

The High Cost of Misconduct

Corporate Penalties Reach the Trillion-Dollar Mark



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EXECUTIVE SUMMARY

Regulatory fines, criminal penalties, and class-action settlements paid by corporations in the United States since 2000 have now surpassed \$1 trillion. Over that period of time, total annual payouts for corporate misconduct grew from around \$7 billion per year in the early 2000s to more than \$50 billion in recent years. This amounts to a seven-fold increase in current dollars or a 300% increase in constant dollars.

These figures are derived from Violation Tracker, a wide-ranging database containing information on more than 600,000 cases from about 500 federal, state and local regulatory agencies and prosecutors as well as court data on major private lawsuits.

The database shows that 127 large parent companies have each paid more than \$1 billion in fines and settlements over the past quarter-century. The most penalized industries are financial services and pharmaceuticals, followed by oil and gas, motor vehicles, and utilities.

Bank of America has by far the largest penalty total at \$87 billion. It and other banks, both domestic and foreign, account for six of the 10 most penalized parent companies. The others are BP (mainly because of Deepwater Horizon disaster), Volkswagen (because of its emissions cheating scandal), Johnson & Johnson (largely because of big settlements in cases alleging its talcum powder causes cancer), and PG&E (due to cases accusing it of causing or contributing to wildfires in the West).

Recidivism is a major issue. Half a dozen parent companies—all banks—have each paid \$1 million or more in over 100 different cases, led by Bank of America with 225. Two

dozen parents have at least 50 of these cases on their record.

All of the top 10 and 95 of the 100 most penalized parent companies are publicly traded. The most penalized privately held company is Purdue Pharma, which is going out of business for its role in causing the opioid crisis.

Four of the 10 most penalized parents—BP, UBS, Volkswagen, and Deutsche Bank—are headquartered outside the United States. Of the 100 most penalized parents, 37 are based in 14 foreign countries, with the biggest penalty totals imposed upon parents based in the United Kingdom and Germany.

Actions relating to the financial crisis of the late 2000s—including both the toxic securities whose collapse precipitated the crisis and the shoddy mortgage-origination practices which made those securities toxic—account for the largest portion of the penalties, nearly one-quarter of the total.

Other mega-scandals responsible for big shares of the penalties include: the Deepwater Horizon disaster in the Gulf of Mexico, the marketing of prescription drugs for unapproved purposes, pricing abuses by pharmaceutical companies, the opioid crisis, emissions cheating by Volkswagen, and utility liability for wildfires.

In more than 500 of the cases involving criminal charges, the U.S. Justice Department offered the defendant a deferred prosecution or non-prosecution agreement, thus allowing it to avoid entering a plea. Numerous companies have gotten more than one of these leniency agreements.

The Occupational Safety and Health Administration accounts for more than one-third of the 600,000 cases in Violation Tracker, which includes only fines of \$5,000 or more. Because OSHA's fines have been kept artificially low and are often below that threshold, the

agency accounts for only \$3 billion of the \$1 trillion total.

Cases brought by state and local government prosecutors and regulators account for \$215 billion of the trillion-dollar total. Nearly two-thirds of that amount came from actions brought by groups of state attorneys general or financial regulators acting in concert. California and New York far surpass the rest of the states in the penalties achieved through single-state actions.

We call on prosecutors and regulators to supplement monetary penalties with other kinds of remedies, such as forcing companies to divest from lines of businesses in which they were engaged in serious misconduct. The Justice Department also needs to be more aggressive in bringing criminal charges against individual corporate executives in the most serious cases. Finally, we call for greater consistency among states in their commitment to enforcement.

INTRODUCTION: THE ROAD TO \$1 TRILLION

There are many days when the business news reads like a crime blotter. Large corporations are repeatedly being accused of offenses such as accounting fraud, market manipulation, foreign bribery, invasion of privacy, improper marketing of dangerous drugs, wage theft, and predatory lending. Regulatory violations involving issues such as pollution, workplace hazards, and faulty products are so common that they draw little attention except in the most egregious cases.

The road to \$1 trillion can be traced back to 2001, when a high-flying energy trading company called Enron fell back to earth.

Business journalists, Wall Street analysts and others who had been taken in by the company's hype started to raise questions as they cast a more critical eye toward the company's unorthodox accounting practices. It soon came to light that Enron had been engaged in a massive accounting fraud. The company and its auditor, Arthur Andersen, both went out of business.

