

## **Carly Fiorina**

### Fiorina Defended Corporate Tax Loopholes for McCain

**Under Fiorina, H-P Kept \$14 Billion Overseas In Tax Havens, Lowering Tax Rate To 12%.** “By the end of its 2003 fiscal year, Hewlett-Packard Co. had ‘indefinitely’ deferred taxation on \$14.4 billion of foreign earnings, according to SEC filings, a move that helped lower its effective tax rate from the statutory corporate income tax rate of 35 percent to 12 percent.” John McCain constantly cites the 35% corporate rate that what he contends is the “second highest in the world” on the campaign trail as the reason companies shift resources overseas. [Washington Post, 1/2/04; Pittsburg Tribune-Review (Pittsburg, PA), 7/9/08]

**Fiorina Admitted That As CEO, She Kept “Billions” of Profits For HP By Parking Income Overseas.** Carly Fiorina pointed out at an economic roundtable with John McCain that, as CEO of H-P, she purposefully parked “billions” of cash overseas to avoid paying taxes. She said, “The tax rate for us had a huge impact in terms of where we parked cash. And, of course, cash is important in a business, so when we looked at the tax rates here, and what it would cost to bring cash from overseas to here, we left billions of dollars of cash overseas, because of the differences in tax rates.” [McCain Town Hall and Roundtable, (Milwaukee, WI), 4/16/08, <http://www.youtube.com/watch?v=bFBJUmbvq78>]

**Fiorina Defended McCain For Not Wanting To Shut Down Offshore Tax Havens, Said That Business Would Benefit From Reducing Corporate Rates Instead.** During an interview, George Stephanopoulos interrupted Ms. Fiorina, who was arguing that businesses do not benefit from offshore tax havens, and he made the point that companies are allowed to “defer the taxes on those profits as long as they stay overseas” which is the loophole that Senator Obama wanted to close. Fiorina responded saying, “If the tax rate were lowered on businesses in this country, businesses would bring money back. The reason they cannot bring money back is because the tax rate is so onerous.” The segment concluded with Stephanopoulos’ final rebuttal, “Not if they can pay no taxes for leaving them overseas—which is the way the law is right now.” [ABC’s “This Week with George Stephanopoulos,” 5/11/08]

### Isn’t It Bad Enough She’s McCain’s Economic Advisor?

**Fiorina Called the Outsourcing of American Jobs ‘Right Shoring.’** As HP CEO, Fiorina made comments in Washington alongside Intel’s CEO that “drew an unusually strong reaction from workers, who suggested the pair forfeit their own highly paid jobs to Chinese or Russian executives working for a quarter of their pay.” Fiorina said that “there is no job that is America’s God-given right anymore” and had also called what is generally referred to as “offshoring,” the outsourcing of jobs to cheaper labor centers overseas, “right- shoring.” [San Francisco Chronicle, 1/9/04; Investors Business Daily, 1/8/04]

**Fiorina Twice Equated Mortgage Crisis to Toy Recalls.** On a conference call with reporters Fiorina equated the mortgage crisis with a “product recall.” Fiorina said, “When a company has a defective product...those companies routinely bear the expense of a product recall,” she said. “That is what John McCain is asking the mortgage industry to do.” Days later, she made similar comments to Newsweek, saying “When the technology industry puts a product out that they believe might harm their customer, the company bears the burden of recalling that product. I think the mortgage companies and the banks should step to the plate and say, ‘We have put products out there that have harmed our customers, either because we didn't explain them well, or because we pushed them into homes or mortgages that they couldn't afford.’” [Washington Wire, 3/25/08, <http://blogs.wsj.com/washwire/>; Newsweek, 3/31/08, <http://www.newsweek.com/id/128539>]

**Fiorina Asserted That Obama Has “Not Proposed One Single Tax Cut” and “Every Program He’s Proposed Is A Tax Increase.”** Ms. Fiorina said, “Yes, but he’s not proposed one single tax cut. Everything he’s proposed is a tax increase, not a tax cut.” [Fox News Live, 6/10/08]

**Washington Post: Fiorina Wrong.** “Carly Fiorina is wrong to claim that Obama has proposed no tax cuts and wants to raise ‘every tax in the book.’” [Washington Post, Fact Checker Blog, 6/11/08: [blog.washingtonpost.com](http://blog.washingtonpost.com)]

**Carly Fiorina Repeated False Claim That “100 Million” Americans Pay Capital Gains Taxes.** In an interview on the economy, Carly Fiorina, said that increasing the capital gains and dividends tax rates would affect “100 million Americans,” mimicking a Republican National Committee ad and McCain’s campaign trail rhetoric. [Fox News Live, 6/10/08; Republican National Committee Web Ad, 6/9/08, <http://www.gop.com/ChangeWeCantAfford/>; John McCain Town Hall, (Nashville, TN), 6/2/08]

