

AMENDED IN SENATE AUGUST 22, 2002
AMENDED IN SENATE AUGUST 21, 2002
AMENDED IN SENATE AUGUST 28, 2001
AMENDED IN SENATE JULY 9, 2001
AMENDED IN ASSEMBLY MAY 31, 2001
AMENDED IN ASSEMBLY MAY 16, 2001
AMENDED IN ASSEMBLY MAY 1, 2001
AMENDED IN ASSEMBLY APRIL 17, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 55

**Introduced by Assembly Members Shelley and Hertzberg
Matthews**

~~**(Coauthors: Assembly Members Aroner, Chavez, Liu,
Lowenthal, and Steinberg)**~~

(Principal coauthor: Senator Dunn)

(Coauthor: Senator Machado)

December 4, 2000

~~An act to add Chapter 5 (commencing with Section 2300) to Division 2 of the Elections Code, relating to elections. An act to amend Sections 1502 and 2117 of, and to add Section 1502.5 to, the Corporations Code, relating to corporations, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 55, as amended, Shelley. ~~Elections: voting: reform and modernization~~ Corporations: disclosure statements.

Existing law, the General Corporation Law, requires a domestic corporation and a foreign corporation to file statements with the Secretary of State disclosing specified information concerning its operation biennially.

This bill would require the statement to instead be filed annually. The bill would specify additional information that a corporation is required to include in these statements. The bill would make the information contained in the statements open to public inspection and would require the Secretary of State, prior to December 31, 2004, to make this information available on an online data base. The bill would also require a corporation to pay a \$5 disclosure fee when filing the statement. The bill would specify the use of this fee, including the deposit of one-half of the fee revenue into the Victims of Corporate Fraud Compensation Fund, which would be established by the bill. The bill would require the Secretary of State to administer the fund and to adopt regulations regarding its administration and the eligibility of victims to receive compensation. Because the revenue in the fund would be continuously appropriated by the bill, the bill would make an appropriation.

~~Existing law provides for voting at polling places, by absentee ballot, and in mail ballot elections.~~

~~This bill would provide that voters at the polls and the public have specified rights at the polls, and would permit the Secretary of State to develop regulations to implement and clarify these rights. It would permit the list of voters' rights set forth in this bill to be made available to the public before each election and on election day via specified distribution means.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1.~~ Chapter 5 (commencing with Section 2300) is
- 2 ~~SECTION 1.~~ This act shall be known and may be cited as the
- 3 California Corporate Disclosure Act.
- 4 ~~SEC. 2.~~ Section 1502 of the Corporations Code is amended to
- 5 read:



1 1502. (a) Every corporation shall file, within 90 days after
2 the filing of its original articles and ~~biennially~~ *annually* thereafter
3 during the applicable filing period, on a form prescribed by the
4 Secretary of State, a statement containing all of the following:

5 (1) The names and complete business or residence addresses of
6 its incumbent directors.

7 (2) The number of vacancies on the board, if any.

8 (3) The names and complete business or residence addresses of
9 its chief executive officer, secretary, and chief financial officer.

10 (4) The street address of its principal executive office.

11 (5) If the address of its principal executive office is not in this
12 state, the street address of its principal business office in this state,
13 if any.

14 (6) A statement of the general type of business that constitutes
15 the principal business activity of the corporation (for example,
16 manufacturer of aircraft; wholesale liquor distributor; or retail
17 department store).

18 (7) *The name of the independent auditor used by the*
19 *corporation and a description of any other services, if any,*
20 *performed for the corporation during the previous 24 months by*
21 *the independent auditor, by its parent corporation, or by an agent,*
22 *subsidiary, corporate partner, or corporate affiliate of the*
23 *independent auditor or its parent corporation.*

24 (8) *The date of the last report prepared for the corporation by*
25 *the independent auditor. The corporation shall attach a copy of the*
26 *report to the statement.*

27 (9) *The annual compensation paid to each director and officer,*
28 *including the number of any shares, or options for shares, provided*
29 *to each director and officer that were not available to other*
30 *employees of the corporation.*

