

Introduced by Senator Hueso

February 27, 2015

~~An act to amend Section 25412.5 of the Public Resources Code, relating to energy.~~ *An act to amend Section 25400 of, and to add Section 25401.2 to, the Corporations Code, relating to corporate securities.*

LEGISLATIVE COUNSEL'S DIGEST

SB 726, as amended, Hueso. ~~Energy conservation assistance.~~ *Corporate securities: unlawful conduct.*

(1) The Corporate Securities Law of 1968 generally regulates the offer and sale of corporate securities within the state, and specifically makes specified conduct with regard to the offer and sale of corporate securities unlawful.

This bill would make it unlawful for any person, directly or indirectly, in this state, for a consideration, received directly or indirectly from a broker-dealer or other person selling or offering for sale or purchasing or offering to purchase the security, to employ, hire, or pay any 3rd party to induce action by any state government official and prohibiting that 3rd party from disclosing on whose behalf the 3rd party is acting. The bill would also make it unlawful for any person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make a false or misleading statement to any state government official in order to cause an investigation of a public company.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~The Energy Conservation Assistance Act of 1979 authorizes any eligible institution to submit an application to the State Energy Resources Conservation and Development Commission for an allocation for the purpose of financing all or a portion of the costs incurred in implementing a project relating to energy audits, energy conservation and operating procedures, and energy conservation measures in existing and planned buildings and facilities, energy conservation projects, and technical assistance programs. Existing law requires the commission to take steps to solicit loan applications to do certain things, including awarding loans in regions with high summer peak loads.~~

This bill would instead require the commission to take steps to solicit loan applications that award loans in regions with high peak loads.

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

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

- 1 *SECTION 1. Section 25400 of the Corporations Code is*
- 2 *amended to read:*
- 3 25400. It is unlawful for any person, directly or indirectly, in
- 4 this state:
- 5 (a) For the purpose of creating a false or misleading appearance
- 6 of active trading in any security or a false or misleading appearance
- 7 with respect to the market for any security, (1) to effect any
- 8 transaction in a security which involves no change in the beneficial
- 9 ownership thereof, or (2) to enter an order or orders for the
- 10 purchase of any security with the knowledge that an order or orders
- 11 of substantially the same size, at substantially the same time and
- 12 at substantially the same price, for the sale of any such security,
- 13 has been or will be entered by or for the same or different parties,
- 14 or (3) to enter an order or orders for the sale of any security with
- 15 the knowledge that an order or orders of substantially the same
- 16 size, at substantially the same time and at substantially the same
- 17 price, for the purchase of any such security, has been or will be
- 18 entered by or for the same or different parties.
- 19 (b) To effect, alone or with one or more other persons, a series
- 20 of transactions in any security creating actual or apparent active
- 21 trading in such security or raising or depressing the price of such

1 security, for the purpose of inducing the purchase or sale of such
2 security by others.

3 (c) If such person is a broker-dealer or other person selling or
4 offering for sale or purchasing or offering to purchase the security,
5 to induce the purchase or sale of any security by the circulation or
6 dissemination of information to the effect that the price of any
7 such security will or is likely to rise or fall because of market
8 operations of any one or more persons conducted for the purpose
9 of raising or depressing the price of such security.

10 (d) If such person is a broker-dealer or other person selling or
11 offering for sale or purchasing or offering to purchase the security,
12 to make, for the purpose of inducing the purchase or sale of such
13 security by others, any statement which was, at the time and in the
14 light of the circumstances under which it was made, false or
15 misleading with respect to any material fact, or which omitted to
16 state any material fact necessary in order to make the statements
17 made, in the light of the circumstances under which they were
18 made, not misleading, and which he knew or had reasonable ground
19 to believe was so false or misleading.

20 (e) For a consideration, received directly or indirectly from a
21 broker-dealer or other person selling or offering for sale or
22 purchasing or offering to purchase the security, to induce *do either*
23 *of the following:*

24 (1) *To induce* the purchase or sale of any security by the
25 circulation or dissemination of information to the effect that the
26 price of such security will or is likely to rise or fall because of the
27 market operations of any one or more persons conducted for the
28 purpose of raising or depressing the price of such security.

29 (2) *To employ, hire, or pay any third party to induce action by*
30 *any state government official and prohibiting that third party from*
31 *disclosing on whose behalf the third party is acting.*

32 *SEC. 2. Section 25401.2 is added to the Corporations Code,*
33 *to read:*

34 *25401.2. It is unlawful for any person, in connection with the*
35 *offer, sale, or purchase of a security, directly or indirectly, to make*
36 *a false or misleading statement to any state government official*
37 *in order to cause an investigation of a public company.*

38 *SEC. 3. No reimbursement is required by this act pursuant to*
39 *Section 6 of Article XIII B of the California Constitution because*
40 *the only costs that may be incurred by a local agency or school*

1 *district will be incurred because this act creates a new crime or*
2 *infraction, eliminates a crime or infraction, or changes the penalty*
3 *for a crime or infraction, within the meaning of Section 17556 of*
4 *the Government Code, or changes the definition of a crime within*
5 *the meaning of Section 6 of Article XIII B of the California*
6 *Constitution.*

7 ~~SECTION 1. Section 25412.5 of the Public Resources Code~~
8 ~~is amended to read:~~

9 ~~25412.5. The commission shall take steps to solicit loan~~
10 ~~applications to do all of the following:~~

- 11 ~~(a) Encourage an equitable distribution of loans statewide.~~
- 12 ~~(b) Award loans in regions with high peak loads, with high~~
13 ~~heating costs, or that have electrical or natural gas system~~
14 ~~distribution constraints.~~
- 15 ~~(c) Place an emphasis on offering these loans in disadvantaged~~
16 ~~communities.~~