

Big Business Needs Big Policing

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PG&E's bankruptcy filing presents a problem brought on by the rise of Big Business in the past two centuries. Before "Big Business," if a company repeatedly killed people or stole from them, it would go out of business. Today, some Big Businesses would claim they are too big to fail, despite the death and destruction they cause. The effect on the financial system would be too big—and too many people would suffer further.

So, to preserve its immense power, a Big Business often resorts to filing for Chapter 11 bankruptcy, forcing its victims to fight with its other creditors over their share of a fixed pool of money. Why is it fixed? Because Big Business claims that it can only spare so much and survive the bankruptcy as a viable company. So instead of the victims getting what they deserve, they get what the Big Business says it can spare.

For many, this just feels plain wrong and begs the question: How do we stop a badly behaving Big Business from harming innocent people?

We have corporate police, whose job it is to keep Big Business from behaving badly. These regulators, such as the California Public Utilities Commission and the Federal Aviation Administration, are failing to perform the job adequately. Why?

Regulatory agencies are generally under-skilled and technologically under-equipped compared with the Big Businesses they regulate. And regulatory employees are not compensated at the same level as their corporate counterparts, making it difficult to keep good employees who are not interested in fostering a good relationship with the Big Businesses (a.k.a. future employers) they are regulating.

For example, the federal budget for regulatory agencies in 2000 was \$25 billion (1.42% of spending). In 2010, President Barack Obama raised the regulatory budget to \$53 billion (1.5%), and now President Trump has proposed a budget of \$71.0 billion in 2019 (1.5%).

This is peanuts compared to spending on state and local police. According to data collected by the Urban Institute, in 2016 state and local governments spent \$187 billion (6% of spending) on policing and corrections.

It makes no common sense to put more resources into fighting Goliath than fighting David. If we do not enable our corporate police to fight Goliath, people can and will die, and their wealth and livelihoods can

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and will be destroyed. Look at PG&E and the Town of Hinkley (San Bernardino County), or Paradise (Butte County), or San Bruno or Santa Rosa. Look at the Federal Aviation Administration and the recent tragic plane crashes of the Boeing 737 MAX, killing 346 people.

Big Business needs big policing. Just like the mafia, drug lords or organized gangs.

One possible solution is using private resources, which has been successful under the Federal Claims Act, a law that imposes substantial damages if you steal money from the government. It offers protection to corporate insiders who inform on company fraud by allowing them to participate in the government's financial recovery from the bad company. It also makes it economically feasible for private law firms to assist the government in investigation and prosecution by allowing the law firm to recover their reasonable legal fees and costs from the bad corporation that commits fraud.

A prolific number of informants have come forward since Congress amended the FCA, uncovering numerous enormous frauds on the government and the public's money. Between 2009 and 2016, the Department of Justice collected \$31 billion in revenue from such FCA private lawsuits. In addition, fear of insider informants will arguably lead big corporations to act better.

As we already have seen after the Boeing 737 MAX crashes, whistle-blowers have surfaced. But we need a mechanism to encourage people to inform on bad corporations before lives are lost and livelihoods destroyed.

Big Businesses behaving badly are not acceptable and need to be stopped because lives are more important than profits. These are truths we all know.

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