Enron was just one of a series of accounting and corruption scandals that erupted in the early 2000s. Others involved companies such as WorldCom, a telecommunications company found to have inflated its assets

by billions of dollars; Tyco International, a security systems company whose CEO was convicted of misusing corporate funds to support a lavish personal lifestyle; and Adelphia Communications, whose principals were found guilty of looting the firm.

Many of the prosecutions which emerged from these scandals targeted individual corporate

executives, such as Kenneth Lay of Enron, Bernard Ebbers of WorldCom, and Dennis Kozlowski of Tyco International. Yet there were also cases brought against the companies themselves and against banks and auditors accused of enabling the misconduct. There are more than two dozen entries in Violation Tracker linked to these scandals, with total penalties exceeding \$6 billion.

MEGA-SCANDALS

The accounting and corruption cases of the early 2000s constitute one of what we are labeling Mega-Scandals. These are cases involving more serious wrongdoing, often affecting large numbers of consumers, workers, or community residents. Fines and settlements in these matters run well into the millions of dollars—and sometimes billions. The offenses are frequently committed by multiple companies. In fact, they may be pervasive in an industry.

Table 1 shows the 10 largest mega-scandals whose penalties account for the largest

portions of our trillion-dollar total. Lists of the individual cases linked to the mega-scandals have been added to the Summaries page of the Violation Tracker website. Here we provide snapshots of some of the largest mega-scandals.

Toxic Securities. The magnitude of the Enron era cases would be dwarfed by another mega-scandal which erupted later in the 2000s. It was the outgrowth of a period of financial deregulation that allowed Wall Street to create a slew of complex investment products backed by shaky home mortgages. When the housing

Table 1. Penalty Totals for Cases Linked to 10 Mega-Scandals

Mega-Scandal	Penalty Total
Toxic Securities	\$148,424,000,000
Mortgage Abuses	\$84,104,995,766
Opioid Crisis	\$70,852,909,664
Price Fixing	\$43,560,101,570
Deepwater Horizon	\$35,854,750,000
Emissions Cheating	\$32,409,305,116
Sanctions Violations	\$25,622,319,767
Pharmaceutical Hazards	\$23,392,652,203
Improper Drug Marketing	\$20,653,020,587
Foreign Bribery	\$19,467,027,661

market softened and many of those mortgages became delinquent, the value of residential mortgage-backed securities plunged. They came to be known as toxic securities.

By 2008 some of the biggest players on Wall Street were teetering. Lehman Brothers went under. Bear Stearns had to be rescued and taken over by JPMorgan Chase, which was also pressured to take over the failing Washington Mutual, an aggressive subprime lender. Merrill Lynch avoided bankruptcy only by agreeing to be acquired by Bank of America, which also took over Countrywide Financial, another major player in the subprime market. Many other banks were propped up by hundreds of billions of dollars from the federal government's Troubled Asset Relief Program.

Wall Street and the country avoided a total financial collapse, but there were significant legal and monetary consequences for the financial institutions held responsible for devising and marketing the risky securities. They found themselves the target of major lawsuits brought by the federal government, state government, institutional investors, and others.

Banks ended up paying more than \$148 billion in fines and settlements. The biggest hit was taken by Bank of America, which shelled out \$24 billion, much of it from lawsuits brought against Merrill Lynch and Countrywide. The total for JPMorgan Chase was \$18 billion, and for Citigroup it was \$16 billion. The following foreign banks, which were active in marketing what turned out to be toxic securities, each paid more than \$10 billion: Deutsche Bank, NatWest, and UBS (whose total includes cases brought against Credit Suisse, which it would later acquire).

Mortgage Abuses. The legal fallout from the financial crisis was also felt by the financial

institutions that originated those shaky home mortgage loans behind the toxic securities. In some cases, they were part of the same banks that marketed the securities. Banks were sued both for luring low-income consumers into unsustainable mortgages and for misleading investors about those practices.

Far and away, the biggest payout in this category came from Bank of America, whose \$53 billion total resulted from giant settlements with the U.S. Justice Department, state attorneys general, the loan guarantee agency Fannie Mae, and others. JPMorgan Chase and Wells Fargo each racked up close to \$9 billion in payouts. Overall, the mortgage abuse cases resulted in fines and settlements of more than \$80 billion.

Deepwater Horizon. It was not long after the financial crisis that the next corporate mega-scandal burst onto the scene. It began on April 20, 2010 when an explosion occurred at the Deepwater Horizon drilling rig operated by BP in the Gulf of Mexico. The accident killed 11 crew members and released a vast amount of oil into the gulf. It turned out to be the largest oil spill in history.

