

## Press Release

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### **OHIO SENATE VOTES TO INCREASE CORPORATE POWER**

The Ohio Senate yesterday approved a bill that opponents have labeled "stealth legislation" that expands what information corporations can withhold from the public, and reduces the legal liability of corporate officials.

The State Senate passed HB 78, a measure backed by the Corporations Committee of the Ohio State Bar Association, and referred to by Ohio Secretary of State Blackwell as a way to modernize "antiquated regulations." A group of Ohio labor, environmental, and economic justice advocates however, called HB 78 a "sweeping bill that relaxes the overall rules governing what Ohio-chartered corporations can do at the expense of citizens, consumers and shareholders. It is a further step away from democratic control by the people and their elected representatives."

The Ohio Committee on Corporations, Law and Democracy said HB 78 is flawed because it:

- Gives corporations a choice of whether or not to disclose their purpose at the time of incorporation.
- Provides corporations the option of holding important meetings outside Ohio.
- Allows the names of the founders of a new corporation to be kept secret.
- Grants shareholders immunity from personal liability for any debts, obligations, or liabilities of the corporation and shields directors from liability if they vote for an impermissible loan or dividend payment if they believe they weren't acting against shareholder interests.

"The bill is the first major revision of Ohio's corporation code since 1955. As such, it deserved much closer scrutiny," said Mike Ferner, a Committee member from Toledo. "Many of the bill's provisions come from the State of Delaware, which for decades has been a safe refuge for corporations seeking the lowest level of accountability to citizens and public officials," Ferner added. "With passage of HB 78, Ohio has joined a race to the bottom that only corporations will win."

"HB 78 was touted as 'dull, straightforward, and ...not likely to generate widespread interest...' It is, in fact, a densely, complex piece of legislation which is of immense concern to labor, environmental, religious and other public interest groups who are troubled by trends to decrease corporate accountability and responsibility in the states in which they reside," stated Amy Simpson of the Ohio Public Interest Research Group.

"In the future, even the most corrupt corporate decisions must now be defended at the expense of

company shareholders. When corporate shotcallers decide to pollute the environment or poison their workers just because it's more profitable to do it that way, they can, because they won't personally have to pay. No fear." said Terry Lodge, a Toledo environmental attorney.

"The Ohio Senate's vote represents another step in the radical reversal by our state legislature to keep corporations under the authority of we the people. This bill will give corporations more powers to govern themselves instead of being held accountable by the public," said Greg Coleridge of the Northeast Ohio American Friends Service Committee.

Earlier this week, the Ohio Sierra Club also came out against the bill. Additionally, Ohio AFL-CIO President Bill Burga urged all Senators to take time to consider whether the bill caused more harm than good to the citizens of Ohio.

The group wrote a letter to the Senate Judiciary Committee last week asking for a delay of the vote until its details were fully known and impact on citizens and democracy understood. Coleridge offered the only opposing testimony to the bill when it was heard by the Senate Judiciary Committee last week. The group also sent a letter and fact sheet to every State Senator last Friday and this Monday outlining serious problems of the bill and urging Senators to vote against it.

Promoted as simple "housekeeping" legislation to update Ohio's business climate, HB 78 quietly passed the Ohio House 94 to 1. The bill now goes to Governor Taft for his signature.

The Ohio Committee on Corporations, Law and Democracy is a group of citizens from across Ohio concerned with the growing power of corporations to govern, and the dangers this poses to democracy in the state and nation. Earlier this year, the group published Citizens over Corporations, a booklet detailing the history of the relationship between citizens, corporations and democracy in Ohio.

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