**REALITY: 14 Million Taxpayers, Mostly “Very Wealthy” Affected.** The Tax Policy Center, a joint venture by the Urban Institute and the Brookings Institution has rebutted this false claim, noting that: “But most of these [100 million] shareholders hold assets in 401k plans, which are not subject to capital gains tax. In 2005, less than 14 million taxpayers realized taxable capital gains. And the vast majority of these gains are realized by very wealthy individuals—almost 60 percent by individuals with income over \$1,000,000.” [Tax Policy Center, ‘TaxVox’ Blog, 4/29/08, <http://www.taxpolicycenter.org/numbers/displayatab.cfm?Docid=818&DocTypeID=1>]

**Carly Fiorina Asserted “John McCain Will Balance the Budget By the End of First Term.”** In an interview on the economy, Carly Fiorina said, “Having looked at his economic plan and budget carefully I can tell you that John McCain will balance the budget by the end of the first term while at the same time getting our economy growing and cutting the taxes that he is proposing to cut.” [Fox News Live, 6/10/08]

**REALITY: McCain’s Economic Plan Will Not Pay For His Proposed Spending Increases.** Senator McCain’s promises to cut “pork-barrel spending” in Washington is not enough to pay for his spending proposals, according to a review by the Wall Street Journal. According to the paper, merely “Eliminating earmarks wouldn't restore revenue lost by Sen. McCain's other propositions, including a litany of tax cuts. He plans to not raise taxes, but he also plans to increase the size of the military and institute health-care overhauls.” [Wall Street Journal, 3/14/08]

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**Fiorina Said That “23 Million” Small Businesses File Income Taxes As Individuals, Will Have Taxes Raised If Bush Tax Cuts Are Repealed.** At a breakfast with the Christian Science Monitor, Carly Fiorina maintained that, ‘In the Bush tax cuts, if they are repealed, 23 million small businesses will have their taxes raised. Why? Because 23 million small businesses file their income tax as individuals. And so, when Barack Obama blithely says, only the wealthiest are going to be taxed, he is ignoring the fact that 23 million small businesses file as individuals...’[Time Magazine, “Swampland Blog,” 7/7/08: [time-blog.com/swampland](http://time-blog.com/swampland)]

**Campaign Claim Is “A Preposterously Inflated Figure” and “False.”** Factcheck.org lambasted the McCain campaign for their assertions that 23 million small businesses would have their taxes raised. “McCain has repeatedly claimed that Obama would raise tax rates for 23 million small-business owners. It’s a false and preposterously inflated figure. We find that the overwhelming majority of those small-business owners would see no increase, because they earn too little to be affected.” [FactCheck.org, 7/14/08, [factcheck.org](http://factcheck.org)]

Will She Do To The Country What She Did To Hewlett Packard?

**Fiorina Laid Off Nearly 18,000 HP Workers During ‘Restructuring.’** In October 2003, the company announced that under then-CEO Fiorina’s “restructuring” plan, the company would cut 17,900 jobs. [Omaha-World Herald, 9/29/03]

During an Appearance in Milwaukee Wisconsin, McCain Advisor and Former CEO of HP Fiorina Admitted Keeping HP Profits Overseas Even Though it Hurt US Economy.  
[<http://www.youtube.com/watch?v=bFBJUmbvq78> ]

**Fiorina’s HP Enjoyed Lower Effective Tax Rate Of 12 Percent By Deferring Taxes Overseas.** [In April of 2004,] Sen. John F. Kerry (Mass.), the likely Democratic nominee for president, made such lucrative income-tax deferrals a focal point of his campaign, asserting that they are driving companies to expand abroad. Merck’s numbers appear to back that up, and so do those of several other big U.S. companies. By the end of its 2003 fiscal year, Hewlett-Packard Co. had “indefinitely” deferred taxation on \$14.4 billion of foreign earnings, according to SEC filings, a move that helped lower its effective tax rate from the statutory corporate income tax rate of 35 percent to 12 percent.” [Washington Post, 4/20/04]

**Fiorina Was Fired As CEO Of Hewlett Packard After “Rocky” Tenure Marked by Scandal.** “But until recently, Fiorina’s claim to fame was 5 1/2 rocky years at Hewlett-Packard, where she battled the company’s founding families to push forward with a \$19 billion purchase of Compaq Computer in 2002, then failed to create the profitable computer giant she had promised. In February 2005, she was publicly ousted by HP’s board, but not before she ordered the first of a series of leak investigations that would spin into a highly publicized scandal.” [Washington Post, 4/2/08]

