II. Corporate crime

A. Definition

B. Example: Ford Pinto

1. Developing the Pinto

2. Problems

3. Deaths/Injury

4. Cost benefit Analysis

5. Pay outs and gag orders

6. Taking responsibility?

7. Victim rights?

B. Types and consequences

1. Knowingly selling dangerous and defective products.

a. 27,000 deaths annually (U.S. Consumer Products Safety Commission)

b. Merck/Vioxx(100,000 +)

c. Ford-Firestone (200)

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

a. death and disease

b. Monsanto/ Anniston, AL

c. GE and Hanford, WA/ Hudson River

d. Kerr-McGee and Navajo Nation

e. 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 and Libby, Montana

c. John Mansville and asbestos

d. Mining industry

e. KBR/civilian workers and National Guard

4. Corporate fraud: deceptive and illegal economic practices

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

b. New City Lines and mass transit

c. Enron corporate crime :

i. stock market : $5 to $7 trillion

ii. Calpirs : $500 billion

iii. individuals: 30% to 90% of their

401Ks

iv. Enron, Merrill Lynch, Arthur Andersen, CitiGroup,

Worldcom

c. Banks, predatory loans, and corporate crime

i. $540 trillion

ii. bailout

d. 60%/500 corps

e. Health care: Columbia/HCA, Blue Cross, Blue Shield

f. Royalities: BP Amoco

g. Overcharging: KBR/Iraq

5. Violation of labor laws

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, Chevron Texaco

a. Funded extra-legal violence against indigenous people (Shell, Chiquita)

i. Ogoni people: non-violent march

ii. response: fund paramilitary “Kill and Go”

b. Used forced and slave labor as workers (Target, Gap)

c. Acted with governments engaged in ethnic cleansing (Unocal)

d. Knowingly polluted environment: Chevron Texaco

C. Ecuador v Texaco

1.Class Action Law Suit : 30,000 Ecuadorans, incl several indigenous tribes.

"They accuse Texaco of causing vast destruction to the Oriente, a spectacular stretch of rainforest that dips beneath the Andes Mountains to form the eastern half of Ecuador.

2.What is the Oriente ?

a. tropical biologist: "the richest biotic zone on earth . . .

a kind of global epicenter of biodiversity"

b. 10,000 varieties of plants, fishes, and birds many endangered

c. home to indigenous people

3. Texaco's acts

a. oil spills totaling 16.8 million gallons

b. discharged 4.3 million gallons of highly toxic 'produced

water" per day

c. dumped heavy metals into unlined pits

d. when pits got too full, T burned them over

resulting in "black rain"

e. Vegetation turned black and creeks line with

petroleum

4. consequenes

a.indigenous people forced off the land and

b.locals that remain have a 400% cancer rate

c. animals poisoned

d. rivers, streams, wells polluted

III. Corporate Crime: Bias of the System

A. Perception

1. Mass media

a. news: “a few bad apples”

b. entertainment: Law and Order: Corporate Crime?

c. Ford-Firestone vs Scott Peterson

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

ii. killed 200, injured +700

d. Jack Welch: Time Magazine cover

i. 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.

2. Politicians: “not tough on corporate crime”

a. tort reform laws: limit corporate liability

b. regulatory agencies

i. limit funding

ii. limit enforcement

iii. revolving door

c. oil executive: no oath

B. Treatment

1. Civil courts or regulatory hearings

a. punishment: fines

b. gag orders

2. Criminal courts: deferred prosecution agreements, non-prosecution agreements