



Voices from the Corporate Enforcement Gap

Findings from the First National Survey of
People Who Have Experienced Corporate Abuse

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Thank you for being generous with your time and valuable insights.

This report builds on a body of research on the experiences and perspectives of crime victims that was initiated at **Californians for Safety and Justice** and **Alliance for Safety and Justice**. We hope that Public Rights Project's contribution to that related effort strengthens a collective understanding of what it means to build healthy, safe, and thriving communities and the role that equitable enforcement plays in this work. Finally, thank you to the people who shared their experiences as victims of corporate abuse with our team. We have much respect for your openness, courage, and determination to make things better for your families and communities by speaking out.

We are former government civil rights attorneys, who now work alongside government and community groups to protect the rights of vulnerable communities. During our time in government, we saw firsthand how state and local law offices — including city attorneys, county prosecutors, and state attorneys general — were underutilized leverage points to promote equity in communities that have historically been over-policed, over-incarcerated, and under-protected from fraud and discrimination.

Most state and local law offices focus either on criminally prosecuting cases brought to them by police or defending public agencies from liability. But many state and local governments have civil and criminal authority to address a wide range of wrongs — from wage theft, predatory lending, and discrimination to environmental degradation. This authority is underutilized as a lever to vindicate public rights, especially for those on the margins.

As we deepened our work with government and community partners, it became clear that there was a gap in knowledge about who victims of corporate abuse are and what they experience. We initiated this nationwide research project to begin to fill that gap.

Even with years of experience in this field, we were surprised to see how many survey respondents - 54% - said they had been a victim of corporate abuse in the last ten years. In their survey responses, victims spoke loudly and clearly about what they want from state and local prosecutors - a focus on taking on corporate abuse, while protecting community safety. We believe that equitable enforcement should be based on a solid foundation of knowledge on the experiences and perspectives of victims, so that government can be accountable and responsive to communities' most dire needs. A second gap remains - empowering community residents and advocates to be active partners in an enforcement agenda rooted in equity.

As movements to reform prosecutors' offices gain steam and a new wave of candidates run for a variety of local and state offices, we believe the research outlined in this report lays out an enormous opportunity for current public officials and candidates to incorporate a strong focus on corporate accountability into their agendas. People need and want this from their government.

A focus on corporate abuse can strengthen governments' ability to protect public safety across all types of offenses. Enforcement of laws against corporate abuse show the most vulnerable members of society that the justice system can work for them, not just against them. We hope this report serves as a call to action for prosecutors to focus on these harms as part of a strong community safety strategy.

Thanks for reading.

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Background	05
Key Findings	07
Who Are Victims of the Corporate Enforcement Gap?	08
What Harms Do Victims of the Enforcement Gap Experience?	21
Barriers to Getting Help	24
What Victims Want from Law Enforcement	27
Recommendations for State & Local Governments	28



What Is the Corporate Enforcement Gap?

When it comes to economic justice, civil rights, and environmental protection, there is a large gap between the promises of our laws and people's lived experiences. Despite long-standing federal and state minimum wage laws and a recent surge in organizing led by low-wage workers to strengthen them, research shows that in 2017, **17% of those workers were illegally cheated out of pay.**¹ Fifty years after the enactment of the Fair Housing Act, persistent residential segregation actually makes **Black men and women 14% and 9% more likely to die in middle age.**² Nearly 100 years after the federal government began regulating lead based on its harmful effect on human health, **1.2 million**

children in the United States are estimated to be suffering from the effects of lead poisoning. The harms caused by the gap between law and reality include 1) direct harm to families' and communities' health, wealth, and life opportunities, 2) damage to the economy and persistent racial wealth gaps, and 3) erosion of trust in government and rule of law.

Much of this gap is attributable to the fact that across the country, laws guaranteeing our rights in the workplace, the marketplace, and the community are largely not enforced. The current federal government has abdicated its historic role in ensuring equal protection under the law³ and, in a growing number of cases, individuals are barred from banding together in court due to restrictions such as forced arbitration and class waivers.⁴ Even where private litigation is possible, there may be limits to what it can do to deter illegal conduct, promptly remedy abuses, and punish chronic bad actors. In many cases state and local government have much broader authority, but largely lack the capacity to do meaningful, effective, equitable enforcement.

In order to build strong public enforcement capacity to curb corporate abuses, we need to develop a stronger understanding of what the corporate enforcement gap is and the serious harm it causes victims and communities. Simply building additional enforcement capacity is not the answer. All too often, when enforcement does happen, the law becomes another tool for disenfranchising low-income people and communities of color and breaking their trust in policies and institutions. Efforts to

1 David Cooper and Teresa Kroeger, Employers steal billions from workers' paychecks each year, Economic Policy Institute, (www.epi.org, May 10, 2017).

2 Popescu, Ioana, et al. (2018). Racial residential segregation, socioeconomic disparities, and the White-Black survival gap. *Plos One*, 13(2). doi:10.1371/journal.pone.0193222.

3 See, e.g. Kelsey Ramirez, CFPB Acting Director Mulvaney says he still believes bureau shouldn't exist (www.housingwire.com, April 11, 2018); Sheryl Gay Stolberg, & Eric Lichtblau, Sweeping Federal Review Could Affect Consent Decrees Nationwide. (www.nytimes.com, April 4 2017); Ted Mann, White House Won't Require Firms to Report Pay by Gender, Race (www.wsj.com, August 29, 2017); Brandon Schall, President Trump Signs Repeal of Rule Eliminating Forced Arbitration. (sites.law.duq.edu, Nov 2, 2017).

4 Colvin, Alexander, The Growing Use of Mandatory Arbitration, (www.epi.org/publication/the-growing-use-of-mandatory-arbitration-access-to-the-courts-is-now-barred-for-more-than-60-million-american-workers/, April 6, 2018).

close the enforcement gap should be informed by what communities know and what data tells us are the most dire threats to community safety and well-being, as well as by an understanding of the barriers that people experience in recovering from corporate abuse. To design a system that serves the needs of our communities, we need to better understand the experiences, needs, and voices of victims of corporate abuse.