BP—along with the owner of the rig, Transocean, and Halliburton, which helped construct it—faced a wave of litigation alleging deficiencies in their actions before, during, and after the accident. They ended up paying about \$36 billion in settlements, with most of that coming from BP.

Improper Drug Marketing. Apart from financial services, pharmaceuticals account for the largest portion of the penalties documented in Violation Tracker. Drugmakers have been responsible for a variety of mega-scandals. Among them is the practice of marketing products for uses not approved by the U.S. Food and Drug Administration.

There are times when doctors may need to prescribe medications for off-label uses, but the drug companies have been accused of promoting products to users who may be harmed by the unapproved use. Violation Tracker documents more than 60 major cases of this sort, accounting for around \$20 billion of fines and settlements.

Many of these cases were resolved in the early 2000s. For example, in 2004, Warner-Lambert, now part of Pfizer, agreed to plead guilty and pay more than \$430 million to resolve criminal charges and civil liabilities in connection with what was alleged to be illegal and fraudulent promotion of unapproved uses of its Neurontin anti-seizure drug.

Drug Pricing Abuses. Another pharmaceutical mega-scandal involves manipulation of the wholesale price levels companies are required to report to state Medicaid agencies and which are used in determining how much they receive for their products. This reporting is supposed to ensure that the prices being paid by Medicaid are not out of line with those charged to other parties. Drugmakers have repeatedly been accused of reporting inflated prices to Medicaid, and have paid out large amounts in settlements. For instance, in 2016 Pfizer and its subsidiary Wyeth paid \$784 million to resolve allegations that Wyeth knowingly reported to the government false and fraudulent prices on two of its proton pump inhibitor drugs.

Then there is the issue of rebates. Pharmaceutical companies often offer them to private-sector customers to promote their products, but they frequently fail to provide the same benefit to government health programs. Violation Tracker contains numerous cases in which drugmakers were accused of shortchanging government agencies on rebates. In 2021, Bristol-Myers Squibb paid \$75 million to settle one such case.

Generic Pay for Delay. Generic producers are supposed to help reduce drug prices, but they often do the opposite. Along with price-fixing, they often engage in schemes called pay for delay. These are deals in which they receive payments from producers of brand-name drugs whose patent protection is ending to look the other way as those producers use tricks to extend their exclusivity. Pay for delay arrangements are frequently challenged via class action lawsuits, and both brand-name and generic drugmakers have paid billions in settlements.

Earlier this year, for instance, Gilead Sciences agreed to pay over \$246 million to settle litigation alleging it entered into an improper deal to delay the introduction of a generic version of its HIV medications. Pay for delay is apparently so profitable that nine-figure settlements have not put a dent in it.

Opioid Crisis. Yet another pharmaceutical mega-scandal comes out of the reckless promotion of dangerously addictive painkillers such as oxycodone. The biggest culprit, of course, was Perdue Pharma, which in 2020 agreed to pay \$8 billion to resolve criminal and civil charges. The settlement required the company to plead guilty to fraud and other felonies. While in bankruptcy, the company agreed to leave the pharmaceutical business and use its resources to fund opioid addiction treatment, but the settlement was challenged because of a provision shielding the Sackler family, which controlled the company, from liability. The dispute went to the U.S. Supreme Court, which heard the case in December 2023 but has not yet ruled on the matter.

While the fate of the Sacklers remains uncertain, many other companies have faced legal consequences for their role in the opioid

crisis. Along with other drugmakers, these include wholesalers and pharmacy chains accused of ignoring the extraordinary volume of prescriptions coming from dubious sources such as shady pain clinics known as pill mills.

Among the big wholesalers, AmeriSource Bergen and Cardinal Health have each paid over \$6 billion in opioid-related settlements, while McKesson has paid over \$8 billion. Pharmacy giants CVS and Walgreens have each paid over \$5 billion. More cases are pending.

Overall, Violation Tracker documents more than 80 major opioid-related cases with total penalties of about \$70 billion, making it the biggest mega-scandal after toxic securities and mortgage abuses.

Emissions Cheating. Automakers have long grumbled about fuel efficiency standards and rules governing tailpipe emissions. In 2015, it came to light that Volkswagen was circumventing these restrictions by programming the engines in its diesel vehicles to give readings during emissions testing that were far different from the amount of pollution the cars were actually spewing into the air during normal driving.

What came to be called Dieselgate would seriously taint VW's reputation and bring about a wave of enforcement actions and lawsuits against the company. In multiple cases brought by the Justice Department, the Environmental Protection Agency, the Federal Trade Commission, state attorneys general, and others, VW ended up paying more than \$25 billion in fines and settlements.

