II. Corporate crime

A. Definition

B. Types and consequences

1. Knowingly selling dangerous and defective products.

a. vs murder and assault

b. Merck, Ford-Firestone, Ford Pinto

2. Knowingly polluting the environment with toxic and hazardous waste.

a. death and disease

b. Monsanto, GE, Kerr-McGee, PG&E

3. Knowingly exposing workers to dangerous and hazardous conditions (intentionally concealing from the workers those conditions)

a. 60,000 deaths annually, 340,000 permanently disable

b. W.R. Grace, Johns Manville, Southern Company

4. Corporate fraud: deceptive and illegal economic practices

a. avg year: $200 billion vs $4 billion

b. recent corporate crime :

i. stock market : $5 to $7 trillion

ii. Calpirs : $500 billion

iii. individuals: 30% to 90% of their

401Ks

c. : Enron, Merrill Lynch, Arthur Andersen, CitiGroup,

Worldcom

5. Violation of labor laws: Walmart

a. time card fraud b. off the clock OT

c. illegal workers d. gender discrimination

e. illegal anti-union activities

6. Human rights violations: Unocal, Shell, Enron, Occidental Petroleum,

Mobil, Freeport McRoMan, Halliburton

a. Funded extra-legal violence against indigenous people

b. Used forced and slave labor as workers

c. Acted with governments engaged in ethnic cleansing

d. sweatshops

II. Corporate Crime: Bias of the System

A. Different system of criminal justice

1. Mass media

a. Failure to label corporate crime relative

to its consequences

b. Ford-Firestone vs Scott Peterson

i. “willfully and knowingly kept unsafe products on the market”

ii. killed 200, injured +700

c. Jack Welch former CEO of GE

i. a media darling: model CEO

ii. GE 1990-2001 42 criminal violations for which it was fined or ordered to pay restitution

iii. selling defective nuclear reactor parts,

defective jet engine parts, polluting air and

water of Hanford, WA with radioactive waste,

creating the biggest Superfund site.

d. Ken “Kenny Boy” Lay

i. force employees to buy Enron stock for 401Ks, stipulate they can’t sell

ii. manipulate the company books so that

stock prices go up, then sell make 10s of millions

iii. workers 401Ks become 101 Ks

2. Political system: a. corporate friendly laws

a. Congress passes tort reform laws: limit corporate liability

b. Regulatory agencies

i. limit resources by underfunding: enforcement

ii. limit power: voluntary recalls, insignificant fines

iii. FDA, Department of Agriculture

iv. “revolving door”: EPA, Dept of Interior, SEC

3. Civil jurisdiction

a. punishment: fines, damages (cost-benefit analysis)

b. gag orders

c. legal resources

d. influence judges

i. campaign financing

ii. “seminars”

.

II. Types of corporate crime

A. knowingly selling dangerous and defective products

1. 28,000 deaths, 130,000 injuries

2. Examples

a. Ford Pinto

b. Corvair

c. GM pick-up

d. Ford-Firestone

e. cigarettes

f. BAT and the black market

B. knowingly polluting the environment with toxic or

hazardous waste that causes illness or death

1. environmental costs

a. Superfund sites

b. $100 billion to $200 billion

2. Human costs

a. cancer, birth defects, immune system

b.

3. social costs

a. health costs

b.

4. examples

a. Love Canal - Hooker Chemical

b. GE -Hudson 200 miles 100 million tons

c.Texaco Orient

d. Shell and Mobil - Nigeria

e. GE and Westinghouse - Washington

f. PG&E - hexavalent chromium

g. Monsanto PCBs

h. Dupont and GM leaded gasoline

i. BP/Amoco

i. illegally disposed of hazardous waste in

Alaska's Northe Slope

ii. violate both Clean Air and Clean Water Act

C. knowingly exposing workers to dangerous and hazardous conditions

1. human costs

a. death

b. disease and injury

2. environmental costs

a. destruction of environment

b. cost of clean-up

3. social costs

a. health expenses

b. destruction of families and communities

4. examples

a. John Mansville - asbestos

1. 1920s knew effects

2. company documents 1930s

3. kept knowledge from workers

can get into everything

b. meat packing

c. black lung

d. white lung

e. clean rooms

f. Philips Petroleum

i. 26 peopel killed in 10 years

ii. last accident 1999 one dead 23 injured

iii. OSHA $2.5 million fine

D. corporate fraud, price gouging, collusion, tax evasion

1. human cost

2. environmental costs

3. social costs

4. examples

a. GE 14 x since 1990

b. 60% of top 600 corporations

c. Lockheed falsifying tests

d. Raytheon falsifying tests for MDS

e. Columbia/HCA false billing, defrauding health care

f. Blue Cross/Blue Shield false claims to medicare

g. ADM price fixing

h. BP Amoco $32 million

i. False Claims Act underpaid royalties

ii. oil on federal and Indian lands

E. Violation of labor laws, hours, wage, etc

1. human costs

a. illness and disease

b.

2. environmental costs

a.

b.

3. social costs

4. examples

a. Nike, Gap, Disney sweatshops

i. no overtime pay, mandatory ot

ii. anti-union activities

iii. forced and slave labor

iv. harassment

v. exposure

F. Human Rights violations

1. Universal Declaration of Human Rights 1948

2. UNOCAL, Mobil, Shell, Enron, Occidental Petroleum

Freeport McRoMan have done one or more of the following:

a. funded extra-legal violence against indigenous

people

i. indirectly: resources

ii. direct payments to military, paramilitary

b. knowingly acted with non- democratic governments that used slave and forced labor to complete corporate projects

c. knowingly acted with non-democratic governments that destroyed villages to complete corporate projects

d. knowingly acted with governments engaged in

ethnic cleansing and state terrorism

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