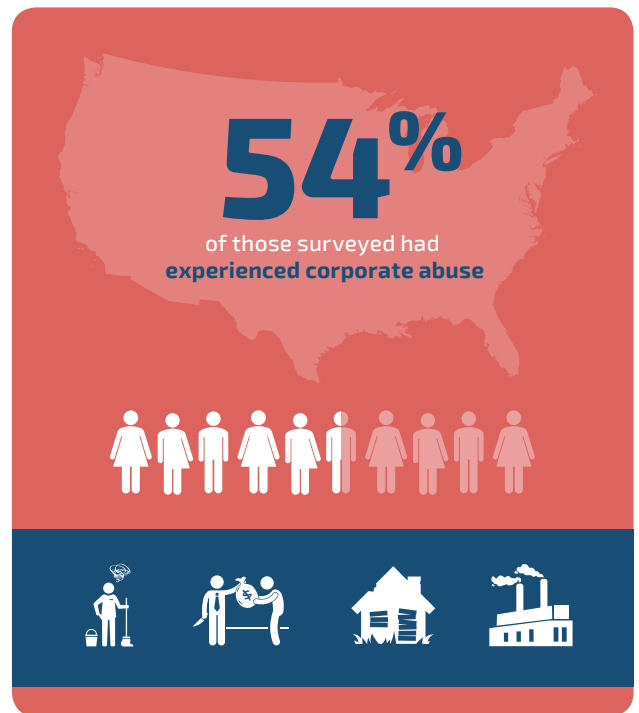
Up until now, there has been a severe lack of data about who those individuals are, the harms they experience, their decisions about reporting violations, and the challenges they face in seeking a remedy.

To begin filling this gap in research, Public Rights Project commissioned the first national survey of people who have experienced corporate abuse. We define corporate abuse as illegal business activity that harms workers, consumers, tenants, and community residents. Some of this activity violates civil laws, and some also constitutes criminal activity. Effective enforcement may at times involve holding the individuals behind corporate abuse accountable, so that they cannot hide behind a corporate structure.

David Binder Research fielded the survey in March 2019, polling 2000 people who were broadly representative of the United States population with respect to race, ethnicity, gender, age, and income. The survey asked participants if they had been victims of wage theft, predatory lending or predatory debt collection, if their landlord had refused to repair unsafe housing conditions, or if they had experienced health problems due to pollution created by a business. **54% (1164) of those surveyed identified as having experienced corporate abuse** in the last ten years, and these respondents answered 81 questions regarding their experiences and perspectives.

To supplement their responses, we also reviewed other research that has been conducted on the frequency and impact of these types of victimizations and on the extent to which federal, state, and local governments are enforcing laws meant to protect against these harms.

In order to understand the stories behind the numbers, Public Rights Project also interviewed more than 24 people around the country about their experiences with corporate abuse. We share some of their stories here to better illustrate who victims of corporate abuse are, the harms they experience, their decisions about reporting violations, and the barriers they face.





- 1** **54% of those surveyed identified as having experienced one or more instances of corporate abuse in the last ten years**, including wage theft, predatory lending, predatory debt collection, unsafe rental housing conditions, or health problems due to pollution created by a business.
- 2** **Eight out of ten people who said they had experienced corporate abuse said they had experienced more than one corporate abuse issue.**
- 3** **People of color, young people, women, low-income people, and victims of non-corporate crime were all more likely to report they had experienced corporate abuse** and were also more likely to say they had experienced multiple categories of corporate abuse.
- 4** **Three out of four corporate abuse victims said they experienced stress or anger** as a result of their experience. Half said that they experienced trouble sleeping or suffered financial difficulties because of the incident. One third experienced medical issues, a lost job or lost work hours, or relationship problems.
- 5** **Victims of violent or other non-violent crime experienced more harmful effects stemming from their corporate abuse experiences for longer periods of time** than did other people who had experienced corporate abuse. Other research suggests that corporate abuse, like wage theft and payday lending, makes individuals more vulnerable to non-corporate crime—from domestic violence to robbery.
- 6** **Six out of ten people who experience corporate abuse don't end up receiving services or support** from external sources such as their faith community, a union, a government agency, a community organization, or an attorney to help them recover.
- 7** **Just 32% of people who experienced corporate abuse sought help from law enforcement or another government entity to address the harm.** As a comparison, the 2017 National Crime Victimization Survey indicated that “45% of violent victimizations and 36% of property victimizations were reported to police.”
- 8** **Due to the rise of arbitration clauses and restrictions on class actions, governments are increasingly the only entities able to enforce collective rights in court**, as workers and consumers have lost much of their power to litigate.⁵ Therefore, the fact so few people currently seek help from government is a major barrier to relief.
- 9** **More than 8 in 10 corporate abuse victims believe it is very important for prosecutors to investigate and charge corporations that commit fraud, cheat workers, or pollute our air and water** versus fewer than 3 in 10 who would prioritize prosecuting individuals who commit nonviolent offenses.
- 10** **Relative to the prevalence of corporate abuse, there is very little government investment in smart, equitable enforcement to protect residents.** For example, a 2018 study found that six states have no investigators to handle minimum wage violations at all, while 26 additional states have fewer than 10 investigators.⁶
- 11** **By a 15 point margin, people who have experienced corporate abuse want prosecutors to focus on taking on corporate abuse while protecting community safety** over making crimes related to drugs, theft, and violence their main priority.

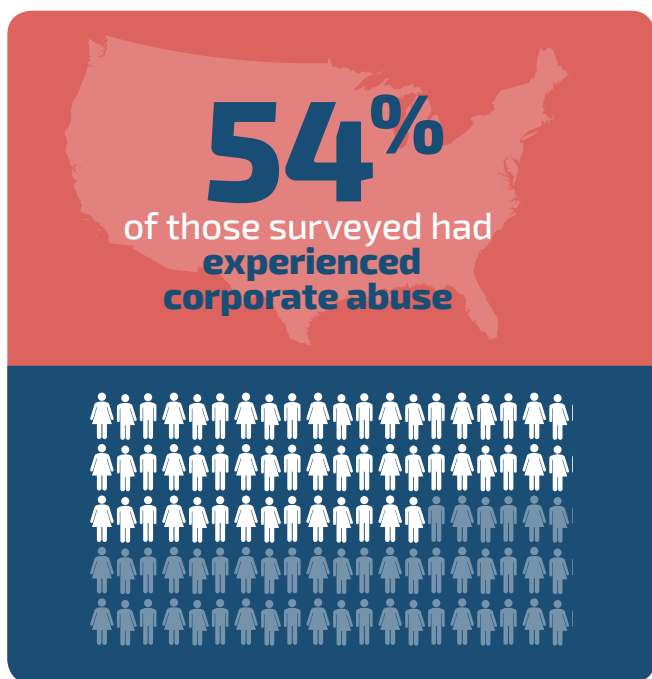
5 Colvin, Alexander, The Growing Use of Mandatory Arbitration, (www.epi.org/publication/the-growing-use-of-mandatory-arbitration-access-to-the-courts-is-now-barred-for-more-than-60-million-american-workers/, April 6, 2018).

