

# Lobbyists on Boards Could Pose Conflicts: Report

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According to [a \*Wall Street Journal\* report](#), nearly a dozen large U.S. firms have directors on key board committees who are also employed as lobbyists, paid, in part, by either the company or a trade association led by their chief executive officer.

The *Journal* examined reams of lobbying data and regulatory filings and found that in several cases, significant “financial ties persist between some corporate directors and CEOs — ties running through Washington’s lobbying corps.”

The report details cases such as the one at Louisiana health care firm **LHC Group**. There, two members of the board’s compensation committee — former U.S. senator **John Breaux** and former representative **Billy Tauzin** — also serve as paid lobbyists for both the company and an industry group led by LHC CEO **Keith Meyers**. According to the paper, the compensation committee this year approved a 90% pay increase for Meyers and use of the company plane.

The 2010 Dodd-Frank financial overhaul required that board members who set executive compensation must be independent directors with no outside financial ties to either the company or its executives.

The *Journal* also uses the example of **Boeing Co.**, whose lead director is a lobbyist for an industry association that has been overseen by Boeing CEOs over the years.

While the report notes that there is no evidence of impropriety at any of the companies with lobbyist directors, the relationships can still “raise questions ... about whether such board members are independent to a degree that allows them to serve the best interests of shareholders while serving on sensitive committees.”

Whenever such a potential conflict exists, companies need to be sure they are aware of the relationships and be prepared to disclose them, says **Doug Chia**, executive director of the Governance Center at **The Conference Board**. He is also a former corporate secretary at **Johnson & Johnson**.

“If the director is a lobbyist of a trade association the company belongs to, and the CEO is heavily involved in the leadership or has an official role, there is some type of interlocking relationship that could affect the decision-making of that particular lobbyist-director,” Chia told the paper. “That’s definitely an interlock situation that companies, if they’re following the spirit of the rules, should probably be disclosing, at a minimum disclosing to the board for their review.”

By [Jack Buehrer](#)