**Fortune: Fiorina More Style Than Substance.** “In the midst of all the competitive pressures bearing down on her, and in the struggle of managing the unwieldy company she created, Carly Fiorina sometimes talks as if she sees a vision all her own. She hauls it out in the opening lines of internal speeches, articulating her goal of making HP ‘the world’s leading technology company.’ The ambition is a curiosity rouser because it implies that she has firmly in mind what company right now holds that title. But that turns out not to be true...But then, you wonder, if

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she doesn't know who the leader is now, how would she know whom HP has to pass and when to claim victory?" [Fortune, 2/7/05]

**Fiorina In “Denial” Describing Her Relations With HP Board as ‘Excellent.’** “Asked to describe her relationship with her board of directors, the embattled Hewlett-Packard chief executive, Carly Fiorina, replied with a single word: ‘Excellent.’ Perhaps she was in denial, or just out of the loop, but Fiorina's confrontational tenure as chief executive of the world's second-largest computer company was unraveling.”[International Herald Tribune 2/12/05]

**Fiorina Received \$42 Million Severance Package From HP.** After being “spectacularly” fired from Hewlett-Packard, Fiorina was awarded a severance package originally valued at \$21 million, which “disgusted” corporate governance advocates at the time, but then The New York Times reported that the company also granted stock options and holdings valued at another \$21.1 million, making her total a severance package of \$42 million. Federal filings at the time indicated that HP helped Ms. Fiorina financially with her mortgage, relocation expenses, and taxes to the tune of 1.6 million between 1999 and 2003. The company also “paid for personal travel on Hewlett-Packard jets for security reasons” and helped with \$50,000 in legal fees. The jet trips were valued at \$184,561 during her time at the company. [The New York Times, 6/6/08, nytimes.com; Associated Press, 2/9/05; Hewlett-Packard Proxy Statements (1999-2005); Securities and Exchange Commission, accessed 3/25/08; The New York Times, 2/12/05]

#### H-P Spying Scandal Began with Leak Investigation Under Fiorina

**Leak Investigation At H-P Began With Fiorina’s Tenure, And Later Erupted Into A Spying Scandal.** After details of the board of directors’ intentions to fire Carly Fiorina became public in the Wall Street Journal, Ms. Fiorina “demanded a confession” from the directors. Following these demands from Fiorina, an aggressive leak investigation that resulted in a “spying scandal” commenced. The San Francisco Chronicle wrote, “The spying scandal dates to early 2005, when then-CEO Carly Fiorina and other directors began looking into leaks of board deliberations to journalists. After Fiorina was fired, her successor as chairwoman, Dunn, pursued the investigation, which eventually pointed to director George Keyworth. Another director, Thomas Perkins, a Keyworth ally, left the board in protest over the handling of the probe. Dunn and Keyworth also later left after the scandal became public last year.” [San Francisco Chronicle, 3/17/07]

**“Extraordinary Tactics” Used In Leak Investigation, Prompting Federal Investigation.** Co-CEO Mark Hurd admitted in September of 2006 that Hewlett-Packard used “disturbing” tactics in an internal leak investigation into the board of directors. The investigation began after a Wall Street Journal article revealed in January of 2005 presumably only what board members would have known—that the board was unhappy with Carly Fiorina’s performance. “[Hurd] offered apologies to H-P board members, journalists and others for violating their privacy, but confirmed only a few details about the tactics employed and when he knew them. The investigation to plug the leaks used a range of extraordinary tactics, including obtaining private phone records using false pretenses and tailing both a director and a reporter for The Wall Street Journal. Another reporter, for CNET News.com, was sent a doctored email by H-P investigators that could provide the sender information about where it was sent.” [Wall Street Journal, 9/23/06]

**H-P Employed Controversial Tactics To Spy On Employees; Employed “Security Outsourcing Inc.” and “Pretexting” Methodology.** The Wall Street Journal reported, “The

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now-controversial tactics have been documented most clearly in 2006 with a new phase of the investigation. Security Outsourcing began gathering private phone records of directors and reporters through false pretenses, called 'pretexting,' said Mr. Holston. The pretexting was the subject of a Sept. 6 story in the Journal, after which H-P came under criminal investigation by federal and California authorities." [Wall Street Journal, 9/23/06]

**California Attorney General Filed Criminal Charges Against HP CEO.** "California Attorney General Bill Lockyer, sending a stern message to corporate America, filed criminal charges against former Hewlett-Packard Co. Chairman Patricia Dunn and four other people in connection with the company's investigations into boardroom leaks. The charges, which stem from H-P's allegedly illegal tactics for acquiring personal phone records, move the H-P imbroglio into an important new phase. The affair already has mushroomed into one of the nation's most embarrassing corporate scandals in years. The criminal proceedings are likely to have implications that go far beyond the particulars of the case, setting precedents for boardrooms, corporate ethicists and private investigators across the nation." [Wall Street Journal, 10/5/06]

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