6 Marianne Levine, Behind the minimum wage fight, a sweeping failure to enforce the law. (www.politico.com, February 18, 2018).



Who Are Victims of the Corporate Enforcement Gap?

Nationally, **54% of people surveyed said they had experienced at least one type of corporate abuse** in the last 10 years. Corporate abuse touches the lives of people from all backgrounds and walks of life from every region of our country. Nevertheless, some people are more likely to suffer from these experiences than others are: people of color, young people, women, and low-income people were all more likely to report they had experienced corporate abuse. Individuals who self-identified as victims of crimes separate from corporate abuse, both violent and nonviolent, were also more likely to report that they had experienced corporate abuse.





Wage Theft



39%

of those surveyed said they had experienced *wage theft*.

- Working off the clock
- No overtime pay
- Tips taken by employer
- Paid below minimum wage

39% of those surveyed said they had experienced wage theft, including being required to work off the clock, having tips taken by their employer, and not being paid required overtime at least once in the past 10 years.⁷ People who currently work at a store, restaurant, or other retail outlet were **35% more likely to say they had not received wages they were owed**. Asian Americans and Latinxs were also more likely to report wage theft.

Among low-income respondents to the survey, **15% said they had experienced being paid below minimum wage for their work**. This figure is roughly consistent with a 2017 study by the Economic Policy Institute, which estimated that 17% of low-wage workers are paid at an effective hourly rate below their jurisdiction's minimum wage.⁸

Lack of Wage Theft Enforcement

One reason wage theft is so prevalent is that until recently, many states and local governments have not invested many, if any, resources into enforcing wage laws. Recent movements to raise the minimum wage in states and cities across the country have drawn attention to the lack of investment in wage theft enforcement. A 2018 study found that workers are so inadequately protected that six states have no investigators to handle minimum wage violations, while 26 additional states have fewer than 10 investigators.⁹

Even when workers do pursue wage claims and receive a decision in their favor from the government, they may still find it difficult to get paid. **Fully 41% of the wages that employers are ordered to pay back to their workers aren't recovered**, according to the study. Increasingly, wage theft experts are suggesting that increased criminal prosecutions for stealing from workers are necessary to address the issue effectively, and prosecutors in Washington, Minnesota, California, and New York have been stepping up their wage theft enforcement efforts.

⁷ Seventy-six people reported that they were required to work overtime or that they did not receive breaks, but did not report other types of wage theft, and said that they did not think their employer broke the law. We excluded these respondents here because of the possibility that they were reporting something they experienced as an exempt employee.

⁸ Cooper, 2017.

⁹ Levine, 2018.



Queens, NY

Amanda B. is a 22-year-old Black woman who lives with her mother in Queens, New York. She has worked for a local catering hall for the last four years, and she talked about the challenges she's experienced in that job.

I'm a server, and I work weddings, sweet-sixteens, and other parties at the catering hall. I've needed the job to help me pay my expenses as I work my way through college. Sadly, there's a lot of different ways the management finds to not pay you everything they should.

For example, they schedule more people than they need for each shift—you have to get there an hour early to guarantee that you will be assigned tables and then when you get there they make you set up for the event. **They don't let you clock in during that time.** We also **get paid below minimum wage**, but we don't earn enough tips to make up the difference because people rarely tip at these types of events.

What can you do? It's frustrating, and it can make it really tough to pay the bills. It's even tougher for my coworkers who are supporting families and have to pay for child care. **All told, I've lost thousands of dollars, and I have 300 plus co-workers in the same situation.**

I'd like to report them, but I need to wait until after I leave. I'm afraid they would know it was me. People say they have the cops wrapped around their fingers and they pay people off. Their reputation makes it harder for people to think that there's anything that can be done.



Predatory Lending and Predatory Debt Collection



38%

of those surveyed said they had experienced **predatory lending or predatory debt collection.**

- Forced to repay a debt not owed
- Threatening calls from collector
- Charged fees never agreed to
- More likely seniors over 65

38% of those surveyed said they had experienced predatory lending or predatory debt collection, including being asked to repay a debt they did not owe, receiving obscene or threatening phone calls from a debt collector, or being charged fees or interest they hadn't agreed to. In contrast to other types of corporate abuse, the group of people who said they had experienced predatory lending or predatory debt collection were **more likely to be seniors over the age of 65**, which is consistent with other research on consumer fraud victims.¹⁰

Experiences with predatory debt collection were reported slightly more frequently than predatory lending, which is not surprising given that the Center for Responsible Lending reports that “**more than one out of every seven adults is being pursued by debt collectors for amounts averaging around \$1,500.**”¹¹ Just under half of that debt (47%) is health-care related, with the next most common type of debt being student loan debt (21%).¹² The Federal Trade Commission described the way some debt collection companies prey on vulnerable consumers, saying they “harass and threaten consumers, demand larger payments than the law allows, refuse to verify disputed debts, and disclose debts to consumers’ employers, co-workers, family members, and friends.... Many consumers pay collectors money they do not owe and fall deeper into debt, while others suffer invasions of their privacy, job loss, and domestic instability.”

Consumer Protection at the State and Local Level

State and local governments have tools to combat predatory lending, predatory debt collection, and other fraud and scams that hurt consumers. In recent years, state attorneys general have successfully used their authority to, for example, bring actions against mortgage servicers that use “robo-signing” and other illegal tactics.¹³ That said, our survey shows that **there remains a significant enforcement gap when it comes to predatory lending and predatory debt collection.** Due to the binding arbitration clauses and other limitations on class actions, **consumers are frequently barred from banding together** to challenge fraud or abusive practices, making government action the only option for accessing the courts. State and local governments must continue to step up their consumer protection efforts.