31 (10) *A description of any loans made to a director by the*
32 *corporation at a preferential loan rate during the previous 24*
33 *months, including the amount and terms of the loans.*

34 (11) *A statement indicating whether any bankruptcy was filed*
35 *by the corporation, its officers, or directors within the previous 10*
36 *years.*

37 (12) *A statement indicating whether any director or officer of*
38 *the corporation was convicted of fraud during the previous 10*
39 *years.*



1 (13) *A statement indicating whether the corporation violated*
2 *any federal security laws or any provision of California law during*
3 *the previous 10 years for which the corporation was found liable*
4 *or fined.*

5 (b) The statement required by subdivision (a) shall also
6 designate, as the agent of the corporation for the purpose of service
7 of process, a natural person residing in this state or a corporation
8 that has complied with Section 1505 and whose capacity to act as
9 an agent has not terminated. If a natural person is designated, the
10 statement shall set forth that person's complete business or
11 residence address. If a corporate agent is designated, no address for
12 it shall be set forth.

13 (c) If there has been no change in the information in the last
14 filed statement of the corporation on file in the Secretary of State's
15 office, the corporation may, in lieu of filing the statement required
16 by subdivisions (a) and (b), advise the Secretary of State, on a form
17 prescribed by the Secretary of State, that no changes in the
18 required information have occurred during the applicable filing
19 period.

20 (d) For the purposes of this section, the applicable filing period
21 for a corporation shall be the calendar month during which its
22 original articles were filed and the immediately preceding five
23 calendar months. The Secretary of State shall mail a form for
24 compliance with this section to each corporation approximately
25 three months prior to the close of the applicable filing period. The
26 form shall state the due date thereof and shall be mailed to the last
27 address of the corporation according to the records of the Secretary
28 of State. The failure of the corporation to receive the form is not
29 an excuse for failure to comply with this section.

30 (e) Whenever any of the information required by subdivision
31 (a) is changed, the corporation may file a current statement
32 containing all the information required by subdivisions (a) and (b).
33 In order to change its agent for service of process or the address of
34 the agent, the corporation must file a current statement containing
35 all the information required by subdivisions (a) and (b). Whenever
36 any statement is filed pursuant to this section, it supersedes any
37 previously filed statement and the statement in the articles as to the
38 agent for service of process and the address of the agent.



1 (f) The Secretary of State may destroy or otherwise dispose of
2 any statement filed pursuant to this section after it has been
3 superseded by the filing of a new statement.

4 (g) This section shall not be construed to place any person
5 dealing with the corporation on notice of, or under any duty to
6 inquire about, the existence or content of a statement filed pursuant
7 to this section.

8 (h) *The statement required by subdivision (a) shall be available*
9 *and open to the public for inspection. The Secretary of State, no*
10 *later than December 31, 2004, shall provide access to all*
11 *information contained in this statement by means of an online data*
12 *base.*

13 (i) *Notwithstanding any other provision of law, a corporation*
14 *shall pay a five dollar (\$5) disclosure fee when filing the statement*
15 *required by subdivision (a). One-half of the fee shall be utilized to*
16 *further the provisions of this section, including the development*
17 *and maintenance of the online data base required by subdivision*
18 *(h), and one-half shall be deposited into the Victims of Corporate*
19 *Fraud Compensation Fund established in Section 1502.5.*

20 SEC. 3. *Section 1502.5 is added to the Corporations Code, to*
21 *read:*

22 1502.5. *The Victims of Corporate Fraud Compensation Fund*
23 *is hereby established in the State Treasury. The fund shall be*
24 *administered by the Secretary of State who shall adopt regulations*
25 *regarding the administration of the fund and the eligibility of*
26 *victims to receive compensation from the fund. The revenue in the*
27 *fund shall be used for the sole purpose of providing restitution to*
28 *the victims of a corporate fraud. Notwithstanding Section 13340*
29 *of the Government Code, all money in the fund is continuously*
30 *appropriated for the purpose described in this section.*

