

REMARKS

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BEFORE THE  
PUBLIC CITIZEN FORUM  
WASHINGTON, D. C.

WEDNESDAY, SEPTEMBER 10, 1980.

12:00 NOON

I am pleased to be able to speak to the Public Citizen Forum today. Some of your members have compiled an impressive record in the protection of consumers' rights. In a very real sense, you and the Department of Justice are in the same business: consumer protection. You have chosen it individually and voluntarily, and we collectively and pursuant to legal duty, but both of us share an unequivocal mandate to protect consumers from unlawful victimization.

Thanks to the work of some of you, the American taxpayer has become more aware in recent years of the many ways in which he or she is victimized by certain businesses. Those firms, both large and small, have been aided by vague laws or weak enforcement in depriving the consumer of what is rightfully theirs. This new consumer movement is an extremely healthy development. But the explosion of private litigation which it has generated is not always sound and has drawbacks. Court calendars become jammed, important cases are backlogged, and delays mount. Significant private litigation is essential to effective consumer protection, but continuous floods of indiscriminate suits can be counter-productive. In fact, I have heard a litigant whimsically described as someone who is giving up his skin in the hope of retaining his bones.

These observations lead me to the role of the Department of Justice. It seems to me the Department must strive to make major

and continuous contributions in all of the vital and broad areas designed for the protection of our consumers. Let me address some of these efforts.

The Department of Justice can and must make a major contribution to remedying the white collar crime problem. In short, tougher enforcement of stronger laws, both criminal and civil, can help to reduce the problem systematically, across the board, for all consumers, and thereby help to reduce the causes for private action which exist today.

White collar crime costs the consumers of this country billions of dollars a year. Its human consequences cost more. That is why white collar crime is one of the highest priority items in the Justice Department's law enforcement hierarchy. I am pleased to announce that we have developed and published this morning, for the first time, specific national priorities for investigating and prosecuting white collar crime. We, and all other federal law enforcement agencies, will now be taking dead aim at the kinds of white collar crime that threaten our health and safety, threaten our pocketbooks, and threaten the very integrity of our public and private institutions.

The seven major categories of white collar crime delineated in detail with guidelines include public corruption, fraud against the government, consumers, business and investors, and both statutory and regulatory offenses which endanger the environment

and the health and safety of the public. The eighteen Economic Crime Units now operating in the United States Attorneys Offices around the country will be guided by these specific priorities, but other components of the Department will be involved in the effort as well.

Let me briefly describe for you a few of the current activities of just two of those components, the Antitrust Division and the Lands and Natural Resources Division.

The antitrust field is of vital public interest and benefit, but one where both the discovery and redress of wrongs require massive efforts. During the last several months there have been major developments on both the criminal and civil fronts which indicate the innovative litigation approaches we are taking, and give clues concerning future enforcement activity.

In the criminal area, the Antitrust Division has, since December of 1979, initiated 28 prosecutions involving 18 corporations and 22 of their officials in connection with conspiracies to rig bids on public highways and airport construction in four states. These cases have involved millions of dollars in construction work, which have come mainly from federally funded contracts for which competitive bids were solicited by the states involved. Fines totaling \$3.8 million and substantial jail sentences have been imposed.

These investigations of bid-rigging and related offenses are being directed by the head of the Antitrust Division, and

are being conducted in cooperation with several United States Attorneys Offices, the FBI, and the Department of Transportation. The prosecution and successful conclusion of the large number of cases in this category indicate our commitment to quickly and effectively pursue wrongdoing directly affecting the tax dollars of citizens.

On the civil side, there was recently an even more dramatic occurrence in a case brought in Delaware against Reader's Digest Association. In that case, the Department obtained the largest civil penalty ever assessed in the history of the Federal Trade Commission Act -- \$1.7 million. The Department won a summary judgment that Reader's Digest violated an FTC order by mailing promotional documents that were deceptively similar to negotiable checks. The court entered an order restraining Reader's Digest from engaging in similar deceptive practices in the future. If Reader's Digest were again to distribute "simulated checks" or, in the words of the order, other "confusingly simulated items of value," it could be prosecuted for contempt of court.

When the case moved to the assessment of penalties, some critical and innovative litigation decisions were made. Most important was the decision to charge each item distributed as a separate violation of the Order. Thus, Reader's Digest was faced with penalties for almost 18 million violations, one violation for each deceptive item mailed. That, in addition to other arguments

adopted by the court, resulted in the record penalty.

Among the items which will increasingly command the attention of the Land and Natural Resources Division is the problem of hazardous wastes. Headline events such as the pollution of the James River by Kepone or the Love Canal toxic waste case provide just a glimpse into what has become an enormous problem. The Environmental Protection Agency estimates that thousands of disposal sites around the country may contain hazardous wastes, and that as many as two thousand of these sites may impose danger for public health and the environment.

To deal with this problem, I authorized the creation of a special Hazardous Wastes Section in the Land and Natural Resources Division. In less than a year, it has already filed some 30 law suits, and new suits are now being filed every week.

Most recently, you may have read that this Section filed suit to obtain remedial action at two dump sites in Louisiana. This case is particularly significant, because we are moving not only against the operators of the dump site, but also against 11 major corporations which generated the wastes in the first place. If the government is successful in this case, it will be a major victory for the public health because, realistically, only the large companies that generate the wastes can afford to pay for cleanup. Too often, the actual dump sites are run by companies that are only marginally solvent and lack the means to pay for the costs of cleanup. In addition, a report released last

November by the House Interstate and Foreign Commerce Subcommittee indicated that many of the largest corporations in this country do not even know where all their chemical wastes are being dumped. We hope to put a stop to the practice many corporations have of turning their wastes over to financially irresponsible parties and claiming that they have no responsibility for what happens after that.

I should add that we are working with Congress to strengthen the criminal penalty provisions of the statutes in the area. Corporate officers who deliberately or recklessly shirk their responsibilities should be subject to stiff fines and, where appropriate, jail sentences, because it is clear that industry self-policing has been woefully inadequate to protect the public health.

This is a small sample of the activities to which we at the Department of Justice are committed, and which I believe complement much of the valuable work which this group has spearheaded. I will be happy to answer your questions.