

Date: October 3, 2007  
Initiative No. 07-0046

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**CORPORATIONS. NEW LEGAL BASIS TO ADDRESS CORPORATE FRAUD. STATUTE.**

Creates a new legal basis to address illegal actions by corporations or key individuals within corporations. Expands existing corporate liability by allowing designated challenges to be brought by individuals or organizations whose investments, pensions, retirement funds or savings suffer a loss. Makes corporations liable for any financial benefit acquired from the sale of securities during the period of illegal activity. Requires responsible executives to pay penalties equaling all compensation received during the period of illegal activity. Mandates penalties be paid into fund providing repayment to victims of corporate fraud. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Probably no state administrative cost. Potential unknown additional penalty revenue for corporate fraud restitution payments. (Initiative 07-0046.)