31 SEC. 4. *Section 2117 of the Corporations Code is amended to*
32 *read:*

33 2117. (a) Every foreign corporation (other than a foreign
34 association) qualified to transact intrastate business shall file,
35 ~~biennially~~ *annually* during the applicable filing period, on a form
36 prescribed by the Secretary of State, a statement containing: ~~(1) the~~

37 (1) *The names and complete business or residence addresses of*
38 *its chief executive officer, secretary, and chief financial officer;* ~~(2)~~
39 ~~the.~~

40 (2) *The street address of its principal executive office;* ~~(3) the.~~



1 (3) *The street address of its principal business office in this*
2 *state, if any; and (4) a.*

3 (4) *A statement of the general type of business that constitutes*
4 *the principal business activity of the corporation (for example,*
5 *manufacturer of aircraft; wholesale liquor distributor; or retail*
6 *department store). If*

7 (5) *The name of the independent auditor used by the*
8 *corporation and a description of any other services, if any,*
9 *performed for the corporation during the previous 24 months by*
10 *the independent auditor, by its parent corporation, or by an agent,*
11 *subsidiary, corporate partner, or corporate affiliate of the*
12 *independent auditor or its parent corporation.*

13 (6) *The date of the last report prepared for the corporation by*
14 *the independent auditor. The corporation shall attach a copy of the*
15 *report to the statement.*

16 (7) *The annual compensation paid to each director and officer,*
17 *including the number of any shares, or options for shares, provided*
18 *to each director and officer that were not available to other*
19 *employees of the corporation.*

20 (8) *A description of any loans made to a director by the*
21 *corporation at a preferential loan rate during the previous 24*
22 *months, including the amount and terms of the loans.*

23 (9) *A statement indicating whether any bankruptcy was filed by*
24 *the corporation, its officers, or directors within the previous 10*
25 *years.*

26 (10) *A statement indicating whether any director or officer of*
27 *the corporation was convicted of fraud during the previous 10*
28 *years.*

29 (11) *A statement indicating whether the corporation violated*
30 *any federal security laws or any provision of California law during*
31 *the previous 10 years for which the corporation was found liable*
32 *or fined.*

33 *If the officers of the corporation use other titles, the statement*
34 *shall include the officers performing comparable duties under*
35 *other titles. If the corporation has no officers, or has no officers*
36 *who are natural persons, the statement shall include the names of*
37 *natural persons performing comparable duties for the corporation*
38 *pursuant to a management contract or other arrangement.*

39 (b) *The statement required by subdivision (a) shall also*
40 *designate, as the agent of the corporation for the purpose of service*



1 of process, a natural person residing in this state or a corporation
2 that has complied with Section 1505 and whose capacity to act as
3 the agent has not terminated. If a natural person is designated, the
4 statement shall set forth the person’s complete business or
5 residence address. If a corporate agent is designated, no address for
6 it shall be set forth.

7 (c) *The statement and designation required by subdivision (a)*
8 *shall be available and open to the public for inspection. The*
9 *Secretary of State, no later than December 31, 2004, shall provide*
10 *access to all information contained in the statement and*
11 *designation by means of an online database.*

12 (d) *Notwithstanding any other provision of law, a foreign*
13 *corporation shall pay a five-dollar (\$5) disclosure fee upon filing*
14 *the statement and designation required by subdivision (a).*
15 *One-half of the fee shall be utilized to further the provisions of this*
16 *section, including the development and maintenance of the online*
17 *database required by subdivision (d), and one-half shall be*
18 *deposited into the Victims of Corporate Fraud Compensation*
19 *Fund established in Section 1502.5.*

20 (e) Whenever any of the information required by subdivision
21 (a) is changed, the corporation may file a current statement
22 containing all the information required by subdivisions (a) and (b).
23 In order to change its agent for service of process or the address of
24 the agent, the corporation shall file a current statement containing
25 all the information required by subdivisions (a) and (b). Whenever
26 any statement is filed pursuant to this section, it supersedes any
27 previously filed statement and the statement in the filing pursuant
28 to Section 2105.

