

Rogues Gallery of Major Corporate Legal Settlements

Serious Wrongdoing Too Often Gets Treated as a Cost of Business and Deducted from Future Taxes

The following list of recent major corporate settlements displays a harrowing array of harms to the public. After government agencies sought redress for corporate wrongdoing, they negotiated with the companies for payments that were presumably less than the agency would have ordered in damages or fines if it had chosen to go through with a protracted lawsuit.

Though far from complete, the list of settlements at the end of this fact sheet also illustrates how, all too often, a company that pays a settlement for its wrongdoing ends up repeating the misbehavior merely to pay another settlement later.

Hidden Costs to Taxpayers

There is often a hidden cost to taxpayers from these settlements. When a corporation pays a fine, it's not allowed to deduct the cost as a business expense for tax purposes. But when companies pay a *settlement*, then companies typically write off the costs on their taxes, shifting the burden in part back onto taxpayers and the government.

When a company is offered a tax-deductible settlement for its misdeeds, the public loses four times over. First, the public suffers the direct impact of corporate wrongdoing. Second, taxpayers are forced to shoulder part of the penalty by covering the lost revenue in the form of higher tax rates or cuts to public programs. Third, future deterrence of corporate wrongdoing is weakened. And fourth, the absence of a trial eliminates opportunities for a public airing of evidence about corporate misdeeds and the lax regulations that can lead to them.

The Example of BP

Two years ago, the oil and gas company BP claimed \$10 billion in tax credits by writing off \$37.2 billion put aside for expenses related to the Gulf oil spill disaster.¹ Taxpayers were effectively forced to shoulder half the bill for the \$20 billion restitution fund the company established, which has paid out about \$6 billion and would be the source of a new \$7.8 billion private settlement with businesses and individuals.²

The federal government is now preparing its case for billions in environmental fines, including Clean Water Act violations. Under the Act, the fine per barrel of oil spilled ranges from \$1,100 to \$4,300, depending on whether gross negligence is proven.³ In theory, the federal government could seek the maximum penalty on the five million barrels it estimates were spilled, creating \$21.5 billion in fines, plus any punitive damages—none of which could be written off as tax deductions. But it's more likely that the government will accept a lesser settlement and avoid going to trial.

If so, the public should watch whether a potential settlement includes these hidden tax subsidies. The true amount of any settlement amount will be substantially less than the headlines proclaim, unless the settlement prohibits a tax deduction. Past studies indicate that agencies typically fail to negotiate on tax deductibility, and even when they levy civil penalties – which aren't supposed to be deductible – companies typically deduct them anyway unless explicitly told otherwise.⁴

There is Another Way

Forbidding tax write-offs on settlements has been rare but does happen. For example, the SEC required that its \$535 million civil penalty agreement with Goldman Sachs in 2010 would not be deductible.⁵

Corporate lawyers and lobbyists argue that it would be unfair to prevent writing off these costs as normal business expenses when the company hasn't admitted guilt and is paying the agreed amount. Such arguments make more sense in the context of a small business whose guilt is uncertain than for a behemoth like BP that government investigations show has clearly committed wrong.⁶ There is no question that

BP acted improperly, even if they do not legally admit guilt. The question from the outset has been how much the oil and gas giant would pay and whether or not it would go to trial.

We may feel sympathetic for a small business forced to settle with the feds because they can't afford the legal fees; but with BP, the shoe is on the other foot. The federal agency is likely to feel strapped if it has to dedicate limited legal staff to a single case that could last many years against a corporate opponent with a better resourced legal team. There may be further pressure to resolve the issue quickly so the agency leaders can claim political credit and revenue while still in office.

There is nothing new about rules dictating that certain business outlays not be treated officially as costs. It is standard practice for policy makers to determine what kind of business expenses are allowable tax deductions. The Internal Revenue Service regulations are filled with definitions that spell out such things as how much of a home bathroom can count for a home office or how much of a family automobile can count when it's also used for business. Corporations moreover define their own costs to their shareholders under accounting principles that are different from the rules defining company costs for tax purposes, with different rules for treating stock options and asset depreciation, for example.

The fact that laws already prescribe that *fines* can't be written off as a business cost demonstrates that Congress already has determined that some costs incurred by business should not simply be treated as a business risk for tax purposes. It has been all too rare for federal agencies to similarly assert this principle. Some kinds of expenses that a company might pay simply should not be viewed as legitimate costs of doing business.

The Department of Justice would do well in any potential settlement not to allow BP to write off the costs of its disastrous spill. Other agencies should also be aggressive about disallowing tax deduction when companies wrongly treat public harm as an acceptable business risk.

Three Rogues Galleries

The following sampling of recent major corporate settlement is selected from three sources.

