



## ***Spotlight on CPA - October 2015***

### **In This Edition:** Click to Jump to Story

- [Founder's Column: Using Index Scores for Window Dressing: It's a Cynical and Harmful Approach](#)
- [On Eve of Election Year, 2015 CPA-Zicklin Index Captures Media Attention](#)
- [US Chamber, BRT, NAM Again Blast CPA and Index](#)
- [BREAKING NEWS: NY State Comptroller Sues Oracle to Force Political Disclosure](#)
- [Disclosure In the News, and Online](#)
- [Kolb Assumes Treasurer Role](#)

### **Using Index Scores for Window-Dressing: It's a Cynical and Harmful Approach**



**Founder's Column**  
**By Bruce Freed**

"I, quite honestly, think [the Index] has helped drive behavior," Dan Bross, the senior director of corporate citizenship at Microsoft, told [Huffington Post](#) about the latest annual CPA-Zicklin Index of Corporate Political Disclosure and Accountability. "There is an increasing race to the top here."

His was one of the most far-reaching remarks about the credibility and impact of the Index, now in its fifth year of publication, to emerge in recent media coverage. From another quarter, however, there was an unsettling note. Some, it seems, would urge companies to exploit the Index by window-dressing to get good scores while actually skirting meaningful disclosure.

That's a cynical approach. It is potentially harmful.

According to Bloomberg BNA's Money and Politics Report, a major Washington law firm has "touted a database compiled by the firm of the practices of all companies that received points in the CPA-Zicklin Index for disclosing their contributions to politically active trade associations and so-called 501(c)(4) nonprofit groups.

BNA continued: "By consulting this database, we can provide clients with the least invasive and least intrusive disclosures they can make and still receive full credit," said the guide. "This 'lowest common denominator' approach can help companies increase their scores without adding unnecessarily burdensome compliance and information gathering systems and without providing an unnecessarily intrusive level of detail about their activities."

The Center for Political Accountability and its shareholder partners seek honest, forthright and meaningful corporate political disclosure. We will do all we can to achieve it.

We are launching an effort to promote and ensure compliance with transparency policies that companies have adopted.

In addition, we plan to publish an article soon in a major business review outlining the role of directors when their companies adopt transparency and accountability policies -- and in ensuring compliance.

Most companies take the Index seriously, our experience has shown, and we agree with Microsoft's Dan Bross about the Index driving good behavior. And if companies scheme to evade meaningful disclosure while merely window-dressing for better scores, it could affect their credibility -- negatively -- and ultimately undermine the positive publicity value of any better scores they receive.

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### **On Eve of Election Year, 2015 CPA-Zicklin Index Captures Media Attention**

Big election spending is one of the hottest issues in the upcoming presidential election. In this climate, the 2015 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, showing steady growth in the number of publicly held companies adopting disclosure and restricting spending, has racked up extensive media coverage nationwide.

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The fifth annual Index was released Oct. 8. It provides a benchmarking study of the practices and policies of more companies than ever before, as it has been expanded to examine all companies in the S&P 500. It spotlights corporate political spending transparency – and the lack of it, for some companies – just as the 2016 presidential election cycle is warming up, with plenty of debate about the biggest election spenders, including corporations.

“Voters are mad about mega-donors, and it’s helping Trump and Sanders,” declared a [Washington Post](#) headline on Oct. 14. “[T]here is palpable anger in the electorate about the huge sums that have poured into elections” since the Supreme Court’s *Citizens United* decision in 2010, the Post reported. It said the backlash was especially buoying Republican Donald Trump and democratic socialist Bernie Sanders.

At a debate this month of Democratic presidential candidates in Las Vegas, Sanders decried “this disastrous *Citizens United* Supreme Court decision,” and former U.S. Sen. Jim Webb of Virginia criticized how money “has corrupted our political process, intimidating incumbents.”

You can read the 2015 Index [by clicking here](#). Its data has been integrated into a new political spending database launched by CPA as a one-stop site for journalists, academics, shareholders and other citizens to use.

In a departure from previous coverage, the 2015 Index not only was cited for the benchmarking of hundreds of companies, and comparisons of sectors, it also was acknowledged as a tool promoting greater corporate political transparency. “This Ranking System Is Increasing Corporate Political Disclosure,” a [Huffington Post](#) headline said.