VW was not the only automaker with an emissions cheating scandal. Mercedes-Benz paid about \$2 billion to settle similar allegations; Fiat Chrysler, now part of Stellantis, paid over \$1 billion.

Bogus Bank Accounts. In the early 2010s, managers at Wells Fargo began putting enormous pressure on bank employees to generate more revenue by persuading existing customers to open additional accounts of various kinds. Faced with impossible demands, many of these low-level bankers found that the only way to meet their quotas was to create the accounts themselves, without notifying the customer. In many cases, this fraudulent activity was apparently sanctioned by supervisors.

The scam came to light in 2016, when the Consumer Financial Protection Bureau announced a \$100 million fine against the bank, which also agreed to pay \$35 million to the Office of the Comptroller of the Currency and \$50 million to the City and County of Los Angeles. These cases were just the first in a series of cases that would ultimately cost Wells Fargo more than \$8 billion.

Wildfire Liability. The devastating wildfires that have swept through parts of the western U.S. in recent years have brought about a new kind of mega-scandal: accusations that major utility companies caused or contributed to those disasters by failing to properly maintain the areas around their power lines.

The primary target of these allegations has been PG&E Corporation, whose operations span northern and central California. Over the past five years, PG&E has paid out over \$16 billion in fines and settlements in case brought by state regulators, the state attorney general's office and other parties.

Edison International, whose subsidiary Southern California Edison is the primary electric utility in southern California, has paid out over \$1 billion in wildfire cases.

FINDINGS

Over the course of the past quarter-century, the annual total of fines and settlements paid by corporations grew from around \$7 billion per year in the early 2000s to more than \$50 billion in recent years (see Table 2). This amounts to a seven-fold increase in current dollars or a 300% increase in constant dollars.

As the table shows, there have been some years in which the total has spiked, only to fall back the following year. That is a reflection of an unusual cluster of cases, especially class action lawsuits. For example, 2008 saw a sharp rise due to a slew of cases in which Wall Street banks were accused of misleading customers into investing in volatile auction rate securities.

Table 2. Annual Totals of Corporate Fines and Settlements documented in Violation Tracker

Year	Penalty Total
2000	\$7,529,107,408
2001	\$7,396,596,552
2002	\$11,462,249,016
2003	\$14,841,257,009
2004	\$15,897,434,371
2005	\$19,935,111,915
2006	\$20,019,502,443
2007	\$22,965,708,659
2008	\$65,736,192,185
2009	\$19,399,409,048
2010	\$24,017,664,734
2011	\$21,186,614,396
2012	\$67,945,706,476
2013	\$74,445,638,229
2014	\$74,331,104,344
2015	\$80,610,161,543
2016	\$52,951,689,646
2017	\$59,034,967,859
2018	\$43,713,582,073
2019	\$42,667,788,516
2020	\$69,613,806,023
2021	\$53,446,420,906
2022	\$71,194,610,927
2023	\$52,546,365,431
2024*	\$9,891,677,229

* 2024 figure is through early March.

Most Penalized Companies

Given its involvement in many giant toxic securities and mortgage abuse settlements, Bank of America has accumulated by far the largest penalty total of any parent company. The list of the most penalized parents in Table 3 shows that it and other banks, both domestic and foreign, dominate the top tier.

Non-bank parents in the top ten include BP (due to Deepwater Horizon), Volkswagen (due to its emissions cheating) and PG&E (due to its wildfire liabilities). One parent in that group not yet discussed is Johnson & Johnson. The company ended up there largely because of the growing costs of litigation alleging that its talc-based baby powder causes ovarian cancer. In 2023, J&J agreed to provide up to \$9 billion over 25 years to resolve current and future talc claims. Looking beyond the top 10, there are 127 parent companies with penalty totals of \$1 billion or more.

Ownership Status. The 10 companies with the largest cumulative penalties are all publicly traded; the same is true for 95 of the top 100. Cases linked to public parents make up about 83% of the \$1 trillion total in Violation Tracker.

The most penalized privately held parents are Purdue Pharma (which is going out of business), Binance Holdings (a cryptocurrency company which was fined over \$4 billion last year for anti-money-laundering deficiencies), JUUL Labs (which has faced allegations of marketing vaping products to minors), Knauf (a German building materials company which paid a \$1 billion settlement related to defective drywall), and Koch Industries (the industrial conglomerate whose founders are known for being staunch opponents of regulation). Violation Tracker also collects data on penalties paid by large non-profit entities, especially health systems. The most penalized non-profit is California-based Sutter Health.