Unfortunately, some local governments have found themselves siding with unscrupulous debt collectors. In 2015, the Consumer Financial Protection Bureau secured a judgement against a debt collection company that was contracting with local prosecutors to use the district attorney letterhead to threaten criminal prosecution against people who had bounced checks, even when the prosecutors had not reviewed the cases and actual prosecution was very unlikely.¹⁴

10 David Wood, Federal and State Agencies Face Challenges in Combating Predatory Lending (Rep.). (www.gao.gov/assets/120/110599.pdf February 24, 2004).

11 Lisa Stifler and Leslie Parrish, The State of Lending in America & its Impact on US Households (www.responsiblelending.org, April 2014).

12 Bill Fay, Fair Debt Collection Practices, (www.debt.org, 2017).

13 Joint State-Federal National Mortgage Servicing Settlements. (n.d.). (www.nationalmortgagesettlement.com/default.html).

14 CFPB Takes Action Against “Bad Check” Debt Collector (www.consumerfinance.gov, March 30, 2015).



Chicago, IL

Keith C. is a 35-year-old Black man and military veteran who lives in Chicago. When he couldn't pay his wife's emergency room bill in full, their account was turned over to a collection agency, which harassed and threatened the family for years.

When my wife broke her tibia after falling on some ice, **we got a bill for \$2300 from the emergency room.** People don't just have that kind of money on them. We sent a good faith payment and were working on getting the money together. Eventually, our debt was forwarded to a collections agency. At first, we received robocalls, and then people started calling.

Right away, **they started threatening us with legal action**, and two months after that it started escalating. One guy said 'I guess everybody in there wants to go to jail. We will send someone and kick down the door. You'll never see your kids again.' My wife would get so upset when she talked to them. We had to forbid my daughter to answer the phone. We sent a complaint to the company about the calls, but nothing changed. They called back with more threats like, 'We'll send the sheriff.'

I did some research to ease my wife's mind and found out that the threats were baseless, but they stick in your head. **They made it sound like a criminal warrant.** We considered calling the police and filling out a harassment report, but I guess it also felt embarrassing that we owed money we couldn't pay.

My wife was looking for work at the time and had sent out a bunch of resumes. **She had to change her number because of the harassment**, which was stressful because it felt like she had wasted all this time applying for jobs that wouldn't be able to reach her. You put your resume out there, and the phone rings and she doesn't know if it's employers or these guys.

After my wife changed her number, they started calling our house all the time. They also found my aunt's number because we used to rent from her. They started leaving her voicemails telling her we owed money. My aunt didn't need to know about our business.

We kept paying what we could. Even when we made a big payment from our tax return, the calls only slowed down a little. We still hear from them at least once a week. To be honest, being threatened like that made me feel like I didn't even want to pay. To pay the hospital is reasonable, but I didn't want to pay this company that made my family fear for their safety.



Unsafe Rental Housing Conditions



13%

of those surveyed said they *had lived in unsafe housing conditions that their landlord refused to repair.*

- Black, Latinx & low-income people are most affected
- Hazardous mold, broken plumbing, lack of heat & hot water

13% of those surveyed said they had lived in unsafe housing conditions that their landlord refused to repair. Black, Latinx, and low-income people living in urban areas were much more likely to say they had experienced living in unsafe rental housing. In open-ended responses, people described housing problems that included hazardous mold, broken plumbing, and lack of heat and hot water that went unaddressed. Research shows these types of housing conditions can lead to poor health outcomes, including chronic disease, injury, and poor mental health.¹⁵ Children and seniors are more vulnerable to negative health effects of poor quality housing.¹⁶

Lack of Effective Housing Code Enforcement

Local governments are typically responsible for enforcing housing codes and other relevant laws that protect tenants. In many communities, even if code enforcement agencies respond to isolated complaints, there is little done to deter problem landlords who are repeat offenders.¹⁷

The answer is not simply more enforcement, but rather smart, equitable, community-based enforcement that addresses housing quality while minimizing displacement of tenants. Low-income neighborhoods have a mix of large corporate landlords and smaller operations that may lack the resources to make needed improvements. A 2018 report by the Urban Institute recommended that “smarter code enforcement will hold people accountable and provide low-cost financial loans or grants for landlords who lack the resources to make needed improvements. This may be in exchange for limiting the rent increases which can result from upgraded properties.”¹⁸

15 Krieger J, Higgins DL. Housing and health: time again for public health action. *Am J Public Health.* 2002;92(5):758-68.

16 Bonnefoy X. Inadequate housing and health: an overview. *Int J Environ Pollut.* 2007;30(3):411-429. 2. Krieger J, Higgins DL. Housing and health: time again for public health action. *Am J Public Health.* 2002;92(5):758-68.

17 Emily Bregel, *Star investigation: County code ignores unsafe conditions inside rental properties* (www.tucson.com/news/local/, June 22, 2014); Megan Burks, *San Diego's Shoddy Code Enforcement Keeps Problem Landlords In Business* (www.kpbs.org, February 19, 2015).

18 Brett Theodos, Sara McTarnaghan, and Claudia J. Coulton, *Family Residential Instability: What Can States and Localities Do?* (www.urban.org, May 3, 2018).



California

Austin Clark, a 25-year-old Black man from Contra Costa County, California, told us about how his asthma got worse when he moved into a poorly maintained apartment complex.

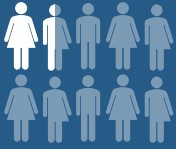
I was born and raised in Martinez, next to the Shell plant. I played sports and was outside a lot as a kid, and ever since I can remember, I had coughing fits and trouble breathing. **The first doctor to diagnose me with asthma said the issue was directly linked to where I was living.** He said a lot of kids in the area had similar issues.

Later I moved to Concord, where the air is better, but unfortunately, the apartment I moved into had a roach problem. One night, I went to the hospital for asthma symptoms, and the **doctor there told me my breathing might be affected by the chemicals released by the roaches.** After that, I talked to building management. It was a corporate company, there was no landlord. And they were busy. They dealt with a lot of issues across a bunch of complexes. My complaint was one out of thousands. Finally, they called an exterminator out to my place, but it took months. And unfortunately, this was just a temporary fix. It was an old building, and the company did no routine pest control—they just sprayed in individual units when someone said something. Within a few weeks, I started seeing roaches again.

