

Senators Warren and Lankford Introduce Truth in Settlements Act to Increase Transparency of Federal Agency Settlements



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Fact Sheet ([PDF](#))

Bill Text ([PDF](#))

Washington, D.C. - United States Senators Elizabeth Warren (D-Mass.) and James Lankford (R-Okla.) today reintroduced bipartisan legislation to increase transparency around major settlements reached by federal enforcement agencies. The Truth in Settlements Act will require more accessible and detailed disclosures about settlement agreements so that the public can better understand the agreements the federal government is making on their behalf.

When closing investigations and settling cases, federal agencies frequently tout the dollar amount obtained from the offender. These numbers are often misleading because the payments may be tax deductible or may include "credits" the settling party can earn toward the settlement

amount. Sometimes agreements are deemed confidential, with key details or the settlement itself remaining undisclosed, further obstructing public transparency.

"Government accountability requires transparency, and that's what this bipartisan bill provides," **Senator Warren said.** "The Truth in Settlements Act will shut down backroom deal-making by shining a light on federal agency settlements with lawbreaking companies. More transparency means Congress, citizens and watchdog groups can better hold regulatory agencies accountable for enforcing laws so that everyone - even corporate CEOs - are equal under the law."

"Taxpayers deserve an open and transparent government that is accountable to the American people," **Senator Lankford said.** "The Truth in Settlements Act will ensure the federal government is held accountable for investigations and settlements that are often decided behind closed doors. Federal agencies work for the American people, agencies should show how they protected the taxpayer and followed the law, unless confidentiality is required."

The Truth in Settlements Act will increase transparency of government settlements and permit greater public scrutiny by requiring federal agencies to post basic information about major settlements and provide copies of those agreements on their websites. Any written public statement issued by an agency about the value of a major settlement will be required to include an explanation of how those settlement payments are categorized for tax purposes and whether payments may be offset by "credits" for particular conduct. Companies that settle with federal agencies will be obligated 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.

Additionally, this legislation will require agencies to openly explain why confidentiality is justified in any particular instance. The Act will also direct 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.

The bill was originally introduced in 2014 by Senators Elizabeth Warren and Tom Coburn (R-Okla.), and advanced through the Senate Homeland Security & Governmental Affairs Committee by voice vote. It was then reintroduced in 2015 by Senators Warren and Lankford, advancing once again through the Senate Homeland Security and Governmental Affairs Committee by voice vote and then through the Senate by unanimous consent. The Senate bill was then advanced via voice vote in the House Oversight and Government Reform Committee.