

# Standing up for Martha

**FASTEN** your seatbelts. This cynical anti-consumerist columnist is about to defend the queen of K-Mart, that prissy woman-turned-brand, Martha Stewart. But bear with me. This isn't an errant detour into an abyss of triviality. And no, I'm not going to follow this up with a piece on Janet Jackson's breast or Britney Spears' short-lived marriage. The crucifixion of Western New York's least favorite daughter embodies what's wrong with American politics.

First let's recap the crime. Stewart invested in stock of the now-famous biotech firm, ImClone. Just after Christmas, in 2001, the FDA temporarily rejected ImClone's application for review of a new cancer-fighting drug. Before this information was made public, a move that ultimately led to a 20% drop in their stock price, ImClone's CEO started frantically dumping his personal holdings, catching the attention of Wall Street traders – one of whom was Martha Stewart's broker. He called Stewart and told her to sell her shares as well. She took his advice and sold off her ImClone holdings, saving herself from losing \$51,000 when prices fell the next day.

So far her crime is akin to that of a car owner, who sells off a lemon to an unsuspecting new owner. Whoever bought Stewart's stock, like the buyer of a lemon, probably had no idea that bad news was around the corner. Like the seller who polished his oil-burning car like a pearl before dumping it, Stewart is indeed a criminal. And, like the used car seller, who later claimed to have had no knowledge that his wreck burned oil, Stewart claimed she did not recall being told by her broker to sell her stock. And just as the used car seller cleaned up his pig for market, Stewart covered up her crime by claiming she

planned to sell her stock when it hit a certain price. The difference is that while the used car seller's friends are buying him rounds of beer and congratulating him for dumping his lemon, Stewart is facing jail time.

George W. Bush is placating America's disgust with multibillion dollar corporate rip-offs, like those committed by his friend and supporter Ken Lay at Enron, or by his brother Neil at the Silverado Savings and Loan. So now Martha Stewart is facing jail time because "the president is getting tough on Corporate Crime". In this case, Martha Stewart, diva of the working class esthetic, is facing as much as 20 years in jail (though nobody expects her to get more than a year) on a marginally illegal \$51,000 scam. Does this really mean, however, that the US government is getting tough on corporate crime?

According to the conservative Heritage Foundation, white-collar crime in the US amounts to approximately a \$200 billion rip-off per year. Corporations commit the bulk of these white-collar crimes. The Washington DC based Corporate Crime Reporter magazine reports a much higher number, citing health care fraud alone as costing Americans between \$100 and \$400 billion per year, depending on how it is tallied. By contrast, the FBI estimates that burglary and robbery together cost the US approximately \$3.8 billion per year.

The Corporate Crime Reporter points out that the figures for white collar crime would be much higher except for the fact that corporations underwrite the Republican and Democratic parties in order to ensure that lawmakers keep many of their would-be crimes legal. Hence, the auto industry, for example, has over the past 30 years successfully lobbied its prized congressional properties to block legislation that would criminalize willful violations of automobile safety regulations. The result is that such violations, which ultimately cause innocent people to die, are only punishable by fines – not the jail time Stewart is facing. Likewise, the Crime Reporter points out, that while some corporations are fined for selling banned pesticides, for example, larger and more powerful corporations have lobbied to keep their most toxic products dangerously legal.

Even when corporations are convicted of crimes such as exporting weapons components to Iraq, illegally pouring money into American elections campaigns, selling poisoned food or drugs, decimating a river or causing workers to die – the executive who ordered these crimes almost never faces the threat of prison time Martha Stewart now faces.

In fact, no executives representing what Russell Mokhiber of the Corporate Crime Reporter describes as the top 100 corporate criminals of the 1990s (convictions take about 3-4 years) have served any jail time for their crimes. Included on this list is Hoffman La Roche, convicted of leading a global conspiracy to inflate and fix vitamin prices –

placing nutritional supplements out of reach of many of the world's poorest people. Likewise, NPR news sponsor Archer Daniels Midland ("Supermarket to the World") conspired to fix the global price for food additives citric acid and lysine. ADM's competitor, Con Agra, pled guilty to habitually misweighing and misgrading grain, ripping off both farmers and food processors.

Royal Caribbean Cruises pled guilty to 21 felony counts of dumping waste oil and hazardous chemicals into US harbors and coastal areas. Three other cruise lines pled guilty to similar offenses, indicating widespread corporate malfeasance in this industry. Likewise, a Connecticut-based pipeline company tried cutting corners on construction, ultimately poisoning almost 200 streams and wetlands with leaks from their faulty pipeline. Another pipeline company, through criminal negligence, spilled almost 1 million gallons of oil into a single South Carolina river.

Arms manufacturer Rockwell International illegally stored plutonium-laced hazardous wastes in a way as to threaten contamination of drinking water. Rockwell also pled guilty to illegally storing hazardous wastes in such a way as to ultimately cause an explosion, which killed two workers. Rockwell initially tried to cover up these criminally negligent homicides, but information surfaced that both workers died while, under orders from supervisors, attempting to incinerate hazardous chemicals that ultimately exploded.

Costain Coal Incorporated pled guilty to 23 felonies for failing to meet safety standards and filing false statements. Their safety violations ultimately caused an explosion, which killed 10 workers. Teledyne Industries pled guilty to selling banned cluster-bomb components to Iraq. IBM sold high tech computers to Russia for use in nuclear weapons labs.

The list goes on and on and on. In 2002 alone, the criminal corporations named by the Corporate Crime Reporter contributed \$7.2 million to the Republican Party and \$2.1 million to the Democrats. To date, no representative from any of these criminal organizations ever served a day in jail for any of their crimes.

George W. Bush's brother Neil was at the center of the Savings and Loan scandal of the 1990s – a wholesale rip-off that cost American taxpayers upwards of \$300 billion dollars, yet he never saw a day in jail either. Or how about this: In 1990 George W. Bush unloaded over 200,000 shares of stock in a company (Harkin Energy) of which he was a director and a member of the audit committee. The company, it turns out, used financial trickery to overstate its earnings. Bush sold his holdings at \$4 per share. The price dropped to \$2.37 within two months and \$1 per share before the year was over. Bush's timely sale saved him over \$600,000.

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Martha Stewart sold stocks that she shouldn't have, saving herself from a \$51,000 loss. She's going to the slammer. Is American getting tough on Corporate Crime? The answer is loud and clear.