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New Corporate Misconduct Database Identifies Largest Environmental, Health and Safety Violators

Washington, DC, October 27, 2015—Eight large corporations and their subsidiaries have each been penalized more than \$1 billion for environmental, health and safety cases brought by federal regulatory agencies since 2010. A total of 40 parent companies have paid \$100 million or more in such penalties. The list is topped by BP, whose \$25 billion total—coming mostly from cases relating to the 2010 Deepwater Horizon disaster—far exceeds that of any other company. (“Penalty” is defined here as including not only federal cash fines but also related state fines as well as the cost of supplementary environmental projects companies are often compelled to undertake as part of settlements).

These are some of the key findings of a report entitled [*BP and Its Brethren*](#) that analyzes the information contained in Violation Tracker, a new online database of corporate misconduct. Both the database and the report were produced by the Corporate Research Project of Good Jobs First and are available to the public at violationtracker.org. Funding for the initial version of Violation Tracker and the report was provided by the Bauman Foundation.

The database includes about 100,000 cases with penalties of \$5,000 or more initiated by the Environmental Protection Agency, the Occupational Safety & Health Administration and 11 other federal agencies dealing with the environment and a wide range of health and safety issues. It also includes settlements and verdicts in cases, both civil and criminal, referred by those agencies to the Justice Department. Additional violation categories will be added in the future.

“Violation Tracker is an important step in creating a comprehensive database of corporate crime in the United States,” said Good Jobs First Research Director Philip Mattera, who heads the Corporate Research Project and led the work on Violation Tracker. “The never-ending cases of corporate wrongdoing, seen most recently in the Volkswagen emissions scandal, make it essential for policymakers, advocates, journalists, and the general public to have access to systematic information across agencies.”

Using a proprietary system of parent-subsidiary matching developed by Good Jobs First for its Subsidy Tracker database, Violation Tracker links the companies named in the violations to their current ultimate corporate parents. Users can see not only individual records but also aggregate penalty totals for the period since 2010 for more than 1,600 parents. “We are pleased to employ our matching system to enhance another dataset of vital public interest,” said Good Jobs First Executive Director Greg LeRoy.

Other findings from the Violation Tracker data:

- The corporations with the most penalties are: BP (\$25.4 billion), Anadarko Petroleum (\$5.2 billion), GlaxoSmithKline (\$3.8 billion), Johnson & Johnson (\$2.4 billion), Abbott Laboratories (\$1.5 billion), Transocean (\$1.4 billion), Toyota (\$1.3 billion) and Alliant Energy (\$1.0 billion). The penalty total of all entries in Violation Tracker is about \$60 billion.
- BP's \$25 billion puts oil and gas at the top of the ranking of industries by total penalties. The pharmaceutical industry is second, due to a series of major cases involving the promotion of medications for uses not approved as safe by the Food and Drug Administration. Utilities rank third, due to cases involving power plant emissions. In fourth place is the auto industry, thanks mainly to a \$1.2 billion penalty paid by Toyota and a \$900 million fine against General Motors, both for safety issues. The chemical industry, with a wide range of violations, is fifth.
- Large corporations are responsible for the vast majority of the penalties. Companies on the Fortune 500 and the non-U.S. portion of the Fortune Global 500 together account for 81 percent of Violation Tracker's total penalty universe.
- Foreign companies operating in the United States represent a large share of the violations. In fact, given that BP is one of those foreign parents, the penalty total for that group is *larger* than for U.S.-based firms: \$34 billion vs. \$21 billion. Even without BP, foreign parents account for \$9 billion in penalties. Companies that have reincorporated abroad for tax reasons are excluded from this breakdown.
- There are substantial overlaps between the companies penalized by the different agencies, especially between EPA and OSHA. Some companies show up on more than one of the lists of top-ten penalized firms by agency. BP shows up on four: EPA, OSHA, the Pipeline & Hazardous Materials Safety Administration, and multi-agency cases handled by the Justice Department.
- A comparison of the 100 parents with the most penalties in Violation Tracker to the 100 most-subsidized in Subsidy Tracker finds 16 overlaps, mainly automakers such as Toyota and General Motors.
- Along with actual foreign companies, the most penalized parents include some companies that have "inverted" (reincorporated or merged abroad) and thus claim to be foreign to dodge U.S. taxes. The tax runaway with the largest penalty total is Transocean, which leased the ill-fated Deepwater Horizon drilling rig to BP and which was fined a total of \$1.4 billion in connection with the accident. "Inverted" firms have \$2.9 billion in penalties.
- Leading federal contractors are among the most-penalized companies. Of the 100 largest contractors in FY2014, ten are also among the biggest penalty parents in Violation Tracker, including: four pharmaceutical producers (GlaxoSmithKline, Merck, Pfizer and Sanofi); two

oil giants (Royal Dutch Shell and Exxon Mobil) and three military contractors (Honeywell, General Electric and Boeing). Conglomerate Berkshire Hathaway is also on the list.

- Not all large corporations are major violators. Among Fortune 50 firms, there are 21 with environmental, health and safety penalties below \$50,000, including 11 with no penalties found. Such companies are predominantly in financial services, information technology, retail and wholesale. The one goods-producing company on the list is Apple, but it famously does nearly all its manufacturing offshore and thus outside the jurisdiction of U.S. regulators.

“The fact that so many of the companies in Violation Tracker are repeat offenders,” Mattera added, “highlights the need to find more effective ways to deter corporate recidivists.”

Note: the data in Violation Tracker was prepared in coordination with the Center for Effective Government as part of its research for its *Blowing Smoke* report.

REGULATORY AGENCIES COVERED IN VIOLATION TRACKER

- Bureau of Safety and Environmental Enforcement
- Consumer Product Safety Commission
- Energy Department Office of Enforcement
- Environmental Protection Agency
- Federal Aviation Administration
- Federal Motor Carrier Safety Administration
- Federal Railroad Administration
- Food and Drug Administration
- Mine Safety & Health Administration
- National Highway Traffic Safety Administration
- Nuclear Regulatory Commission
- Occupational Safety & Health Administration
- Pipeline and Hazardous Materials Safety Administration

Violation Tracker also contains information on settlements or verdicts obtained by the Justice Department in cases referred to it by these agencies as well as a limited number of environmental cases referred by four other agencies:

- National Oceanographic and Atmospheric Administration
- U.S. Coast Guard
- U.S. Department of Agriculture
- U.S. Fish and Wildlife Service