

Senators Warren, Coburn Introduce Truth in Settlements Act to Make Federal Agency Settlements More Transparent



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Washington, DC - United States Senators Elizabeth Warren (D-MA) and Tom Coburn (R-OK) today introduced bipartisan legislation to increase transparency around settlements reached by federal enforcement agencies. When federal agencies close investigations and settle cases, they often tout the dollar amount obtained from the offender, but in many cases that amount is misleading because of tax deductions and other "credits" built into the settlement that reduce the settlement's true value. Worse, sometimes agreements are deemed confidential, with key details or even the fact of a settlement hidden from the public. The Truth in Settlements Act will require more accessible and detailed disclosures about these agreements to allow the public to hold regulators accountable for the true value of these deals.

"When government agencies reach settlements with companies that break the law, they should disclose the terms of those deals to the public," **said Senator Warren**. "Anytime an agency decides that an enforcement action is needed, but it is not willing to go to court, that agency should be willing to disclose the key terms and conditions of the agreement. Increased transparency will shut down backroom deal-making and ensure that Congress, citizens and watchdog groups can hold regulatory agencies accountable for strong and effective enforcement that benefits the public interest."

"Taxpayers deserve to know the settlement details corporations arrange with the government, and the best place for Congress to start is with policies that enhance transparency," **Dr. Coburn said**. "Since agencies are not currently required to disclose the financial structure of government settlements, too often the true value of those settlements is not known because often

companies are allowed to deduct part of the payment. Our bill gives taxpayers the transparency tools they need to access real information and numbers regarding enforcement settlements."

Under the Truth in Settlements Act, all written public statements that reference the dollar amounts of settlements will be required to include explanations of how those settlements are categorized for tax purposes and whether payments may be offset by "credits" for particular conduct. Companies that settle with enforcement agencies will be required to disclose in their Securities and Exchange Commission (SEC) filings whether they have deducted any or all of the dollar amounts of their settlements from their taxes; and federal agencies will be required to post basic information about settlements and provide copies of those agreements on their websites.

To address concerns about confidentiality, the Truth in Settlements Act also requires agencies to explain publicly why confidentiality is justified in any particular instance. The Act also directs agencies to disclose basic information about the number of settlements they deem confidential each year and directs the Government Accountability Office (GAO) to conduct a study of confidentiality procedures and to provide additional recommendations for increasing transparency. These and other provisions of the Truth in Settlements Act will increase the transparency of government settlements and permit greater public scrutiny.

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