1. The first is derived from an internet search of the 30 companies comprising the Dow Jones Industrial Average, which analysts have determined are the largest and most influential companies in the stock market. Twenty-eight of these corporations had identifiable major legal settlements in our search. Many of the short descriptions are quoted or paraphrased from the media sources that are listed for these settlements.
2. The second list of legal settlements is a sampling from a list of settlements published by the Securities and Exchange Commission.
3. The third is a similar list provided by the Environmental Protection Agency.

Settlements by the Dow Jones 30

Company	Agency	Year	Settlement Amount	Notes	More info
3M	EEOC	2011	\$3,000,000	Case brought by class of former employees who said the company laid off hundreds of workers over age 45.	http://articles.boston.com/2011-08-23/business/29919498_1_3m-age-bias-age-discrimination
Alcoa	EPA	2003	\$334,000,000	One of a series of cases in the PSD/NSR enforcement effort to bring the power plant industry into full compliance with the Clean Air Act. The agreement resolves certain violations applicable when "grandfathered" facilities are expanded in a way that increases emissions.	http://www.epa.gov/compliance/resources/cases/civil/caa/alcoafs.pdf
American Express	NH state securities reg.	2005	\$7,400,000	In response to allegations that the company illegally rewarded its financial advisers who steered clients toward underperforming in-house mutual funds.	http://www.fosters.com/apps/pbcs.dll/article?AID=/20050713/NEWS0201/107130009
AT&T	DOJ (IL)	2011	\$956,160,000	AT&T is facilitating the refund of improper taxes charged to customers who use AT&T phones to access Internet services.	http://www.bizjournals.com/kansascity/news/2011/06/06/att-may-face-1b-settlement-because.html
Bank of America (Countrywide)	DOJ	2011	\$335,000,000	In the largest residential fair-lending settlement in history, Bank of America agreed to pay \$335 million to settle allegations that its Countrywide Financial unit discriminated against black and Hispanic borrowers.	http://www.nytimes.com/2011/12/22/business/us-settlement-reported-on-countrywide-lending.html
Countrywide	FTC	2010	\$108,000,000	In response to charges that they collected excessive fees from cash-strapped borrowers who were struggling to keep their homes. The \$108 million represents one of the largest judgments imposed in an FTC case, and the largest mortgage servicing case.	http://www.ftc.gov/opa/2010/06/countrywide.shtm
Bank of America, Wells Fargo, JP Morgan Chase, Citigroup, and Ally	DOJ	2012	\$25,000,000,000	To release the banks - Bank of America, Wells Fargo, JPMorgan Chase, Citigroup, and Ally Financial - from civil government claims over faulty foreclosures and the mishandling of requests for loan modifications.	http://www.reuters.com/article/2012/02/10/us-mortgage-settlement-idUSTRE81600F20120210
Boeing	DOJ	2012	\$4,400,000	Managers instructed mechanics assigned to the Chinook program to perform other nonbillable work while separately billing the government for their time, resulting in the government being double-charged.	http://www.bizjournals.com/philadelphia/news/2012/01/20/justice-dept-issues-its-version-of.html
Caterpillar	EPA/DOJ	2011	\$2,550,000	The result of allegations brought against Caterpillar for shipping highway and non-road diesel engines without the proper emissions controls in violation of the Clean Air Act.	http://www.epa.gov/compliance/resources/cases/civil/caa/caterpillarmac11.html
Caterpillar	Federal District Court	2010	\$16,250,000	CAT employees and retirees paid excessive fees to remain invested in the company's four 401(K) plans. CAT breached its duties under ERISA by allowing people to pay excessive fees while it maintained excess cash in the stock investment fund.	http://www.topclassactions.com/lawsuit-settlements/lawsuit-news/764-caterpillar-401k-class-action-settlement
Chevron Corp	State of ME	2011	\$900,000	Settlement was in response to a 140,000 gallon oil leak that occurred in the Penobscot River between 1950-1980. The fine will fund an environmental conservation project.	http://bangordailynews.com/2011/07/15/business/chevron-to-pay-900k-in-oil-spill-settlement/
Coca-Cola	DOJ	2008	\$137,500,000	In 1999 Coca-Cola forced bottlers to purchase hundreds of millions of dollars of beverage concentrate to make sales seem higher. This artificially inflated Coca-Cola's financial numbers and gave investors a false picture of the company's health.	http://www.reuters.com/article/2008/07/07/businesspro-cocacola-settlement-dc-idUSN0635652020080707
Coca-Cola	Labor Department	2000	\$156,000,000	Coke was accused of creating a corporate hierarchy where black employees were stuck at the bottom of the pay scale.	http://www.nytimes.com/2000/11/17/business/coca-cola-settles-racial-bias-case.html?pagewanted=all&src=pm
E.I. du Pont de Nemours	EPA	2005	\$16,500,000	The settlement resolves DuPont's violations related to the synthetic chemical perfluorooctanoic acid (PFOA) under the Toxic Substances Control Act (TSCA) and the Resource Conservation and Recovery Act (RCRA). The settlement package requires DuPont to pay \$10.25 million in civil penalties and perform Supplemental Environmental Projects worth \$6.25 million.	http://www.epa.gov/compliance/resources/cases/civil/tscal/dupont1205.html

