

California State Senate

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September 11, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: Recommended Veto of AB 1477 (Gloria)

Dear Governor Newsom:

I respectfully write to request your veto of Assembly Bill 1477, which provides that if an action under the Unfair Competition Law is brought by a city attorney of a city with a population in excess of 750,000, the penalty collected shall be paid solely to the treasurer of that city, unless a county agency participated in the litigation, in which case half the penalty shall go to the county treasurer of the county in which the judgment was entered.

The problem with this law is that penalties obtained pursuant to the Unfair Competition Law are not intended to compensate or reward the prosecuting agency, but are instead to simply penalize the offender. Giving city attorneys the ability to collect an entire penalty could also incentivize litigation against business entities under questionable legal theories aimed solely at obtaining a quick settlement. The business community already considers California to be an especially hostile legal environment; additional litigation brought under this law will only further exacerbate this belief and dissuade investment in this state.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shannon Grove', is written over a light blue rectangular background.

Shannon Grove
Senate Republican Leader