

October 1, 2007

Hon. Edmund G. Brown Jr.
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Toni Melton
Initiative Secretary

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative entitled "The Corporate Crime Reporting Act" (A.G. File No. 07-0051).

Major Provisions

This measure would require specified employees of foreign and domestic corporations and limited liability companies doing business in California to report to the Attorney General or other appropriate government agency any act(s) by the corporation that violates state or federal laws related to financial fraud, consumer protection, health and safety, the environment, or labor. Failure to report such acts would be punishable by up to one year in county jail and/or a fine of up to \$100,000.

Fiscal Effect

This measure would result in unknown, but probably minor, local and state costs for enforcement and prosecution of individuals charged with failure to report certain unlawful acts by a corporation or limited liability company. These costs would likely be partially offset by revenue from the collection of fines.

Summary

This measure would result in the following fiscal effect:

- Probably minor local and state enforcement and prosecution costs, partly offset by increased fine revenue.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Michael C. Genest
Director of Finance