Settlements by the Dow Jones 30

Company	Agency	Year	Settlement Amount	Notes	More info
ExxonMobil	MT Dept of Environmental Quality	2012	\$1,600,000	ExxonMobil agreed to pay Montana \$1.6 million in penalties over water pollution caused by a pipeline break that fouled dozens of miles of shoreline along the scenic Yellowstone River. Exxon will pay \$300,000 in cash and spend \$1.3 million on future environmental projects.	http://www.tampabay.com/news/article1211504.ece
General Electric	DOJ/SEC/IRS	2011	\$34,250,000	25 states alleged that the GE Funding division defrauded state agencies, municipalities, school districts and not-for-profits in their purchase of guaranteed investment contracts. The agreement alleges that certain traders at GE Funding engaged in conduct that guaranteed that GE Funding would win a bid by arranging for other financial institutions to submit purposely non-winning bids.	http://www.boston.com/Boston/businessupdates/2011/12/mass-participates-million-settlement/u6rG5BYXl36Us6mURtpTPO/index.html
General Electric	DOJ	2011	\$30,000,000	The settlement resolves claims that one of GE Healthcare companies marketed a drug used in cardiology tests as one that could be diluted and stretched to more patients than intended.	http://www.usatoday.com/money/industries/health/story/2011-12-29/ge-healthcare-settlement-30-million-dollars/52268818/1
General Electric	SEC	2009	\$50,000,000	GE and SEC reached a settlement in a case accusing GE of improper accounting in order to make its financials appear more attractive to investors.	http://www.msnbc.msn.com/id/32286882/ns/business-us_business/ge-pay-million-sec-settlement/-_T3Dea-xWp-Q
Hewlett Packard	US Consumer Product Safety Commission	2010	\$5,000,000	HP reached a settlement in 3 separate suits under one class-action in which plaintiffs had one of 3 claims: The HP Inkjet said it was low on ink when it was not; the printers used color ink in addition to black ink when printing; and ink cartridges shut down when ink still remained in them.	http://news.consumerreports.org/electronics/2010/11/class-action-settlement-involving-hewlett-packard-company-inkjet-printers.html
Hewlett Packard	US Consumer Product Safety Commission	2012	\$425,000	Settled a claim that HP knowingly sold laptops with hazardous batteries that could overheat or catch fire. After 22 incidents involving batteries were reported to HP by Sept 2007, they failed to report these incidents for another 10 months to the Commission.	http://www.povworld.com/businesscenter/article/248641/hp_pays_425000_to_settle_claims_over_hazardous_laptop_batteries.html
Hewlett Packard	FCC/DOJ	2010	\$16,250,000	HP allegedly committed fraud in order to win contracts for government E-rate programs, which fund internet connections in schools and libraries. HP and other companies gave gifts to personnel in Dallas and Houston to get contracts which included about \$17 million in HP equipment.	http://www.computerweekly.com/news/1280094324/HP-pays-1625m-in-fraud-settlement
Home Depot	DOJ (NY)	2012	\$100,000	Home Depot allegedly sold trailers without any brakes and misrepresented to the public that these trailers weighed less in order to comply with laws.	http://www.bizjournals.com/atlanta/news/2012/03/09/home-depot-pays-100k-to-settle.html
Home Depot	CA state court	2010	\$25,500,000	Home Depot settled in a lawsuit brought forth by California employees who claimed they were not allowed to take lunch or rest breaks in violation of the state's labor laws.	http://www.ajc.com/business/home-depot-settles-california-467783.html
Home Depot	EPA	2008	\$1,300,000	Home Depot agreed to a settlement to resolve alleged Clean Water Act violations that were discovered from store water run-off that contained sediment, debris and other pollutants from over 30 construction sites in 28 states where new Home Depot stores are being built.	http://www.epa.gov/compliance/resources/cases/civil/cwal/homedepot1207.html
Intel	FTC	2010	\$1,250,000,000	Intel had been redesigning its products mainly to harm a competitor, and retaliated against computer makers for using chips from Intel's rival AMD.	http://www.usatoday.com/money/industries/technology/2010-08-04-intel-antitrust-settlement_N.htm
IBM	US SEC	2011	\$10,000,000	From 1998-2009, IBM subsidiaries were allegedly involved in widespread bribery in Asia in exchange for contracts worth millions for IBM. These wrongdoings included some employees giving shopping bags full of money to South Korean officials, and expensive gifts and trips arranged for members of the Chinese government.	http://www.theinquirer.net/inquirer/news/2035621/ibm-pays-usd10-million-bribery-settlement
Johnson & Johnson	SEC/DOJ	2011	\$70,000,000	Settlement for civil and criminal charges against Johnson & Johnson for allegedly bribing doctors in Europe and paying kickbacks to Iraq to win business.	http://www.forbes.com/sites/halahtouryalai/2011/04/08/johnson-johnson-coughs-up-70-million-in-bribery-settlement/

