

AMENDED IN ASSEMBLY MAY 16, 2006
AMENDED IN ASSEMBLY APRIL 17, 2006
AMENDED IN ASSEMBLY MARCH 30, 2006
CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 2440

Introduced by Assembly Member Klehs

February 23, 2006

An act to add Section 1714.4 to the Civil Code, relating to child support.

LEGISLATIVE COUNSEL'S DIGEST

AB 2440, as amended, Klehs. Child support obligations: liability.

Existing law imposes joint and several liability upon a parent or guardian for the injury done to another person by the child of that parent or guardian under certain circumstances.

This bill would impose joint and several liability upon any person or business entity that knowingly assists a child support obligor who has an unpaid child support obligation to escape, evade, or avoid current payment of those unpaid child support obligations. The bill would also include a related statement of legislative findings and declarations.

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

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

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

1 (a) In California, there were an estimated \$19 billion in unpaid
2 child support obligations as of January 2006.

3 (b) The failure of a parent to pay child support obligations
4 often subjects the child and the other parent to a life of poverty or
5 substandard living conditions, reduced access to medical care,
6 and diminished educational opportunities.

7 (c) The failure of a parent to satisfy court-ordered or
8 court-approved child support obligations depletes the State of
9 California of one of its most valued resources— the next
10 generation of healthy and well-educated Californians.

11 SEC. 2. Section 1714.4 is added to the Civil Code, to read:

12 1714.4. (a) Any person or business entity that knowingly
13 assists a child support obligor who has an unpaid child support
14 obligation to escape, evade, or avoid paying court-ordered or
15 court-approved child support shall be jointly and severally liable
16 for ~~the~~ 10 times the value of the assistance provided, such as the
17 fair market value of the assets transferred or hidden, or the
18 amount of the wages or other compensation paid to the child
19 support obligor but not reported. The maximum liability imposed
20 by this section shall not exceed the entire child support obligation
21 due. Upon the satisfaction of the unpaid child support obligation,
22 this section shall not apply.

23 (b) For purposes of this section, actions taken to knowingly
24 assist a child support obligor to escape, evade, or avoid paying
25 court-ordered or court-approved child support include, but are
26 not limited to, any of the following actions:

27 (1) ~~Helping~~—*With actual knowledge of the child support*
28 *obligation, helping to hide or transfer assets of the child support*
29 *obligor.*

30 (2) Hiring or employing the child support obligor as an
31 employee in a trade or business and failing to timely file a report
32 of new employees with the California New Employee Registry
33 maintained by the Employment Development Department.

34 (3) ~~Paying~~—*Engaging the child support obligor as a service*
35 *provider and failing to timely file a report with the Employment*
36 *Development Department as required by Section 1088.8 of the*
37 *Unemployment Insurance Code.*

38 (4) *When engaged in a trade or business paying wages or*
39 *other forms of compensation for services ~~rendered to a child~~*

1 support obligor in cash, via barter or trade, or in any other form
2 that is not reported to the Employment Development Department.

3 (e) ~~If a violation of this section is alleged, all of the following~~
4 ~~shall apply:~~

5 (1) ~~If there is an existing child support case addressing the~~
6 ~~issue of unpaid support, the matter of liability pursuant to this~~
7 ~~section shall be heard as a part of that existing case. Upon motion~~
8 ~~and a sufficient showing that a party may be liable, the court~~
9 ~~shall join to the action any person who may be liable under this~~
10 ~~section.~~

11 (2) ~~The matter of liability pursuant to this section shall be~~
12 ~~determined by the court in an evidentiary hearing based upon the~~
13 ~~preponderance of the evidence. *rendered by a child support*~~
14 ~~*obligor that are not reported to the Employment Development*~~
15 ~~*Department as required, including, but not limited to, payment in*~~
16 ~~*cash or via barter or trade.*~~