



## Obama Finale: \$20 Billion in Corporate Fines

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The Obama administration assessed \$20 billion in corporate fines and settlements in its final days, according to new data from the nonprofit group Good Jobs First in Washington, D.C.

Between 2010 and 2016, the Obama administration racked up more than \$320 billion in corporate fines and settlements, Good Jobs First reports.

The dollar amounts recorded in the final year of Obama's term will be more than anything previously posted, said Philip Mattera, the Good Jobs First research director.

"The Obama approach has been to seek unprecedented levels of settlements compared to any previous administration," Mattera told AMI Newswire.

President Obama's final offensive against corporations for financial, environmental, health and other alleged misconduct could mark the high point in terms of penalties levied, Mattera said. President Trump's emphasis on deregulation may mean business misconduct will now be less of a priority, Mattera said.

"We're assuming that there are going to be fewer such cases, and we're not going to see these types of settlements," Mattera said.

Recent cases tracked by Good Jobs First include payouts of \$7.2 billion from Deutsche Bank, \$5.3 billion from Credit Suisse and \$4.3 billion from Volkswagen.

The level of corporate wrongdoing suggested by the recent settlements and fines should give pause to advocates of deregulation, said Mattera. But other analysts express concerns about how the payouts affect overall economic activity and whether they truly reflect willful, onerous corporate behavior.

"What we increasingly saw with the Obama Department of Justice was essentially extortion, where paying even large fines was cheaper than the sustained cost of litigation plus reputational damage," Ilya Shapiro, senior fellow in constitutional studies at the Cato Institute, told AMI in an email. "To add insult to that injury, much of the money paid in fines went not to the U.S. Treasury but to pet political causes. That's certainly a problem because it indicates collusion between prosecutors and various private interests."

AMI's examination of some of the settlement data from 2011 to 2017 shows that the actual number of corporate penalties recorded went down over that period, from 20,075 in 2011 to

13,319 in 2016. But the number of billion-dollar penalties rose over time, from zero in 2010 to nine in 2014. The opening weeks of 2017 alone saw four settlements of over \$1 billion each.

Good Jobs First has yet to post earlier data on corporate penalties from the George W. Bush administration but will do so by this fall, according to the organization's executive director, Greg LeRoy.

"We certainly want to educate people about corporate crime trends," LeRoy told AMI. "... We think these agencies are good and keep people safe."

It's atypical to have a big batch of big-money cases resolved in a few months, Mattera said of the final data amounts from the Obama administration. "That's kind of unusual to have that many billion-dollar cases happening within a short time," he said.

Where the funds go and how effective they are in deterring problem business behavior can be a complex topic. Many of the funds go into the general U.S. Treasury, while other awards are earmarked for environmental remediation and another chunk of the payouts goes to private citizens to compensate them for past wrongs, according to LeRoy.

The number of federal criminal offenses, combined with hundreds of thousands of regulations whose violation can result in sanctions, means it's more likely that even careful businesses will commit some technical violations, according to Cato Senior Fellow Walter Olson. This is true even if there is no guilty intent, Olson said in a recent Cato guide on white-collar prosecutions.

And several years ago, Toyota agreed to pay more than \$1 billion to the federal government in a settlement over the problem of accidental acceleration, although the National Highway Traffic Safety Administration concluded that cars made by the Japanese auto giant were not subject to this problem, Olson said.

"While I have not had a chance yet to focus in particular on the last couple of months of the Obama administration, I believe some of its earlier fee settlements, such as those with Toyota, were excessive, arbitrary, unjust or all three," Olson said in an email to AMI.

After the 2008 financial crisis, he said, "major banks had agreed to pay record settlements, some going to investors and consumers, but with hundreds of millions also going to nonprofit organizations." Those groups also happened to be political allies of key Democrats in power, according to Olson.

The Justice Department, the main player in the fines and settlement cases, has now become "the nation's most powerful business regulator without anyone's having designed it that way," he said.