

DEBRA BOWEN

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CONTACT: Nicole Winger
(916) 653-6575

Four Proposed Corporations Initiatives Enter Circulation

Class Action Lawsuits. Statute.
Class Action Lawsuits. Non-Profit Organizations as Plaintiffs. Statute.
Corporations. Shareholder Approval of Compensation. Reporting Requirements. Statute.
and
Corporations. New Legal Basis to Address Corporate Fraud. Statute.

SACRAMENTO – Secretary of State Debra Bowen today announced that the proponents of four new initiatives may begin collecting petition signatures for their measures.

The Attorney General prepares the legal title and summary that is required to appear on initiative petitions. When the official language is complete, the Attorney General forwards it to the proponents and to the Secretary of State. The Secretary of State then provides calendar deadlines to the proponents and to county elections officials, and the initiative may be circulated for signatures. The Attorney General's official title and summary for the first measure is as follows:

CLASS ACTION LAWSUITS. STATUTE. Requires court to determine whether settlement of a class action lawsuit provides "meaningful relief" to class members. Limits settlements from releasing claims not covered by the lawsuit. Requires special justification for using discount coupons for future purchases as the primary relief to the class members. Requires twenty-five percent of punitive damages awarded in class action lawsuits be paid to the state instead of the class members to enforce laws promoting consumer, shareholder, pension, fire and police, insurance, and discrimination protections. Provides for methods of notice to class members. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown fiscal impact on state revenues from court filing fees and the cost of court operations. Unknown net increase in state revenues, potentially up to the low tens of millions of dollars in some years, from providing a 25 percent share of punitive damage awards from class action cases to the state. (Initiative 07-0043.)

The Secretary of State's tracking number for this measure is 1276 and the Attorney General's tracking number is 07-0043.

The Attorney General's official title and summary for the second measure is as follows:

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CLASS ACTION LAWSUITS. NON-PROFIT ORGANIZATIONS AS PLAINTIFFS. STATUTE. Allows certain non-profit organizations to sue to enforce unfair business competition laws regardless of whether the organization or its members have been injured. Requires court to find settlements of class action lawsuits provide “meaningful” relief. Allows for the most effective and least costly form of notice to class members. Exempts notice to class members and changes certification requirements when lawsuit seeks injunctive, and not financial, relief. Requires twenty-five percent of punitive damages awarded in class action lawsuits be paid to the state to enforce specific laws. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown fiscal impact on state revenues from court filing fees and the cost of court operations. Unknown net increase in state revenues, potentially up to the low tens of millions of dollars in some years, from providing a 25 percent share of punitive damage awards from class action cases to the state. (Initiative 07-0044.)

The Secretary of State’s tracking number for this measure is 1277 and the Attorney General’s tracking number is 07-0044.

The Attorney General’s official title and summary for the third measure is as follows:

CORPORATIONS. SHAREHOLDER APPROVAL OF COMPENSATION. REPORTING REQUIREMENTS. STATUTE. Prohibits publicly traded companies doing business in California from initiating or revising any agreement relating to compensation of its directors or its ten highest paid executives without approval by a majority of its shareholders. Establishes liability for directors who make compensation agreements without required shareholder approval. Requires public companies to collect and report additional information regarding executive compensation and employee pay and benefits. Requires that specified compensation and benefit information be filed with the Secretary of State, included in annual reports to shareholders, and posted on each corporation’s website. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Probably negligible one-time state costs to modify the forms that corporations use to annually report certain information. (Initiative 07-0045.)

The Secretary of State’s tracking number for this measure is 1278 and the Attorney General’s tracking number is 07-0045.

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The Attorney General's official title and summary for the fourth measure is as follows:

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.)

The Secretary of State's tracking number for this measure is 1279 and the Attorney General's tracking number is 07-0046.

The proponents for the measures, James C. Harrison and Margaret R. Prinzing, must collect the signatures of 433,971 registered voters – the number equal to 5% of the total votes cast for governor in the 2006 gubernatorial election – for each measure in order to qualify it for the ballot. The proponents have 150 days to circulate petitions for these measures, meaning the signatures must be collected by March 3, 2008.

The initiative proponents can be reached at (510) 346-6200.

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