Settlements by the Dow Jones 30

Company	Agency	Year	Settlement Amount	Notes	More info
Johnson & Johnson	DOJ	2012	\$158,000,000	Settlement for Johnson & Johnson for improperly marketing its Risperdal anti-psychotic drug to Texas residents in the Medicaid program.	http://www.nytimes.com/2011/08/10/business/johnson-johnson-to-settle-charge-over-risperdal-marketing.html
JPMorgan Chase	US District Court NY	2012	\$150,000,000	Settlement between JPMorgan Chase with the AFTRA retirement fund among others to cover losses from toxic hedge fund investments from the Sigma Finance fund, who called the deal "fair and reasonable." The chargers alleged that analysts ignored "warning signs" in 2007 about hedge fund risks which lost AFTRA and others a "substantial portion" of their money.	http://www.deadline.com/2012/03/jpmorgan-chase-aftra-settlement-lawsuit-hedge-funds/
JPMorgan Chase	Treasury Department	2011	\$88,300,000	The settlement covers multiple violations of international sanctions, including ones against Iran, Sudan, Liberia, and Cuba. Violations occurred between 2005-2011, and according to the Treasury they "acted with knowledge of the conduct constituting the apparent violations, and recklessly failed to exercise a minimal degree of caution or care."	http://money.cnn.com/2011/08/25/news/companies/jpmorgan_chase_sanctions/index.htm
JPMorgan Chase	SEC/DOJ	2011	\$211,000,000	JPMorgan was alleged to frequently manipulate a bidding process to win investment business from municipalities. Allegations claim that JPMorgan employees conspired with competitors to win business from cities looking to invest bonds.	http://articles.latimes.com/2011/jul/08/business/la-fi-jpmorgan-bid-rigging-20110708
JPMorgan Chase	US District Court FL	2012	\$110,000,000	Preliminary agreement was set in February 2012, which, still needs to be approved by the court, to settle an overdraft fee class action lawsuit. Chase was accused of processing the largest transactions first rather than in chronological order in order to maximize overdraft fees to depositors.	http://www.bizjournals.com/southflorida/news/2012/02/07/jpmorgan-could-pay-110m-in-overdraft.html
Kraft Foods	EPA	2009	\$8,100,000	130 residents of Attica claimed that two probable human carcinogens had leaked into ground water and seeped into their homes from a plant that Kraft Foods took over. Kraft also agreed to pay for clean up of the plant site and deal with the contaminated groundwater.	http://www.lawyersandsettlements.com/settlements/15834/kraft-foods-environmental-class-action-attica.html
McDonalds	State courts in CA, IL, NJ, TX, WA	2002	\$10,000,000	McDonald's agreed to pay \$10 million to vegetarian and religious groups for using beef flavoring in its french fries. These groups claim that the company misled consumers in that McDonald's wrongly described their fries as vegetarian when they used beef ingredients in fries sold in the US and some other countries.	http://www.nytimes.com/2002/03/09/us/mcdonald-5-to-settle-suits-on-beef-flavor-in-french-fries.html
McDonalds	CA state court	2005	\$8,500,000	McDonald's agreed to donate \$7 million to the American Heart Association to settle lawsuits over the type of fat used in cooking. They will also spend an additional \$1.5 million to raise awareness of the unhealthy effects of trans fats.	http://www.insurancejournal.com/news/national/2005/02/15/51451.htm
Microsoft	State of WI	2006	\$224,000,000	Plaintiffs in Wisconsin claimed that Microsoft stifled competition and broke state anti-trust laws by overcharging consumers for software and computers. Microsoft denied wrongdoing, but reached similar settlements in class-actions settlements with many other states (CA, IA, TN, MN)	http://www.jsonline.com/news/education/89481022.html
Pfizer	DOJ	2009	\$2,300,000,000	Pfizer settled amid allegations that it illegally marketed its painkiller Bextra. Pfizer instructed sales reps to tell doctors the drug could be used for treatment for which it had not been approved, and lobbied doctors with vacations to coax them to prescribe the drug.	http://www.nytimes.com/2009/09/03/business/03health.html
Pfizer	SEC/DOJ	2011	\$60,000,000	Pfizer settled to resolve probes into whether the company paid bribes to win business overseas. The Foreign Corrupt Practices Act bars companies from paying bribes to foreign officials to obtain business.	http://online.wsj.com/article/SB10001424052970203710704577050303870770014.html
Procter & Gamble	US District Courts	2001	\$3,159,000	Parents sued claiming that one of P&G's Pampers products caused severe rashes, blisters and chemical burns.	http://breakinglawsuitsnews.com/procter-and-gamble-settles-pampers-lawsuit/