There was also an issue with secondhand smoke from the apartment next to mine. When someone smoked next door, the smoke would come in my apartment when I turned on the A/C or the heater, which also made my asthma worse. I called them to fix this, and I had to be home when they came. Sometimes I would take a day off work to meet someone who could come fix it, and they wouldn't come. This actually happened dozens of times. **All this time, I was having issues with my asthma.** Eventually, the stress of living there started giving me anxiety attacks and I had to leave.



Corporate Pollution



15% of those surveyed said they *had health problems from pollution created by a business.*

- Exacerbated existing health problems such as asthma
- Exposed to industrial agriculture, warehouses, coal plants, construction companies & labs

15% of those surveyed said they had experienced health problems from pollution created by a business. People were exposed to pollution created by a business on the job, in their homes, and in their neighborhoods. In open-ended responses, the types of businesses that people mentioned as having caused the harmful pollution were agricultural businesses, warehouses, coal plants, construction companies, and labs. Often, pollution at work or in neighborhoods exacerbated existing health problems, such as asthma. Other research suggests that while all racial and ethnic groups suffer from respiratory conditions like asthma, **symptoms are more severe for Black and Latinx individuals.** In fact, members of those groups are **two to three times more likely than whites to be hospitalized or die from asthma.**¹⁹

Need for More Enforcement

Historically, state and local governments have cooperated with the U.S. Environmental Protection Agency (EPA) on most civil enforcement of environmental law. Recently, federal enforcement has declined dramatically, with the **EPA bringing only half as many civil cases in 2018 as they did in 2017.**²⁰ The drastic decline in penalties levied by the EPA for environmental law violations also reflects this reduction in enforcement. From 2006 to 2017, the EPA levied an average of **\$846 million in civil penalties per year—in 2018, they fined environmental lawbreakers just \$58 million.**

With the federal government leaving a vacuum of environmental enforcement, some states have been taking the opportunity to lean back as well, while others, like California, have become more aggressive. Meanwhile, smaller sources of pollution, such as emissions from auto body shops, dry cleaners, restaurants, and landscaping equipment, collectively contribute more pollution to the air than industrial sources.²¹ To effectively address these sources, meaningful local education, outreach, and enforcement is needed, but often absent.

19 Sharmilee M. Nyenhuis, MD et al. Race is associated with differences in airway inflammation in patients with asthma. *Journal of Allergy and Clinical Immunology*, January 2017 and Asthma and Hispanic Americans, Office of Minority Health, U.S. Department of Health and Human Services at minorityhealth.hhs.gov/omh/browse.aspx?lvl=4&lvlid=60.

20 Marianna Sullivan, Chris Sellers, Leif Frederickson, and Sarah Lamdan, The EPA has backed off enforcement under Trump – here are the numbers (www.theconversation.com, January 3, 2019).

21 “Definitions of Air Pollution Source Categories.” GoodGuide, 2011, (scorecard.goodguide.com/env-releases/def/air_source.html).



California

Jan, a 42-year-old white woman, lives in Point Richmond, California with her sister and two kids. She talked to us about breathing problems she's experienced because of air pollution at work.

I work outside in landscaping. The equipment we use is gas-powered and there's a lot of exhaust. **I've had eye infections, respiratory infections, coughing, and difficulty breathing because of it.** I've tried different things on the advice of my doctor—eye drops or taking decongestants. I don't know how much good it's done, because I still have issues. I asked my boss at least 25 times to give us ventilator masks. He just blames [workers' breathing problems] on [nearby forest] fires or when it's bad with the refinery. The freeway is congested all the time, which makes it worse. My boss blames a lot of it on the traffic. Finally, I just purchased the masks myself.



The Cycle of Corporate Abuse



8/10

corporate abuse victims said they had **experienced more than one type of corporate abuse.**

- More common for people of color, youth and low-income people
- Housing victims twice as likely to have also experienced wage theft

The actual number of people who have experienced corporate abuse may be even higher than these numbers indicate. There are many kinds of corporate abuse, and the survey asked only about a few of the most common scenarios. Because this was a national survey, we tried to capture violations that would be illegal across the country. Laws that protect tenants, workers, and consumers vary widely from state to state. There are many places where greater protections exist related to, for example: eviction, rent increases, worker safety, and paid sick days, to name a few; we weren't able to include questions about those scenarios. Finally, there are serious forms of corporate abuse that can be harder to recognize as an individual. For example, when an individual receives a higher interest rate on their mortgage, or is turned down for an apartment, they are generally not told why. Without looking at data from many mortgage or rental applications, it can often be impossible to know that discrimination or other illegal activity is occurring.

The Cycle of Corporate Abuse

The vast majority of people who have experienced corporate abuse—including wage theft, predatory lending, predatory debt collection, unsafe housing conditions, or health problems from corporate pollution—have experienced multiple incidents of corporate abuse.

- **Eight out of ten corporate abuse victims said they had experienced more than one type of corporate abuse.**
- **People who had lived in unsafe rental housing were the most likely to have experienced other categories of corporate abuse. That group was twice as likely to have also experienced wage theft and almost 2.5 times more likely to have experienced health problems from corporate pollution.**
- **People of color, younger people, and lower income adults were also more likely than others to have experienced multiple types of corporate abuse.**

In some cases, one experience of corporate abuse led directly to another, particularly for people who were economically vulnerable. For example, an unstable work or housing situation could cause financial difficulties that put people at risk for fraud or predatory loans with abusive terms. Likewise, being trapped in a cycle of predatory debt can negatively impact your credit rating, making it harder to get a better job or find another place to live.



California

Taliah, a Black woman from the San Francisco Bay Area, told us about the health and financial difficulties she experienced when her landlord refused to address the mold in her apartment, and how the costs she incurred as a result led her to take out payday loans.

I moved into a converted studio in the basement of an apartment building in Berkeley in 2017. My runny nose was constant—anytime I went in the apartment, it would start running. I was really suffering, and went to two doctors about it.

Three months into living there, **I picked up a bag that was leaning against the wall and it was covered in mold. I emailed my landlord and the property manager, but I didn't get a response.** Weeks later, the company sent out a repairman to look into the issue. He said the mold wasn't toxic, but honestly, the guy was just a handyman. He wasn't qualified to decide if a substance was toxic. I decided to hire a company who took swab samples. They detected toxic mold spores in the air.

Unfortunately, the property manager wasn't willing to do anything. I needed to move out of the apartment at that point, and my rent costs doubled because I had to move on short notice. To repair my damaged stuff, I hired a cleaning company that specialized in mold damage restoration. It cost thousands of dollars and took two months to restore all of my items.