Headquarters Location. Four of the 10 most penalized parents—BP, UBS, Volkswagen, and Deutsche Bank—are headquartered outside the United States. Of the 100 most penalized parents, 37 are based in 14 foreign countries. Of those, the nation that accounts for the largest penalty total is the United Kingdom, mainly due to BP, banks such as NatWest and Barclays, and pharmaceuticals companies such as GlaxoSmithKline. Germany, home to Volkswagen and Deutsche Bank, is second, followed by Switzerland and France.

Table 3. Parent Companies with the Largest Penalty Totals

Rank	Current Parent Name	Total Penalties	Cases
1	Bank of America	\$87,286,650,890	328
2	JPMorgan Chase	\$39,340,688,209	275
3	BP	\$36,486,562,463	409
4	UBS	\$31,069,299,125	179
5	Wells Fargo	\$27,616,269,231	266
6	Citigroup	\$26,945,611,792	181
7	Volkswagen	\$26,154,445,505	111
8	Johnson & Johnson	\$24,497,162,770	88
9	Deutsche Bank	\$20,011,467,563	99
10	PG&E Corp.	\$19,952,607,075	134

Repeat Offenders

Some companies appear in Violation Tracker only once; others show up over and over again. Among the latter, there is great variation in caseloads depending in part on which regulatory agencies the company deals with. For example, the big railroads each have more than 1,000 entries because the Federal Railroad Administration regulates safety by imposing large numbers of relatively small penalties.

To determine which companies have the worst records when it comes to more serious cases, we

calculated the number of penalties of \$1 million or more linked to each parent. As shown in Table 4, the “winners” of this competition turn out to be the big banks. Six of them have been at the losing end of more than 100 such cases. At the top is Bank of America, with a remarkable total of 225 such cases.

Apart from the banks, the parents with the most major penalty cases are CVS Health, AT&T, Walmart, and Teva Pharmaceuticals. Two dozen parents have 50 or more.

Table 4. Parent Companies with 50 or More Cases Involving Penalties of \$1 Million or More

Rank	Parent	Cases
1	Bank of America	225
2	Wells Fargo	169
3	JPMorgan Chase	167
4	Citigroup	125
5	UBS	122
6	Morgan Stanley	102
7	CVS Health	88
8	AT&T	86
9	Deutsche Bank	82
10	Walmart	67
11	Teva Pharmaceutical Industries	63
12	AbbVie	62
12	BP	62
14	Goldman Sachs	61
15	Exxon Mobil	59
16	Verizon Communications	58
16	Volkswagen	58
18	Johnson & Johnson	57
19	HSBC	55
20	Chevron	54
21	UnitedHealth Group	52
22	Bayer	51
22	T-Mobile US	51
24	Apollo Global Management	50

Most Penalized Industries

We have already noted that financial services and pharmaceuticals account for the largest shares of total penalties. Table 5 shows how the other industries rank. Oil and gas is in third place largely because of BP’s fines and settlements related to the Deepwater Horizon disaster. Motor vehicles is fourth primarily because of Volkswagen’s penalties stemming from the emissions cheating scandals, but there have also been large payouts by Toyota in connection with allegations that its vehicles were prone to sudden, unintended acceleration.

Utilities are in fifth place because of the wildfire liabilities of PG&E as well as major environmental settlements signed by companies such as American Electric Power and Duke Energy. Retailing ranks sixth because of the giant opioid payouts by pharmacy chains Walgreens and CVS Health. Chemicals are seventh mainly because of liabilities incurred by the German company Bayer after it acquired Monsanto, whose Roundup allegedly caused cancer.

Wholesalers are in eighth place because of the large opioid payouts by the major drug distributors. Healthcare services comes in at ninth due to numerous False Claims Act charges brought against for-profit hospital chains such as Tenet and HCA for unlawful billing of Medicare and Medicaid. The information technology industry rounds out the list in 10th place as a result of big privacy and antitrust cases involving companies such as Meta Platforms, Alphabet Inc., and Microsoft.

In Violation Tracker, private equity is treated as an industry in which majority-owned portfolio companies are regarded as subsidiaries. We collect data on penalties linked to the holdings of more than 40 of the largest private equity companies. Their combined total is about \$4 billion, making private equity the 20th most penalized industry. The private equity company with the largest penalty total is Apollo Global Management, at \$1.2 billion.