Settlements by the Dow Jones 30

Company	Agency	Year	Settlement Amount	Notes	More info
Verizon	EEOC	2011	\$20,000,000	Verizon was charged with violating the ADA by not making exceptions to its "no fault" attendance plans in order to accommodate employees with disabilities.	http://www.eeoc.gov/eeoc/newsroom/release/7-6-11/a.cfm
Verizon	DOJ	2011	\$93,500,000	Justice officials claimed that a Verizon subsidiary overbilled the federal government for surcharges including property taxes and public utility commission fees.	http://legaltimes.typepad.com/blt/2011/04/verizon-agrees-to-935m-false-claims-settlement.html
Verizon	MA DOJ	2011	\$800,000	Verizon agreed to settle charges that it overbilled Massachusetts cities and towns for phone services. The overbilling occurred in 2006 after inaccurate information was programmed into a new billing software.	http://articles.boston.com/2011-12-17/business/30529334_1_verizon-wireless-billing-verizon-communications
Wal-Mart	MA DOJ	2009	\$40,000,000	This is the largest wage-and-hour class-action settlement in Massachusetts history. It accused Walmart of denying workers rest and meal breaks, refusing to pay overtime, and manipulating time cards.	http://www.boston.com/news/local/massachusetts/articles/2009/12/03/wal_mart_will_pay_40m_to_workers/
Wal-Mart	CA DOJ	2010	\$86,000,000	Walmart will pay thousands of former workers in California for accusations of failing to pay vacation, overtime, and other wages.	http://www.reuters.com/article/2010/05/12/us-walmart-lawsuit-settlement-idUSTRE64B3MG20100512
Wal-Mart	MO DOJ	2012	\$1,250,000	Walmart will pay penalties to cover improper disposal of unsold products such as charcoal, potting soil, herbicides and pesticides by a contractor who lacked the permits to dispose such items.	http://www.ky3.com/news/ky3-walmart-settlement-with-missouri-20120316_0_6748048.story
Walt Disney	FTC	2011	\$3,000,000	Walt Disney Co. agreed to settle charges that its Playdom division's online virtual world violated federal rules designed to protect the safety and privacy of children under 13 on the Internet.	http://latimesblogs.latimes.com/entertainmentnewsbuzz/2011/05/disney-playdom.html

