



May 5, 2015

The Honorable Ron Johnson
Chairman
U.S. Senate
Homeland Security & Governmental Affairs
Washington, DC 20510

The Honorable Thomas Carper
Ranking Member
U.S. Senate
Homeland Security & Governmental Affairs
Washington, DC 20510

RE: Markup of S. 1109, the Truth in Settlements Act of 2015

Dear Senator Johnson and Senator Carper:

The Coalition for Sensible Safeguards (CSS), an alliance of over 150 labor, scientific, research, good government, faith, community, health, environmental, and public interest groups, urges members of the Committee to favorably report out the Truth in Settlements Act (S.1109) which will be considered this week.

Strong and effective regulatory enforcement that holds violators accountable and deters future violations is one of the cornerstones of a robust regulatory system that protects the public's health, safety, financial security, and the environment. Unfortunately, in many recent instances, the Department of Justice (DOJ) and responsible federal agencies have entered into settlement agreements to resolve violations of law whose terms are not fully disclosed, thereby leaving the public in the dark, and which treat settlements for breaking the law as tax deductible business expenses, in other words as a cost of doing business.

The bipartisan S. 1109, offered by Senators Elizabeth Warren and James Lankford, allows citizens to better understand whether those who break the law, including corporations, are being held **fully** accountable when they undermine the health, safety, or well-being of the American people. The Truth in Settlements Act would ensure that the public has access to the relevant details and terms of non-confidential settlements over \$1 million, and that the process by which settlements are deemed confidential is assessed and monitored by the head of the responsible federal agency. This disclosure will in turn allow the public and Congress to hold DOJ and federal agencies accountable when they enter into settlements whose penalties and fines do not reflect the severity of the illegal behavior, thus incentivizing both DOJ and federal agencies to enforce the law to its fullest extent.

Further, S.1109 requires DOJ and responsible federal agencies to be explicit and transparent in their treatment of penalties and settlements for tax deductibility purposes. Law breakers often take short-cuts to save money, fail to invest in adequate accident prevention or adopt predatory or fraudulent business practices damage people's lives and communities. Making matters worse, civil settlements to pay for this damage too often allow such bad actors to deduct part of the cost of those settlements as a business expense. This is wrong and amounts to taxpayer subsidization of illegal actions that cause public harm. Those who break the law, not the American public, should fully pay for the damage done by their illegal and irresponsible actions.

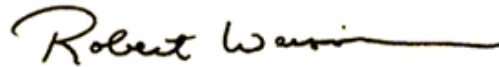
We need one system of justice that holds all bad actors— corporations or people – accountable for misdeeds. Public disclosure of fines and settlements will ensure greater public and congressional scrutiny of these settlements and enhanced oversight and accountability over those agencies charged with enforcing the law; CSS insists that those who violate the law, or regulatory standards that implement the law, bear the full costs of the damages caused by such wrongdoing; only this will create an effective deterrent to future bad behavior.

CSS strongly urges the Committee to favorably report out Truth in Settlements Act and looks forward to the Senate taking up this important legislation.

Sincerely,



Katherine McFate, President and CEO
Center for Effective Government
Co-chair, Coalition for Sensible Safeguards



Robert Weissman, President
Public Citizen
Co-chair, Coalition for Sensible Safeguards

The Coalition for Sensible Safeguards is an alliance of consumer, labor, scientific, research, good government, faith, community, health, environmental, and public interest groups, as well as concerned individuals, joined in the belief that our country's system of regulatory safeguards provides a stable framework that secures our quality of life and paves the way for a sound economy that benefits us all.