Table 5. Parent Industries with the Largest Penalty Totals

Rank	Parent Industry	Penalty Total	Cases
1	Financial Services	\$387,559,149,282	7,719
2	Pharmaceuticals	\$116,245,163,450	1,270
3	Oil and Gas	\$55,565,445,820	6,561
4	Motor Vehicles	\$46,950,728,206	1,100
5	Utilities and Power Generation	\$46,373,492,557	3,085
6	Retailing	\$28,334,341,503	6,328
7	Chemicals	\$28,035,317,907	5,505
8	Wholesalers	\$25,293,969,880	1,086
9	Healthcare Services	\$23,311,696,485	13,343
10	Information Technology	\$16,433,932,542	435

Offense Groups

Each entry in Violation Tracker is tagged with one of nine broad offense groups. As shown in Table 6, financial offenses—which include categories such as toxic securities, mortgage abuses, and accounting fraud—account for the largest portion of the penalty dollars, by far. Competition-related offenses, which include price-fixing cases, market manipulation and bribery, rank second.

Yet when it comes to the number of cases, the top group is safety-related offenses. That is

largely because of the enormous caseload of the Occupational Safety and Health Administration, which is responsible for more than one-third of all the entries in Violation Tracker. Since its fine structure has been kept artificially low, OSHA’s penalty total (applying our threshold of \$5,000) is only \$3.3 billion—far below that of other regulators such as the Environmental Protection Agency and the Securities and Exchange Commission.

Table 6. Offense Group Totals

Rank	Offense Group	Total Penalties	Cases
1	Financial Offenses	\$286,391,284,995	10,968
2	Competition-Related Offenses	\$151,879,762,284	4,566
3	Consumer-Protection-Related Offenses	\$147,306,892,156	25,126
4	Environment-Related Offenses	\$127,586,364,325	85,227
5	Safety-Related Offenses	\$108,562,339,261	313,921
6	Healthcare-Related Offenses	\$82,244,259,391	41,076
7	Government-Contracting-Related Offenses	\$56,610,292,888	3,865
8	Employment-Related Offenses	\$36,221,987,043	141,883
9	Miscellaneous Offenses	\$5,977,184,595	1,510

Private Litigation

Most of the entries in Violation Tracker involve actions by government agencies, but we also include more than 5,000 class action and multi-district lawsuits. Below are the types of private litigation the database currently covers and which are included in the data analyzed in this report:

- Consumer protection
- Employment discrimination
- Environmental
- ERISA and other retirement plan abuses
- Fair Credit Reporting Act cases
- False advertising
- Non-workplace discrimination
- Price-fixing and other anti-competitive practices
- Privacy and data breaches
- Product Liability
- Wage and hour
- WARN Act

Civil vs. Criminal

The vast majority of the 600,000-plus cases in Violation Tracker are designated as civil actions. Only about 2,000, or .32%, are criminal matters. Yet they account for more than 13% of penalty dollars. These involve a variety of offenses, such as fraud, violation of economic sanctions, foreign bribery, anti-money laundering deficiencies, marketing of drugs for unapproved purposes, and more egregious environmental violations.

More than 500 parent companies have paid criminal penalties totaling about \$135 billion. Twenty-six of those parents paid \$1 billion or more. Table 7 shows the parents that have paid out the most. The French bank BNP Paribas is at the top because of a 2015 case in which it was ordered to forfeit nearly \$9 billion and pay a \$140 million fine for the illegal processing of billions of dollars of transactions through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban entities subject to U.S. economic sanctions.

The other parent on the list not previously discussed is the German insurance company Allianz, which in 2022 agreed to plead guilty to securities fraud in connection with a scheme in

which institutional investors, including public pension funds, were encouraged to invest in risky complex products, resulting in heavy losses. Allianz agreed to pay more than \$3 billion in restitution to the innocent victims of this fraud, pay a criminal fine of approximately \$2.3 billion, and forfeit approximately \$463 million to the federal government.

In many cases, companies are able to resolve criminal charges without a plea. That is because the Justice Department makes extensive use of arrangements known as deferred prosecution agreements and non-prosecution agreements. These are leniency deals by which companies pay substantial penalties but avoid a criminal conviction.

Violation Tracker documents more than 500 cases involving a DPA or an NPA with total penalties of more than \$50 billion. Among the companies that have paid the most in these cases are Wells Fargo (bogus account creation), Goldman Sachs (foreign bribery), Boeing (737 Max safety scandal), and JPMorgan Chase (dealings with the scam artist Bernard Madoff).

