions regarding their personal data. Privacy is a fundamental tenet of democracy and free expression. While AT&T must comply with its legal obligations, failure to persuade customers of a genuine and long-term commitment to privacy rights could present AT&T with serious financial, legal and reputational risks.

Resolved, that shareholders request that the Company publish semi-annual reports, subject to existing laws and regulation, providing metrics and discussion regarding requests for customer information by U.S. and foreign governments, at reasonable cost and omitting proprietary information.

Supporting Statement: In preparing these reports, the Company may, at its discretion, omit information on routine requests provided under individualized warrants. The reports should be prepared with consideration of existing Transparency (or Law Enforcement Request) Reports published by the major internet companies, and where applicable, include such information as (1) how often AT&T has shared information with U.S. or foreign government entities; (2) what type of customer information was shared; (3) the number of customers affected; (4) type of government requests; and (5) discussion of efforts by the company to protect the privacy of such customer data.