SEC Settlements

Company	Agency	Year	Settlement Amount	Notes
Ally Financial (formerly GMAC)	DOJ and States' Attorney Generals	2012	\$310,000,000	This was part of an agreement between the Department of Justice, 49 states, and five of the country's biggest banks over robo-signing and other abuses related to mortgage servicing. One part of the settlement comprised \$110 million in fines to state and federal governments, while the remaining \$200 million will go to programs aimed at helping homeowners refinance or write-down their loans.
American Home Mortgage	SEC	2009	\$2,450,000	Three executives at American Home Mortgage, which filed for bankruptcy in 2007, were charged with misleading auditors and investors about the state of the company's finances and the bad loans they had taken on. The former CEO, Michael Strauss, settled for \$2.45 million and a 5-year ban on serving as officer of a public company.
Bank of America	SEC	2010	\$150,000,000	Bank of America was charged with misleading investors about the financial troubles—and extraordinary bonuses—at Merrill Lynch at the time that Bank of America acquired the company.
Bank of America	DOJ	2012	\$11,820,000,000	As part of the big mortgage-servicing abuse settlement, the total includes the bank's \$1 billion payment to the Federal Housing Authority to settle charges that it sent them shoddy loans to insure, \$3.24 billion in penalties to federal and state governments, and \$8.58 billion in homeowner relief programs.
Bear Stearns	SEC	2012	\$1,000,000	Two Bear Stearns execs, Ralph Cioffi and Matthew Tannin, were hit with civil charges alleging that they committed fraud by negligence before Bear Stearns crashed over bad mortgage-related investments in 2008. Both executives will be banned from the securities industry for a few years.
Charles Schwab	SEC	2011	\$118,000,000	Charles Schwab was charged with misrepresenting the riskiness of one of its mutual funds, which was heavy on mortgage-backed securities and other high-risk assets.
Citigroup	SEC	2010	\$75,000,000	Citigroup was charged with underreporting its exposure to subprime mortgage assets by billions of dollars.
Citigroup	SEC	2011	\$258,000,000	Citi seemingly positioned itself against its investors' interests and was charged with misleading investors over a \$1 billion CDO called Class V Funding III. Citi took a position wherein Citi would benefit if the CDO defaulted. The money would be distributed to affected investors, but a judge has refused to sign the order, claiming its terms are not fair or in the public interest. The SEC is appealing his decision.
Citigroup	DOJ and States' Attorney Generals	2012	\$2,205,000,000	As part of the big mortgage-servicing abuse settlement, \$415 million will be paid in penalties to federal and state governments, and \$1.79 billion in homeowner relief programs.
Citigroup	DOJ	2012	\$158,000,000	Citibank was charged with passing on bad loans to the Federal Housing Authority to insure, in a whistleblower case that alleged Citi actively undermined the process that was supposed to check for fraudulent or risky loans.
Countrywide (Bank of America)	SEC	2010	\$67,500,000	Three former executives of Countrywide Financial, which was bought by Bank of America in 2008, were charged with insider trading and misleading investors about subprime mortgage risks. Countrywide's former CEO, Angelo Mozilo, was hit with the bulk of the penalties and was permanently barred from serving as officer of a public company.
Countrywide (Bank of America)	DOJ	2011	\$20,000,000	Countrywide was charged with illegally foreclosing on 160 members of the military without court orders, violating a federal law meant to protect servicemembers' finances.
Goldman Sachs	SEC	2010	\$550,000,000	Goldman was charged with misleading investors over a subprime collateralized debt obligation called Abacus 2007-AC1. Goldman failed to tell investors that the hedge fund Paulson & Co. was involved in the creation of Abacus and placing bets against it.
JP Morgan	SEC	2011	\$153,000,000	JP Morgan was charged with fraud over its handling of the collateralized debt obligation called Squared. The company failed to disclose to investors that the hedge-fund Magnetar had been involved in the creation of the CDO, while it stood to benefit if Squared defaulted.
JP Morgan	DOJ and States' Attorney Generals	2012	\$5,290,000,000	As part of the big mortgage-servicing abuse settlement, \$1.08 billion will be paid in penalties to state and local governments, and \$4.21 billion in homeowner relief programs.
Merrill Lynch	SEC	2011	\$10,000,000	Merrill Lynch was charged with using customer information to make trades for its own benefit, and charging unfair mark-ups.
Morgan Keegan (Regions Bank)	SEC	2011	\$200,000,000	The investment arm of Regions Bank, Morgan Keegan, was charged with fraud over mispricing and misrepresenting its subprime mortgage backed securities.
State Street	SEC	2010	\$300,000,000	The Boston-based financial firm was charged with misleading investors about its exposure to subprime mortgage risk, while disclosing more complete information to particular investors.
TD Ameritrade	SEC	2011	\$10,000,000	TD Ameritrade was charged with misleading investors about a money market fund that was supposed to be a safe bet, but which tanked in 2008.
Wachovia (Wells Fargo)	SEC	2011	\$11,000,000	Wachovia, which was bought by Wells Fargo in 2008, was charged with marking up the cost of a struggling collateralized debt obligation for investors, among them the Zuni Indian Tribe.
Wells Fargo	DOJ and States' Attorney Generals	2012	\$4,350,000,000	As part of the big mortgage-servicing abuse settlement, \$1.01 billion will be paid in penalties to state and local governments, and \$3.34 billion in homeowner relief programs.

