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New Legislation Would Allow Criminal Penalties Against Corporate Officers Who Hide Information on Dangerous Products

Sen. Blumenthal's Bill Would Close Loophole That Lets General Motors Officials Avoid Jail Time in Recall Scandal

WASHINGTON, D.C. – Consumer safety, public health, environmental and other groups in the Coalition for Sensible Safeguards lauded a new bill introduced today by U.S. Sen. Richard Blumenthal (D-Conn.), co-sponsored by Sens. Bob Casey (D-Pa.) and Tom Harkin (D-Iowa). The “Hide No Harm” bill would hold corporate officers criminally accountable if they knowingly conceal serious dangers that lead to consumer or worker deaths or injuries. Penalties could include jail time.

The bill comes in response to the recent General Motors recall scandal, in which an ignition switch defect was linked to at least 13 deaths. Documents released by a congressional committee showed that some GM officials knew about problems with the device as early as 2001. Under existing law, while the company eventually could face criminal fines, individual officers who knew about the deadly defect – but did not inform the public or federal regulators – cannot face any criminal charges. Fines against an entire company often do not deter irresponsible actions that endanger the public. On May 16, federal officials announced a paltry \$35 million civil fine against GM.

Other cases in which corporate officers withheld information they knew about dangerous products include the following:

- Merck withheld information on the risks of the arthritis drug Vioxx from doctors and patients for more than five years, resulting in up to 139,000 heart attacks;
- Simplicity Cribs sold products company officials knew were defective, leading to at least 11 baby's death and many injuries; and
- Toyota officials knew that millions of cars it had sold had a defective gas pedal mechanism that could cause unintended acceleration – which had led to numerous fatal collisions – yet the company failed to tell the public or federal regulators, the company later admitted in a federal settlement.

The [public interest groups announced their support for the bill](#) in a letter to senators today, urging them to co-sponsor the bill.

“Our current fines and penalties are not tough enough to ensure that every business is playing by the same rules,” said Katherine McFate, president and CEO of the [Center for Effective Government](#) and CSS co-chair. “We have to make sure that the businesses that are willing to put the health of the American people at risk face heavy sanctions. The bad actors should not have a competitive advantage over responsible businesses that adhere to health and safety standards.”

Robert Weissman, president of [Public Citizen](#) and CSS co-chair, said: “Too many times, we’ve seen officials at companies decide to keep selling a dangerous product to consumers, knowing that even if they get caught, the penalties will be small. This bill would protect the public because it would finally put formidable penalties on these rule-breakers and help deter them. Our regulatory system needs more teeth to ensure that companies take health and safety seriously.”

Peg Seminario, safety and health director for the [AFL-CIO](#), said: “Countless numbers of workers and citizens have suffered and died because companies withheld and hid information on the dangers of products and exposures like asbestos. This bill would hold corporate officials personally responsible for their role in these deaths and injuries, help stop corporate concealment and save lives.”

Rachel Weintraub, legislative director and senior counsel with [Consumer Federation of America](#), said: “This bill will provide an important deterrent to companies and their executives who knowingly sell and distribute unsafe products to consumers. The consequences to consumers can be dire while the consequences for companies may be negligible. This legislation seeks to ensure that the consequences of selling an unsafe product are significant.”

Sally Greenberg, executive director of the [National Consumers League](#), said: “The National Consumers League supports Senator Blumenthal’s legislation to hold corporate wrongdoers criminally liable if they conceal serious dangers that lead to consumer or worker deaths or injuries. In case after case – GM, Toyota, Vioxx, Simplicity Cribs – companies cover up grave product defects that cause the death or grave injury of consumers, including children and teenagers. Civil penalties don’t work to deter this behavior – the company pays a fine and no one is held accountable. That must change and criminal liability will be that game changer.”

Celia Wexler, senior Washington representative, Center for Science and Democracy at the [Union of Concerned Scientists](#), said: “Access to information is the cornerstone of our democracy. This legislation sends a clear message that corporations have a serious responsibility to inform the public, including disclosure of information crucial to protecting public health.”

A group of [law professors also announced their support for the bill](#) in a separate letter today.

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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. For more information about the coalition, see http://www.sensible safeguards.org/about_us.