Table 7. Parent Companies with the Highest Penalty Totals from Criminal Cases

Rank	Parent	Penalties
1	BNP Paribas	\$9,123,383,000
2	Purdue Pharma	\$8,944,000,000
3	Allianz	\$5,763,000,000
4	BP	\$4,345,500,000
5	Binance Holdings	\$4,316,126,163
6	Volkswagen	\$4,300,000,000
7	UBS	\$4,201,529,916
8	GlaxoSmithKline	\$3,750,000,000
9	Pfizer	\$3,270,600,000
10	Wells Fargo	\$3,198,000,000

Note: Includes penalties from cases with both criminal and civil components.

The theory behind these leniency agreements is that companies will learn from their mistakes and clean up their conduct. Yet there have been numerous instances of companies that signed a DPA or NPA ending up embroiled in another scandal. Amazingly, some of these companies were offered another leniency agreement, thus making a mockery of the deterrence concept. Among the double-dippers are American International Group, Barclays, Boeing, Deutsche Bank, HSBC, and Teva Pharmaceuticals.

State Enforcement

In addition to their role in enforcing state-level regulations, state governments share responsibility for the application of some federal laws, such as the Clean Air Act and the Clean Water Act.

Of the \$215 billion in total state penalties documented in Violation Tracker, nearly two-thirds came as the result of cases in which state attorneys general brought a group action, usually against a large company operating across the country. State securities and insurance regulators often do the same thing.

Financial and consumer protection offenses account for the largest portions of multi-state penalties. The largest such case to date was a 2008 settlement with the Swiss bank UBS, which agreed to pay \$11 billion to resolve allegations that it misled investors in the marketing and sale of auction rate securities. That same year, Countrywide Home Loans paid nearly \$9 billion to resolve allegations of predatory home mortgage practices.

Multistate litigation is also common in enforcing healthcare violations, particularly the role of pharmaceutical manufacturers and distributors in the opioid crisis.

Excluding multi-state cases, state regulation focuses primarily on financial, consumer protection, and environmental offenses. Financial cases account for nearly \$23 billion in penalties—soaring above every other category. Consumer protection and environmental violations follow at \$15 billion and \$13 billion, respectively.

The largest single-state case was a \$2.2 billion penalty paid by BNP Paribas to the New York State Department of Financial Services in 2014. This was part of a larger case that also involved the federal government. In 2020, the California Public Utilities Commission imposed a \$1.9 billion fine on PG&E for its role in the catastrophic 2017 and 2018 wildfires in Northern California.

Variations in state legislation, size, population, or funding can cause wide discrepancies in the penalty totals of the states. As shown in Table 8, those totals range from over \$21 billion in California and New York, to less than \$9 million in South Dakota. California and New York together account for more than half of all state penalties apart from the multi-state cases. Sixteen other states have totals between \$1 billion and \$3.5 billion.

When state penalties are broken down into our nine offense groups, California and New York are at the top in every category except for healthcare-related offenses. The leader in that area is Florida, which has handed out nearly \$2 billion in healthcare penalties since 2000, mostly related to nursing home violations involving resident health and safety. Washington State—renowned for its medical care—comes in second with more than \$830 million in penalties.

Enforcement between states can be difficult to compare because of inconsistent approaches

toward regulation. There are several factors that influence this: the regulatory legislation itself, enforcement capacity, and disclosure of information. Depending on the state's political culture, there may be a gap at any of these stages.

Some of the disparities among state penalty totals is likely due to inadequate disclosure practices rather than an actual lack of enforcement. We collect all the enforcement data posted online and then file open records

requests for the rest. Those requests are not always honored. Some states, such as Arkansas, deny requests from non-residents. Others take extended periods of time to fulfill requests. This may be due to underfunding or understaffing, or to a reluctance to release the kind of comprehensive data we request. One notable example of this is the New York Department of Labor, which has failed to disclose any enforcement data to us, despite several requests.