Other articles are available on the [CPA website](#). They include [The Washington Post](#), “Corporations are disclosing more information about their political contributions, study says”; [NPR](#), “New Rankings Highlight Corporate Transparency in Politics”; [San Francisco Chronicle](#), “Tech industry lags in political transparency”; and [Baltimore Sun](#), “Md. companies earn low marks as businesses disclose more political giving.”

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## US Chamber, BRT, NAM Again Blast CPA and Index

Leaders of three of the nation’s business trade association powerhouses, including the U.S. Chamber of Commerce, have blasted the Center for Political Accountability and its fifth annual CPA-Zicklin Index in correspondence to business leaders.

A [Huffington Post](#) article characterized the effort this way: “As more and more corporations adopt rules governing their political activity, large trade associations engaged in Washington lobbying are pushing back.”

The trade association letter was one of several documents with an email from Lisa Rickard, president of the U.S. Chamber of Commerce Institute of Legal Reform, to members of The Carlton Club. The latter group is “made up of the heads of the Washington offices of major U.S. corporations and corporate trade associations,” according to Huffington Post, and has 80 members.

Her email echoed prior assaults by the Chamber and its allies. It said:

**“Without the proper background information, companies included in the Index for the first time this year might find their rank or score alarming at first glance. However, what they may not realize is the CPA is not a disinterested, neutral party, but instead is an advocacy group whose purpose is to push for additional disclosure of corporate lobbying and public policy expenditures as part of an orchestrated campaign to ultimately limit the business community’s ability to engage in political and policy debates. The Index is one of their tools designed to help achieve that goal.”**

Thomas A. Donohue, president and CEO of the Chamber, John Engler, president of the Business Roundtable, and Jay Timmons, president and CEO of the National Association of Manufacturers signed the letter condemning CPA’s efforts “to silence the business community’s voice.”

Also attached to Rickard’s email were, according to Huffington Post, “a handout meant to discredit the Center for Political Accountability; recommendations for how to deflect activist investors seeking greater political disclosure from the company and a Wall Street Journal op-ed attacking CPA and the Index.”

Also lashing out at CPA recently were Brad Smith and Scott Blackburn of The Center for Competitive Politics, mirroring prior statements of that organization. A [Washington Examiner](#) commentary by the pair was headlined, “Progressive activists attempt to silence the business community.”

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## BREAKING NEWS: NY State Comptroller Sues Oracle to Force Political Disclosure

The New York State Comptroller, who oversees one of the nation’s largest public pension funds, sued Oracle on Wednesday to require the company to disclose its political spending with corporate funds.

Filed in Delaware’s Chancery Court, the suit is based on a law known as a books and records demand. In 2013, the comptroller filed a similar suit against chip-maker Qualcomm that led the company to adopt robust political disclosure and accountability policies that placed it at the top of the CPA-Zicklin Index.

According to the suit against Oracle, the company had agreed in 2007 to report annually on its political spending but subsequently failed to do so. A [Bloomberg](#) article said there was no immediate comment from the company.

- “An astonishing 53% of US directors think the [Securities and Exchange Commission] should develop mandatory disclosure rules for corporate political contributions,” Global Proxy Watch reported about a new poll.
- CPA, upon learning that 124 companies have some sort of policy regarding 501(c)(4) nonprofit group spending, has added links to those companies in the new [CPA online database](#) called “What Does Your Company Spend.”
- CPA will regularly check and update all links on the political spending database to ensure that the information provided is timely and accurate. If you see an incorrect or downed link, please contact CPA so any errors can be fixed immediately ([mail@politicalaccountability.net](mailto:mail@politicalaccountability.net)).

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## Kolb Assumes Treasurer Role

CPA Board of Directors member Charles E.M. Kolb has become the organization’s new treasurer. He is the former President of the French-American Foundation. For 15 years, Kolb was President of the Committee for Economic Development. He served as a White House adviser under President George H.W. Bush.

Kolb “is a long-time leader in the effort to achieve corporate political transparency and accountability, and has provided CPA with invaluable counsel,” said CPA President Bruce Freed.

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