EPA Settlements

Case	Agency	Year	Civil Penalty	Other Costs of Settlement (Cleanup, New Tech, etc.)	Notes	More Info
Coffeyville Resources Refining & Marketing Settlement	EPA	2012	\$970,000	\$10,750,000	For alleged violations of clean air, superfund and right-to-know laws in Coffeyville, KS.	http://www.epa.gov/compliance/resources/cases/civil/caa/coffeyville.html
MOEX Offshore 2007 LLC Settlement	EPA	2012	\$70,000,000	\$20,000,000	Liability in Deepwater Horizon oil spill, Gulf of Mexico	http://www.epa.gov/compliance/resources/cases/civil/caa/moex.html
Dover Chemical Company Settlement	EPA	2012	\$1,400,000		For alleged violation of Toxic Substances Control Act in Dover, OH and Hammond, TN.	http://www.epa.gov/compliance/resources/cases/civil/tsca/doverchemical.html
Southern Wood Piedmont Financial Assurance Settlement	EPA	2012	\$317,000		Hazardous waste financial assurance violations	http://epa.gov/compliance/resources/cases/civil/cra/swp.html
Essroc Cement Company Settlement	EPA	2011	\$1,700,000	\$33,745,000	Alleged Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/essroc.html
California Portland Company Settlement	EPA	2011	\$1,425,000	\$1,300,000	Alleged Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/calportland.html
Wright Brothers Construction Company and Georgia Department of Transportation Settlement	EPA	2011	\$1,500,000	\$1,300,000	Alleged Clean Water Act violations in Rabun Co., GA	http://www.epa.gov/compliance/resources/cases/civil/cwa/wrightbrothers.html
Agrifos Fertilizer Company Settlement	EPA	2011	\$1,800,000		Alleged Clean Air Act and Resource Conservation and Recovery Act violations.	http://www.epa.gov/compliance/resources/cases/civil/cra/agrifos.html
BP Financial Assurance Settlement	EPA	2011	\$426,500		Hazardous waste, drinking water, and Superfund financial assurance violations	http://www.epa.gov/compliance/resources/cases/civil/cra/bpalskainc.html
Midnite Mine Superfund Site Settlement with Dawn Mining Company, Newmont USA Limited, and the Department of Interior	EPA	2011		\$193,000,000	Cost recovery of Superfund site clean-up	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/midnitemine/index.html
Merck & Co., Inc. Settlement	EPA	2011	\$1,500,000		Multiple permit violations	http://www.epa.gov/compliance/resources/cases/civil/mm/merck.html
Trident Seafoods Corp. Clean Water Act Settlement	EPA	2011	\$2,500,000		Alleged violations of Clean Water Act	http://www.epa.gov/compliance/resources/cases/civil/cwa/tridentseafoods.html
EPA issues Order for Aerojet General Corporation Superfund Site	EPA	2011		\$60,000,000	Superfund site clean-up	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/aerojet.html
EPA issues Order for San Gabriel Valley Superfund Site Area 4 - Puente Valley	EPA	2011		\$20,000,000	Superfund site clean-up	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/puentevalley.html
Dow Chemical Company Settlement	EPA	2011	\$2,500,000		Alleged Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act violations	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/puentevalley.html
Hecia Mining Company Settlement for the Bunker Hill Mining and Metallurgical Complex Superfund Site	EPA	2011		\$263,400,000	Resolving liabilities at Superfund site	http://www.epa.gov/compliance/resources/cases/civil/mm/dowchemical.html

EPA Settlements

Case	Agency	Year	Civil Penalty	Other Costs of Settlement (Cleanup, New Tech, etc.)	Notes	More Info
Union Pacific Railroad and Gould Electronics Inc. Consent Decrees for Omaha Lead Superfund Site	EPA	2011		\$26,150,000	Superfund site clean-up	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/upgould/upgould-omaha.html
Mahard Egg Farm, Inc. Clean Water Act Settlement	EPA	2011	\$1,900,000	\$3,500,000	Alleged Clean Water Act violations	http://www.epa.gov/compliance/resources/cases/civil/cwa/mahardegg.html
Rocky Mountain Pipeline Clean Air Act Settlement	EPA	2011	\$2,500,000		Alleged Clean Air Act and fuel quality violations	http://www.epa.gov/compliance/resources/cases/civil/caa/rockymountainpipeline.html
BP North Slope Clean Water Act Settlement	EPA	2011	\$25,000,000		Oil spill Clean Water Act violation	http://www.epa.gov/compliance/resources/cases/civil/cwa/bpnorthslope.html
Terra Industries Clean Air Act Settlement	EPA	2011	\$625,000	\$17,000,000	Alleged Clean Air Act violations	http://epa.gov/compliance/resources/cases/civil/caa/terra.html
Corrective Action Cleanup work to begin at Former Pharmacia and Upjohn Facility	EPA	2011		\$150,000,000	Clean-up of historical pollution build-up	http://www.epa.gov/compliance/resources/cases/cleanup/rkra/pharmacia.html
Settlement Reached at Plymouth Wood Treating Plant Site	EPA	2011		\$5,159,000	Site pollution clean-up	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/plymouthwood.html
Consol Energy Clean Water Act Settlement	EPA	2011	\$5,500,000	\$200,000,000	Clean Water Act violations	http://www.epa.gov/compliance/resources/cases/civil/cwa/consol.html
Arch Coal Clean Water Act Settlement	EPA	2011	\$4,000,000		Alleged Clean Water Act violations	http://www.epa.gov/compliance/resources/cases/civil/cwa/arch.html
PowerTrain, Inc., Wood Sales Company, Inc. and Toolmart, Inc. Clean Air Act Settlement	EPA	2011	\$2,000,000		Alleged Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/powertrain.html
CEMEX Fairborn Plant Clean Air Act Settlement	EPA	2011	\$1,400,000	\$2,000,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/cemex/airborn.html
Hovensa LLC Clean Air Act Settlement	EPA	2011	\$5,375,000	\$700,000,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/hovensa.html
Northern Indiana Public Service Company Clean Air Act Settlement	EPA	2011	\$3,500,000	\$9,500,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/nipsco.html
Settlement Reached at Sutton Brook Disposal Area Site in Massachusetts	EPA	2010		\$30,000,000	Landfill clean-up (multiple defendants)	http://www.epa.gov/compliance/resources/cases/cleanup/cercla/suttonbrook.html
Doe Run Resources Corporation Settlement	EPA	2010	\$7,000,000	\$65,000,000	Multiple violations	http://www.epa.gov/compliance/resources/cases/civil/mm/idoerun.html
BP North America Settlement	EPA	2010	\$15,000,000		Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/rkra/bptexas.html
Murphy Oil USA Clean Air Act Settlement	EPA	2010	\$1,250,000	\$143,500,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/murphyoil.html
Air Products LLC Settlement	EPA	2010	\$1,500,000		Hazardous waste violations	http://www.epa.gov/compliance/resources/cases/civil/rkra/airproducts.html
Plains All American Pipeline Settlement	EPA	2010	\$3,250,000	\$41,000,000	Oil spill Clean Water Act violation	http://www.epa.gov/compliance/resources/cases/civil/cwa/plainspipeline.html
CF Industries, Inc. Settlement	EPA	2010	\$700,000	\$12,000,000	Resource Conservations and Recovery Act violation	http://www.epa.gov/compliance/resources/cases/civil/rkra/cfindustries.html

