



1750 Ocean Park Boulevard, #200, Santa Monica, CA 90405 - 4938  
Tel: 310-392-0522 • Fax: 310-392-8874 • Net: [consumerwatchdog.org](http://consumerwatchdog.org)

## **News Release**

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Contact: Carmen Balber 310-392-0522 x324  
Jerry Flanagan 415-497-1710

# **13 of 16 Cabinet Members Have Ties To “Class Action” Targeted Companies**

## **President Bush Backing Major Overhaul of Class Action Lawsuits**

*Washington, DC* – A new report, “Class Action Cabinet,” released today by the Foundation for Taxpayer and Consumer Rights (FTCR) shows that 13 of 16 Bush Cabinet members have been employed by, served on the board of, or have significant financial interest in corporations that have been targeted by consumer class-action lawsuits. Deliberations on the bill could start as early as tomorrow.

Condoleeza Rice and Andrew Card, top advisors to President Bush, though not part of the Cabinet, were also found to have ties to companies targeted by class action lawsuits as was President Bush himself.

The report by the consumer advocacy group comes as the US Senate is set to debate Bush-backed legislation, S. 274, which would limit consumers’ rights to file class action lawsuits. Read “Class Action Cabinet” online at: <http://www.consumerwatchdog.org/corporate/rp/rp003745.pdf>

“The White House campaign to curb class action lawsuits is being driven by the very corporations that gave birth to the cabinet and will likely fund their retirement,” said Jamie Court, president of FTCR and author of *Corporateering: How Corporate Power Steals Your Personal Freedom And What You Can Do About It* (Tarcher/Putnam). “The Bush Administration has an undisclosed conflict of interest in lobbying to take away the rights of consumers to band together against corporate abuses that they could not fight alone. This is the equivalent of President Bush using his office to break up a baseball strike against the Texas Rangers.”

The Cabinet includes the Vice President and the heads of 15 executive departments. According to the report released today by the non-profit and non-partisan FTCR:

- ❖ Dick Cheney, Vice President, was CEO of Halliburton from 1995-2000, which was the target of several class action lawsuits. During Cheney’s time as chief executive, the suits alleged, Halliburton engaged in improper accounting practices. The company and shareholders reached a \$6 million settlement.
- ❖ Gale Norton, Secretary of the Interior, was a lobbyist for NL Industries (formerly National Lead Company) -- which has been the subject of a dozen class action lawsuits involving alleged harm to children or the environment.

- ❖ Norman Mineta, Secretary of Transportation, resigned his former House seat in mid-term to take a job as corporate vice president of Lockheed Martin. Workers brought a class action suit against Lockheed Martin in May 1994, claiming the corporation had targeted employees older than 40 for layoffs and forced retirements over a five-year period.
- ❖ Anthony Principi, Veterans Affairs Secretary, served as the Chief Operations Officer for defense company Lockheed Martin's Integrated Solutions division. Principi also held tens of thousands of dollars of stock in the digital wireless communications firm, Qualcomm, which resolved a class action in 2001 brought by former employees arising out of the sale of assets.
- ❖ John Snow, Secretary of the Treasury, was chairman and CEO of the CSX Corporation. During Snow's long tenure at CSX, a New Orleans jury awarded \$2.5 billion in punitive damages against railroad giant CSX Transportation in a class action suit related to a 1987 fire caused by a chemical leak.
- ❖ Colin Powell, Secretary of State, served on the board of directors for Gulfstream Aerospace, which made specialty jets for Kuwait and Saudi Arabia. Under a consent decree approved by a federal district court judge, plaintiffs and the Gulfstream Aerospace Corporation settled a class action lawsuit in the amount of \$2.1 million that alleged age discrimination.
- ❖ Ann Veneman, Agriculture Secretary, served on the board of an industry trade group funded by Archer Daniels Midland and Cargill which were the target of a class action lawsuit alleging price-fixing. When she became Agriculture Secretary, Veneman inherited a class action lawsuit against the Agriculture Department alleging discrimination against minorities in the provision of credit and other agricultural services.
- ❖ Elaine Chao, Secretary of Labor, served on the Board of Clorox. Investors filed a class action against Clorox in 1999 claiming that Clorox violated the Securities Exchange Act of 1934 by misrepresenting Clorox's earnings growth and ability to continue to make the expected profit.
- ❖ Donald Rumsfeld, Secretary of Defense, served on the Board of Allstate which has been targeted by a class action lawsuit alleging that the company set up administrative roadblocks to keep consumers from receiving policy benefits. Rumsfeld also held \$11 million in Gulfstream Aerospace stock when it was absorbed by General Dynamics.
- ❖ Spencer Abraham, Energy Secretary, was the top recipient of campaign contributions from the automotive industry during his failed 2000 Senate campaign. Numerous class action lawsuits have been brought against the automotive industry in recent years.
- ❖ John Ashcroft, Attorney General, has received nearly \$80,000 in campaign contributions from two class-action targeted corporations, Monsanto and Enterprise Rent-A-Car.
- ❖ Tommy Thompson, Health and Human Services Secretary, held up to \$50,000 in Phillip Morris stock prior to becoming the Governor of Wisconsin. As governor, Thompson accepted more than \$72,000 in campaign contributions from the company between 1993-2000. An Illinois judge ordered the company to pay \$7.1 billion in compensatory damages to smokers and \$3 billion in punitive damages to the state of Illinois.
- ❖ Tom Ridge, Secretary of Homeland Security, received contributions from Waste Management Inc. when he was governor of Pennsylvania. A class action was filed accusing the company of issuing false statements which caused Waste Management common stock to trade at artificially inflated prices.

Class-action bills pending in the Senate would give corporate defendants several key procedural advantages in class-action lawsuits. Most significantly, the legislation would divert most class-action lawsuits from state courts to federal courts. Federal judges are less likely to certify class action lawsuits, interpret state law more conservatively than intended, and are more likely to rule that federal laws preempt stronger state protections.

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The Foundation for Taxpayer and Consumer Rights is a California based non-profit and non-partisan consumer watchdog organization. For more information visit us on the web at [www.consumerwatchdog.org](http://www.consumerwatchdog.org) or [www.corporateering.org](http://www.corporateering.org)