My landlord fought me on this. It took a year to settle and for me to get partially paid back. During that time, I had to take out payday loans to help cover costs. They charged me astronomical repayment fees.



Links to Other Experiences as Victims of Crime

4.5x / 3x

Corporate abuse victims were **four and a half times more likely to identify as victims of violent crime** and **three times more likely to identify as victims of non-violent crime** than people who had not experienced corporate abuse.

People who said they had experienced corporate abuse were also much more likely to identify as victims of crimes apart from their corporate abuse experiences.

- **People who reported having experienced corporate abuse were four and a half times more likely to identify as victims of violent crime and three times more likely to identify as victims of non-violent crime than people who had not experienced corporate abuse.**

The correlation between corporate abuse and other types of victimization was the strongest we found in the survey, more than any demographic factor or other characteristic. In some ways this is not surprising. In the criminal justice context, research shows that previous victimization is the single best predictor of being victimized again.²² It seems that vulnerability to street and personal crime may also be linked to vulnerability to corporate abuse. Some criminal victimization experiences impose high financial costs—from medical debt to relocation expenses—on economically vulnerable victims, which could put them at higher risk for corporate abuse as workers, consumers, or tenants. Similarly, we know that workplace abuses that reduce women’s relative economic power can put them at greater risk for domestic violence.²³ Historical patterns of residential segregation confine some Black and Latinx residents to neighborhoods with both poor housing quality and higher incidences of violent and property crime.²⁴ More research is needed to better understand the links between corporate abuse experiences (resulting from both criminal and civil violations) and other experiences as crime victims.

22 Deborah Lamm Weisel , Analyzing Repeat Victimization (Center for Problem-Oriented Policing, 2005).

23 See e.g. Economic Justice Policy, National Network to End Domestic Violence (www.nnedv.org/content/economic-justice-policy/); Aizer A. (2010). The Gender Wage Gap and Domestic Violence. *The American economic review*, 100(4), 1847–1859. doi:10.1257/aer.100.4.1847.

24 See e.g. Hood E. (2005). Dwelling disparities: how poor housing leads to poor health. *Environmental health perspectives*, 113(5), A310–A317. doi:10.1289/ehp.113-a310; Akins, S. (2007), Racial Residential Segregation and Crime. *Sociology Compass*, 1: 81–94. doi:10.1111/j.1751-9020.2007.00026.x.



Links to Involvement with the Justice System



Nearly one in three adults in the United States has an arrest or conviction record.

2x

People who reported corporate abuse experiences were more than twice as likely to have been arrested.

We found that having been arrested or convicted of a crime was also strongly correlated with having experienced corporate abuse.

- **People who reported corporate abuse experiences were more than twice as likely to have been arrested and almost three times as likely to say they had a conviction for a non-violent offense as those who had not experienced corporate abuse.**

Nearly one in three adults in the United States has an arrest or conviction record that could come up on a routine background check.²⁵ People with criminal records face many barriers—due to stigma and legal restrictions—to accessing housing, employment, and education. These barriers may make this group more vulnerable to exploitative and unsafe housing, work, and loans, because their options are much more limited. This group may also feel less comfortable reporting corporate abuse because of prior negative experiences with law enforcement and the courts.



Nearly one in three adults in the United States has an arrest or conviction record

People who reported corporate abuse experiences were **more than twice as likely to have been arrested and almost three times as likely to say they had a conviction for a non-violent offense** as those who had not experienced corporate abuse.

25 Anastasia Christman and Michelle Rodriguez, Research Supports Fair-Chance Policies (National Employment Law Project, August 01, 2016).



What Harms Do Victims of the Enforcement Gap Experience?

Corporate abuse, like other forms of harmful illegal and criminal activity, varies in severity and in the level of harm it causes to victims. Overall, the survey shows that corporate abuse has a wide-ranging and significant impact on people's lives.

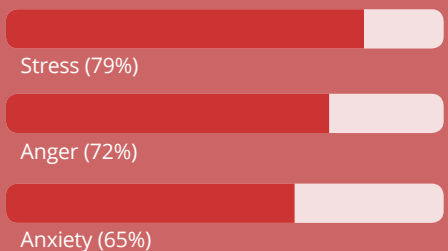
- **Many of these law violations cause concrete economic harm to individuals and their families: lost wages, out-of-pocket expenses, and charges or payments related to predatory debt.**
- **Another primary impact people reported in the survey was psychological, with vast majorities saying they experienced stress (79%), anger (72%), and anxiety (65%) as a result of their victimization.**
- **Roughly half of corporate abuse victims surveyed said that they experienced trouble sleeping and suffered financial difficulties as a result of the incident.**
- **Other common impacts of corporate abuse on victims were physical or medical issues (36%), a lost job or lost work hours (29%), and relationship problems (34%).**

The length of time people were impacted varied, but half of corporate abuse victims said it took more than a month to recover and 27% said they experienced the effects of corporate abuse for more than a year.

Concrete Economic Harms

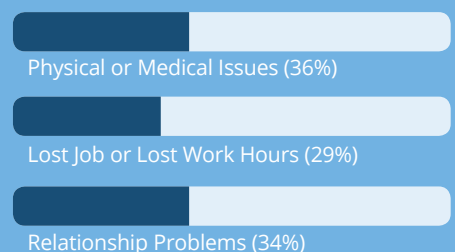
- lost wages
- out-of-pocket expenses
- payments related to predatory debt

Psychological Impacts



Half of abuse victims experienced trouble sleeping and financial difficulties

Other Common Impacts



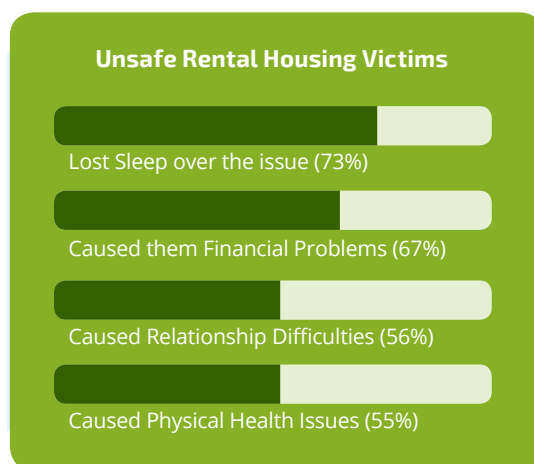
Tenants and Crime Victims Experience the Most Severe Harms

Repeated experiences with crime and corporate abuse tended to lead to more severe and long-lasting impacts. Our survey showed that victims of violent or other non-violent crime experienced more harmful effects stemming from their corporate abuse experiences for longer periods of time than did other people who experienced corporate abuse. This could be a result of the compounding effects of repeated traumatic experiences. Research has shown that some effects of repeated trauma may be additive when it comes to physical and mental health. For example:

- **44% of victims of violent crime and 41% of victims of non-violent crime said it took more than a year to recover** from their corporate abuse experience, compared to 27% of all people who experienced corporate abuse.
- **55% of victims of violent crime and 47% of victims of non-violent crime said they suffered health problems as a result of their corporate abuse experience**, compared to 36% of all people who experienced corporate abuse.