Table 8: State Penalty Totals

State	Penalty Total	State	Penalty Total
Multi-State Actions	\$133,984,652,349	Nevada	\$502,415,228
California	\$21,373,319,716	Virginia	\$462,596,869
New York	\$21,254,741,342	Oklahoma	\$440,243,127
Texas	\$3,533,312,600	District of Columbia	\$396,352,131
Massachusetts	\$3,015,438,519	Louisiana	\$388,494,243
New Jersey	\$2,880,816,922	Hawaii	\$323,180,502
Florida	\$2,482,309,692	Indiana	\$261,294,469
Ohio	\$1,897,877,124	Delaware	\$245,893,142
Washington	\$1,697,411,806	Wisconsin	\$238,427,446
Arizona	\$1,686,036,138	Montana	\$221,506,666
Michigan	\$1,395,011,101	Iowa	\$184,907,318
Illinois	\$1,297,321,221	Tennessee	\$172,894,873
Connecticut	\$1,284,936,355	Georgia	\$163,868,705
Pennsylvania	\$1,250,805,393	Arkansas	\$141,270,583
Minnesota	\$1,212,532,773	Idaho	\$94,561,339
North Carolina	\$1,179,843,799	Rhode Island	\$93,939,610
West Virginia	\$1,177,206,084	South Carolina	\$92,022,994
New Mexico	\$1,143,400,009	Vermont	\$71,254,548
Oregon	\$1,081,082,450	Kansas	\$55,366,641
Alaska	\$967,296,828	North Dakota	\$50,229,848
Mississippi	\$871,613,040	Wyoming	\$44,157,772
Maryland	\$849,613,845	New York	\$17,590,959
Colorado	\$763,233,434	Maine	\$40,618,147
Alabama	\$667,947,199	Nebraska	\$39,945,213
Kentucky	\$627,737,343	Utah	\$29,000,701
New Hampshire	\$533,512,475	South Dakota	\$8,755,288
Missouri	\$531,611,885	Grand Total	\$215,403,818,845

Local Enforcement

Local governments generally bring enforcement actions against small businesses, and many of the penalties involved are below the \$5,000 threshold used in Violation Tracker. Yet there are some notable exceptions.

These are seen mainly in California, where county district attorneys and city attorney offices in several municipalities often bring substantial cases against larger companies. They do so both individually and in multi-district joint actions. Regional air quality management districts in the state are also active in enforcement.

Violation Tracker contains more than 3,500 entries from local prosecutors and regulators

in California, with total penalties of more than \$3 billion. The largest case was a \$1 billion settlement between 18 local public entities and PG&E concerning three major wildfires.

Another local prosecutor that has brought major cases is the Manhattan District Attorney's Office in New York. A majority of its most significant actions have targeted large foreign banks for violating economic sanctions. Other active local regulators include the New York City Commission on Human Rights, the Allegheny County Health Department in Pennsylvania (which enforces air pollution laws), and the regional clean air agencies in Washington State. Also worth mentioning are units being created in larger localities to combat wage theft.

CONCLUSION

The fact that penalties have reached the 10-figure level suggests that during the past quarter century we have been living through a continuous corporate crime wave. Every year, companies pay out billions of dollars for a wide range of offenses. Many large corporations are fined or enter into settlements over and over again, often for the same or similar misconduct. Monetary penalties are meant in part to deter future transgressions, but there is no indication that is happening. Instead, the fines and settlements seem to be regarded as little more than a cost of doing business. Presumably, the profits from wrongdoing outweigh the penalties.

At one time, companies were more concerned about being labeled a rulebreaker or a lawbreaker. These days, there is so much misconduct that only the most egregious

transgressions stand out. And even in those cases, companies can assume that their sins will be forgotten before too long. That seems to be what is happening with the likes of Volkswagen and Wells Fargo, which have spent heavily to repair their images after the emissions cheating and bogus bank account scandals.

It is odd that amid a move to return to tougher policies to combat street crime, there is not an analogous effort to crack down on corporate crime. Instead, the Justice Department continues to employ leniency agreements that have frequently been ineffective in getting rogue companies to change their ways. The DOJ also remains reluctant to bring criminal charges against corporate executives, except in the most flagrant circumstances. In a few cases, DOJ has experimented with different approaches,

including forcing companies to exit lines of business in which they behaved illegally. Last year, for example, Teva Pharmaceuticals and Glenmark Pharmaceuticals were not only fined for scheming to fix prices of several generic drugs—they had to divest their operations relating to one of the drugs. That kind of penalty should shake up companies more than fines alone and thus should be used more frequently. The DOJ also needs to be more aggressive in bringing criminal charges against individual corporate executives in the most serious cases.

Under the Biden Administration, many federal regulatory agencies have been pursuing their mission diligently, though they have to contend with understaffing and inadequate budgets. Agencies such as the Consumer Financial Protection Bureau and the Federal Trade Commission also face corporate-instigated legal challenges to their power, while the Supreme

Court may soon issue a ruling which would weaken all federal regulators.

State governments generally do a good job in targeting larger companies in their multi-state actions, though some states participate in only a limited number of those cases. As for single-state enforcement, states such as South Dakota and Utah need to increase their activity. Taking what appears to be a half-hearted approach to enforcement deprives residents of the protections contained both in state regulations and in the federal laws the states help to enforce.

Numerous states also need to improve their disclosure practices, so that the public can see how much enforcement they are actually doing. More vigorous enforcement is also needed at the local level in most states to duplicate the achievements of county and city agencies in California and New York.

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