29 ~~(d)~~

30 (f) Subdivisions (c), (d), (f), and (g) of Section 1502 apply to
31 statements filed pursuant to this section except that “articles” shall
32 mean the filing pursuant to Section 2105.

33 ~~added to Division 2 of the Elections Code, to read:~~

34
35 ~~CHAPTER 5. VOTERS BILL OF RIGHTS~~

36
37 ~~2300. (a) The voters and the public have all of the following~~
38 ~~rights:~~

39 ~~(1) A voter has the right to ask questions regarding election day~~
40 ~~procedures of the precinct board and to receive an answer or be~~



1 directed to the appropriate elections official for an answer. In the
2 event that the precinct board determines that persistent
3 questioning by a voter or voters is resulting in a delay of voting
4 sufficient to cause other voters to forego voting because of
5 insufficient time or for fear of unwarranted intimidation, the board
6 may discontinue responding to questions by a voter or voters.

7 (2) A voter has the right to request and receive a new ballot if
8 at any time the voter feels he or she has made a mistake during the
9 voting process but before his or her vote is finally cast. A voter
10 must return the spoiled ballot to a poll worker or elections official
11 to receive a new ballot. A person voting by absentee ballot may
12 also request and receive a new ballot providing his or her spoiled
13 ballot is returned to an elections official prior to the closing of the
14 polls on election day.

15 (3) A voter has a right to a receipt that indicates that the voter's
16 vote was received by the elections officials. The receipt shall be
17 given to each person voting at a polling place. The receipt shall
18 bear no indication of how a voter cast his or her vote. The receipt
19 may be, but is not limited to, a printed slip, sticker, card, certificate,
20 or other indicator that a voter cast his or her vote and that it was
21 properly received by the precinct board or an elections official.

22 (4) A voter has the right to know that his or her vote counts. It
23 is of fundamental importance to the democratic process that all
24 eligible voters understand that their participation in the electoral
25 process is one of the highest and most valued acts of civic
26 responsibility.

27 (5) A voter has the right to have a polling place stay open long
28 enough to accommodate everyone who is present to vote at the
29 time of the closing of the polling place.

30 (6) The public has the right to request and receive public
31 information provided at the polling place, including a list of voters
32 who have voted, so that get-out-the-vote workers may review the
33 list of those individuals who have voted.

34 (7) Any person with a valid California voter notification card
35 has the right to vote.

36 (8) Every voter whose name does not appear on the voting
37 roster has the right to a provisional ballot at the polling place.

38 (b) The Secretary of State may develop regulations to
39 implement and clarify the voters bill of rights set forth in
40 subdivision (a).



- 1 ~~(c) The list of voters' rights set forth in subdivision (a) may be~~
2 ~~made available to the public before each election and on election~~
3 ~~day as follows:~~
4 ~~(1) The list may be printed in the statewide voter pamphlet~~
5 ~~along with the following statements:~~
6 ~~(A) A voter has the right to ask questions about elections~~
7 ~~procedures.~~
8 ~~(B) A voter has the right to receive a new ballot if the voter~~
9 ~~believes he or she has made a mistake. This applies only prior to~~
10 ~~a voter casting a ballot.~~
11 ~~(C) A voter has the right to a receipt indicating that the voter's~~
12 ~~vote was received by the elections official.~~
13 ~~(D) A voter has the right to know that his or her vote counts.~~
14 ~~(E) A voter has the right to vote if he or she is at the polling~~
15 ~~place at 8 p.m.~~
16 ~~(F) A voter has the right to vote if he or she has a valid~~
17 ~~California voter notification card.~~
18 ~~(G) A voter has the right to a provisional ballot whenever his~~
19 ~~or her name is not listed on the voting rolls.~~
20 ~~(H) The public has the right to review public information~~
21 ~~available at a polling place.~~
22 ~~(2) The list may be displayed on the Web site of the Secretary~~
23 ~~of State and that of any county elections office that maintains a~~
24 ~~Web site.~~
25 ~~(3) Local elections officials may read the list to a visually~~
26 ~~impaired voter, on request.~~