People who had experienced unsafe rental housing conditions that their landlords refused to repair reported the most severe impacts among corporate abuse categories.

- **73% of this group said they lost sleep over the issue, 67% said it caused them to experience financial problems, 56% said it caused relationship difficulties, and 55% said that it caused them physical health issues.**
- **A majority of this group said they would classify their housing problem as “a traumatic experience” and four in ten said that it took more than a year for them to recover.**



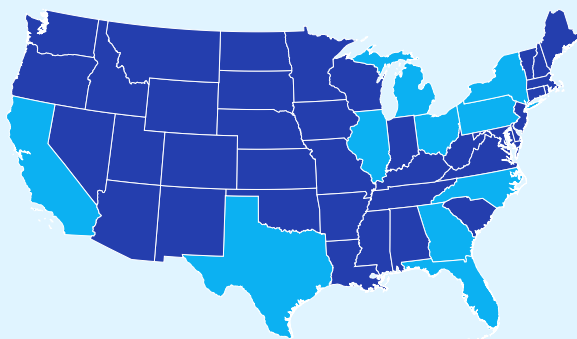
Other research has illustrated the serious problems that can result from inadequate housing. According to the Urban Institute, issues in housing units can cause residential instability when “families must choose between affordability and housing quality, despite evidence that inadequate housing conditions make tenants more vulnerable to health problems and cause developmental delays among children.”²⁶ Attempts to address poor housing conditions can also lead to problems with landlords, which can result in eviction.

	TROUBLE SLEEPING	HEALTH PROBLEMS	LOSS OF JOB OR CUT HOURS	FINANCIAL PROBLEMS	RELATIONSHIP DIFFICULTIES	1+ YEAR TO RECOVER
All people who experienced corporate abuse	52%	36%	29%	49%	34%	27%
Experienced unsafe housing	73%	55%	33%	67%	56%	42%
ID'd as victim of violent crime	68%	55%	45%	73%	54%	44%
ID'd as victim of nonviolent crime	64%	47%	38%	65%	48%	41%

26 Theodos, 2018.

Broader Community Harms

Beyond the direct harm to individuals, corporate abuse causes broader community harms, including to the economy and to community safety and health. For example, in the predatory lending context, a 2011 study of Seattle neighborhoods found that a **concentration of payday lending storefronts leads to higher rates of violent and property crime** in the area. Another study found that living in a state where payday lending is legal increases the chance that a resident will have trouble paying rent and utilities by 25%, thereby increasing the risk of homelessness for entire communities.²⁷



In the 10 most populous U.S. states,

**2.4 million
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annually**

to minimum wage violations

(an average of \$3,300 per year for year-round workers)

In the 10 most populous U.S. states, **2.4 million workers lose \$8 billion annually** (an average of \$3,300 per year for year-round workers) to minimum wage violations—nearly a quarter of their earned wages.²⁸ For families struggling to make ends meet, those stolen wages could mean a huge difference; **small increases in take home pay have been shown to reduce child neglect reports²⁹, rates of smoking³⁰, and premature deaths.³¹** Because low-wage workers are more likely than other income groups to spend any additional earnings immediately on previously unaffordable basic needs, they can also boost consumer spending, strengthening local economies.³²

27 Heibert, Paul, The Link Between Payday Lenders and High Crime Rates. (psmag.com/economics/payday-lenders-high-crime-rates-go-hand-hand-67428, June 14, 2017).

28 David Cooper, 2017.

29 Jim Hanchett, Raising the minimum wage would reduce child neglect cases (news.iu.edu, August 16, 2017).

30 Leigh, J. Paul, et al. (2019). Minimum wages and public health: A literature review. *Preventive Medicine*, 118, 122-134. doi:10.1016/j.ypmed.2018.10.005.

31 Tsao, Tsu-Yu, et al. (2016). Estimating Potential Reductions in Premature Mortality in New York City From Raising the Minimum wage to \$15. *American Journal of Public Health*, 106(6), 1036-1041. doi:10.2105/ajph.2016.303188.

32 David Cooper and Douglas Hall, How raising the federal minimum wage would help working families and give the economy a boost (Economic Policy Institute, August 14, 2012).



Barriers to Getting Help

Despite the fact that people who experienced corporate abuse frequently suffer psychological, financial, or medical stresses as a result, it was very challenging for them to access effective legal and other services to help them recover.

Six in ten people who reported experiencing corporate abuse turned to family and friends for help with their problem. For the minority who went beyond their immediate network, the next most common places to seek help were from an employer (36%), a lawyer or legal organization (25%), a church or other house of worship (22%), or a government agency (22%).



- **Despite their efforts, six out of ten people who experience corporate abuse don't end up receiving services or support from external sources that helps them recover.**
- **A majority (52%) also said that they did not feel supported by the legal system after their experience, compared to 28% who said they did feel supported and 20% who weren't sure.**

The survey results suggest that corporate abuse, including criminal activity, is dramatically underreported to law enforcement or other government agencies. As a comparison, the 2017 National Crime Victimization Survey indicated that **"45% of violent victimizations and 36% of property victimizations were reported to police."** Yet our survey found just **32% of people** who experienced corporate abuse **sought help to address it from police, prosecutors, or another government agency.** Just 15% of people who experienced wage theft, which is often a crime, reported to police or prosecutors, or sought help from another government agency.

Victims of corporate abuse reported lack of awareness and low levels of trust in government as barriers to getting help.