EPA Settlements

Case	Agency	Year	Civil Penalty	Other Costs of Settlement (Cleanup, New Tech, etc.)	Notes	More Info
Hoosier Energy Rural Electric Cooperative, Inc. Settlement	EPA	2010	\$950,000	\$5,000,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/hoosier.html
Monsanto Company FIFRA Settlement Information Sheet	EPA	2010	\$2,500,000		Federal Insecticide, Fungicide and Rodenticide Act violation	http://www.epa.gov/compliance/resources/cases/civil/fifra/monsanto-infosht.html
American Municipal Power Clean Air Act Settlement	EPA	2010	\$850,000	\$15,000,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/americanmunicipalpower.html
The Pep Boys Manny, Moe and Jack and Baja, Inc. Settlement	EPA	2010	\$5,000,000		Clean Air Act violations	http://epa.gov/compliance/resources/cases/civil/caa/pepboys.html
Hovnanian Enterprises, Inc. Settlement	EPA	2010	\$1,000,000		Clean Water Act violations	http://www.epa.gov/compliance/resources/cases/civil/cwa/hovnanian.html
Shell Chemical LP/Shell Chemical Yabucoa, Inc.	EPA	2010	\$3,300,000	\$6,200,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/shellchemical.html
Cummins Inc. Clean Air Act Settlement	EPA	2010	\$2,100,000		Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/cumminsinc.html
Westar Energy, Inc. Settlement	EPA	2010	\$3,000,000	\$506,000,000	Clean Air Act violations	http://www.epa.gov/compliance/resources/cases/civil/caa/westarenergy.html

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Endnotes

- 1 Neil King, Jr., "BP Seeks Tax Cut on Cleanup Costs," Wall Street Journal, July 28 2010, <http://online.wsj.com/article/SB10001424052748703292704575393640168030582.html>.
- 2 Daniel Politi, "BP Reaches Settlement in Gulf Spill," Slate, March 3, 2012, http://slate.com/posts/2012/03/03/bp_reaches_7_8_billion_gulf_spill_settlement.html.
- 3 Neil King, Jr., "BP Seeks Tax Cut on Cleanup Costs," Wall Street Journal, July 28 2010, <http://online.wsj.com/article/SB10001424052748703292704575393640168030582.html>.
- 4 U.S. Government Accountability Office, "Systematic Information Sharing Would Help IRS Determine the Deductibility of Civil Settlement Payments," September 15, 2005, <http://www.gao.gov/products/GAO-05-747>.
- 5 Ryan J. Donmoyer, "Goldman Waives Tax Deduction on SEC Settlement," Bloomberg, July 16, 2010, <http://bloomberg.com/news/2010-07-16/goldman-waives-tax-deduction-on-sec-settlement.html>.
- 6 Bureau of Ocean Energy Management, Regulation and Enforcement, "Deepwater Horizon Joint Investigation Team Releases Final Report," September 14, 2011, <http://www.boemre.gov/ooc/press/2011/press0914.htm>.