

Nader'08 Gonzalez

ISSUE STATEMENT Market – Corporate Crime

To illustrate how little has changed in four years, other than conditions becoming worse, the 2008 Nader/Gonzalez campaign is posting these policy positions on various injustices, necessities, and redirections that were prepared initially for the 2004 Nader/Camejo campaign. Such a short historical context should give our supporters and viewers an even greater sense of urgency to stop the corporate interests' and the corporate governments' autocratic control -- and the resulting deterioration -- of our society and country.

Nader Proposes Crackdown on Corporate Crime, Fraud and Abuse

The US needs to crackdown on corporate crime, fraud and abuse that have in the last four years looted and drained trillions of dollars from workers, investors, pension holders and consumers. Among the reforms needed are resources to prosecute and convict the corporate executive crooks and to democratize corporate governance so shareholders have real power; pay back ill-gotten gains; rein in executive pay; and enact corporate sunshine laws, among others.

Below are twelve initial steps for an effective crackdown on corporate crime, fraud and abuse. The Nader campaign will return to this issue and expand the discussion on the solution to corporate crime and abuse.

- *Increase Corporate Crime Prosecution Budgets:* The Department of Justice's corporate crime division and the Securities and Exchange Commission have been chronically under funded and therefore do not have sufficient resources to combat the corporate crime wave in the United States. This results in inadequate investigation, settlement of cases for weak fines, and ignoring many corporate crime violators completely. There needs to be a strong corporate law and order will in the White House.
- *Ban Corporate Criminals from Government Contracts:* The US should enact a tough, serious debarment statute that would deny federal business to serious and/or repeat corporate lawbreakers. The federal government spends \$265 billion annually on goods and services. These contracts should not support corporate criminals. These standards should also apply to procurement contracts in Iraq.
- *Crack Down on Corporate Tax Avoidance:* The US should punish corporate tax escapees by closing the offshore reincorporation loophole and banning government contracts and subsidies for companies that relocate their headquarters to an offshore tax haven. The IRS should be given more power and more budgetary resources to go after corporate tax avoiders. Publicly-traded corporations should be required to make their tax returns public.
- *Democratize Corporate Governance:* Shareholders should be granted the right to democratically nominate and elect the corporate board of directors by opening up proxy access to minority shareholders and introducing cumulative voting and competitive elections. Shareholders should be given the power to approve all major business decisions, including top executive compensation. Shareholders should be treated as the owners of the corporation since, in fact, that is what they are.

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- *Expand Corporate Disclosure:* Corporate sunshine laws should be enacted that require corporations to provide better information about their records on the environment, human rights, worker safety, and taxes, as well as their criminal and civil litigation records.
- *Rein in Excessive Executive Pay:* Shareholder authorization should be required for top executive compensation packages at each annual shareholder meeting. Stock options, which now account for about half of the executive compensation, should be counted on financial statements as an expense (which they are). Tax deductions for compensation 25 times above the compensation received by the lowest paid worker in a corporation should be eliminated, as recommended by business guru Peter Drucker.
- *Fix the Pension System:* Corporations must be held more responsible for the retirement security of their employees. At a minimum we need to give workers a voice on the pension board; not require workers to stuff their 401(k) plans with company stock; and give workers the right to control their 401(k) plans. In addition, an Office of Participant Advocacy should be created in the Department of Labor to monitor pension plans.
- *Restore the Rights of Defrauded Investors:* Repeal the self-styled securities reform laws that block defrauded investors from seeking private restitution, such as the private Securities Litigation Reform Act of 1995, which allowed the aiders and abettors of massive corporate crime (e.g., accountants, lawyers, and bankers) to escape civil liability.
- *Regulate Derivatives Trading:* All over-the-counter financial instruments, including derivatives, should be subjected to the same
or equivalent audit and reporting requirements as other financial instruments traded on stock exchanges. Rules should be enacted regarding collateral-margin, reporting and dealer licensing in order to maintain regulatory parity and ensure that markets are transparent and problems can be detected before they become a crisis.
- *End Conflicts of Interest on Wall Street:* Enact structural reforms that separate commercial and investment banking services and prevent other costly, documented conflicts of interest among financial entities, such as those that have dominated big banks and security firms in recent years.
- *Track the Extent and Cost of Corporate Crime:* The Department of Justice should establish an online corporate crime database. Also, just as the FBI issues an annual street crime report, "Crime in the United States," it should also publish an annual report on corporate and white collar crime with recommendations.
- *Foster a National Discussion on Corporate Power:* Establish a Congressional Commission on Corporate Power to explore various legal and economic proposals that would rein in unaccountable giant corporations. The Commission should seek ways to improve upon the current state corporate chartering system in a world of global corporations and propose ways to correct the inequitable legal status of corporations as "persons." The Commission would be led by congressionally-appointed experts on corporate and constitutional law, and should hold citizen hearings in at least ten cities followed by a report and recommendations.