Awareness

People were not always clear whether what happened to them was against the law or not, even when it was very likely to have been illegal.

- **For example, 36% of people who said they were paid below minimum wage said they didn't think that what happened to them was against the law or that they weren't sure if it was illegal.**

This finding is consistent with research showing that when people in the United States have potentially justiciable problems, “they often do not think of their justice problems in legal terms.”³³ They are more likely to think of problems as personal or moral.

In open-ended responses to questions about why they did not seek help from a government agency, many people stated that they didn't know where to go to get help. Many also stated that they feared retaliation from their landlord or employer, suggesting a lack of awareness that retaliation for filing a complaint was also likely illegal.

36% of people paid below minimum wage weren't sure it was illegal or against the law.



Trust

People who said they had experienced corporate abuse were more likely to report low levels of trust in law enforcement and prosecutors and to say that state and local government puts businesses before people. For example, seven in ten corporate abuse victims said they did not trust the police; less than three in ten people who reported no corporate abuse experiences said the same.

- **Despite being more likely to have been victims, young, Black, and lower-income adults were least likely to have sought help from the police, district attorney, or a government agency.**
- **In the predatory lending and debt collection context, people we surveyed frequently reported that they were threatened with arrest or imprisonment if they didn't pay, likely reducing the chance that they would seek help from prosecutors or police to address their problem.**

Young, Black and lower-income adults were least likely to seek help from the police, DA, or government agency.

Public education and outreach by law enforcement and government agencies on people's rights and how to get help could effectively build awareness and trust. **A majority of victims who did not seek government help said they would have if they knew these agencies would be advocates.**

33 Rebecca Sandfeur, Civil Legal Needs and Public Legal Understanding (American Bar Foundation).



Chicago, IL

Mario (not his real name) survived an extremely exploitative work situation and ultimately overcame his fears regarding his immigration status to file a successful wage claim.

I worked in an elder care facility. While I was there, **I worked 12 hours a day from 6pm-6am, 5 days a week. 60 dollars flat rate for the full shift.** They gave us cash because the company didn't want proof of anything. They would also tell us they were deducting money for taxes. When I got my W-2 it showed they had only paid a small amount in taxes when much more had been taken out of my pay.

Often, the facility would be lacking supplies and food. So many times I would buy food and items with my own money. The residents were handicapped. I couldn't in good conscience see them starving! I was never reimbursed for that.

The boss would also threaten to report us to immigration—she created a lot of fear among the employees. Most people were afraid to complain.

Eventually my work situation made it impossible to cover my family's expenses. For a time, we had to move in with my brother. It was a very uncomfortable situation, but we had to swallow the embarrassment.

After I quit, I did some research and discovered that this was a labor issue and my immigration status didn't matter. I decided to make my case to the Department of Labor. The day of the hearing, the arbiter gave me and my [former] boss thirty minutes to reconcile. When the arbiter left the room, my [former] boss said, 'I know you don't have papers and I can easily report you.' I told her that she didn't scare me.

I told the arbiter about the threat my [former] boss made, and the arbiter made it clear that this was a labor issue, not an immigration one. She calculated the amount the company had to pay in order to avoid the case going to court. They paid it. The amount was much less than I should have gotten, but I just settled the case. I didn't want to take it further and have them report me.



What Victims Want from Law Enforcement

In addition to asking people about their experiences with corporate abuse, we also asked about what they want prosecutors to focus on and how they wanted prosecutors to communicate about their priorities.



- **More than 8 in 10 believe it is very important for prosecutors to investigate and charge corporations that commit fraud, cheat workers, or pollute our air and water versus fewer than 3 in 10 who would prioritize prosecuting individuals who commit nonviolent offenses.**
- **By a 15 point margin, people who have experienced corporate abuse want prosecutors to focus on taking on corporate abuse while protecting community safety over making crimes related to drugs, theft, and violence their main priority.** Despite strongly favoring prosecution of business crimes over prosecution of non-violent drug and property crime by individuals, victims also preferred a combined focus on corporate abuse and community safety to a primary focus on reducing low-level drug prosecutions by 20 points. This finding underscores the need for reform prosecutors and candidates for public office to focus on combating corporate abuse and protecting community safety as part of their criminal justice reform agenda. Taking on corporate abuse is consistent with a reform agenda, because it can help make communities safer, and because resources formerly devoted to excessive prosecution of street crime can be shifted towards units tackling abuses like wage theft and toxic waste.
- **Regardless of gender, race or ethnicity, or the type of corporate abuse people experienced, the majority of people preferred prosecution that includes a focus on corporate abuse.**

A focus on corporate abuse can strengthen prosecutors' ability to protect public safety across all types of offenses. Enforcement of laws against corporate abuse show the most vulnerable members of society that the justice system can work for them, not just against them.



Recommendations for State & Local Governments

The National Corporate Abuse survey, together with other issue-specific data and research, is an important step forward in understanding the needs and perspectives of victims of different kinds of corporate abuse. The survey data point to a few policy recommendations for state and local governments.



Do more and better community outreach about equitable enforcement that specifically targets those communities that are most at risk.

The majority of people we surveyed said they would report their corporate abuse experiences if they knew government would advocate for them. Unfortunately, few residents—especially those from vulnerable communities—are getting that message. Leveraging partnerships with trusted community-based organizations to help get the word out and collaborate on cases can be a good first step to letting those most impacted know that help is available.



Conduct more state and local level research about the experiences and needs of people who have experienced corporate abuse.

This research can help design enforcement programs that target the highest need areas in specific communities and that reduce barriers for people to report, recover, and remedy the harms they experience.



Increase investment in equitable enforcement of the rights of workers, tenants, and consumers.

Across the country, state and local public law offices are creating units that focus on proactive rights protection work, rooted in equity. But to address the national corporate enforcement gap, much more is needed. If you work for a state or local government and want to do more equitable enforcement to protect your residents' rights, read our *Affirmative Litigation Guide* and email Public Rights Project at fellows@publicrightsproject.org. We would love to help you start or expand your work!



Align public policy with the needs and priorities of people who have experienced corporate abuse.

People who have experienced corporate abuse overwhelmingly want prosecutors to focus on violent crime and taking on businesses who are exploiting communities and the environment. Local district attorneys, as well as other public officials, should consider how to shift priorities to align with this strong new vision for creating safe, thriving communities.

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