

By: Williams

S.B. No. 1576

A BILL TO BE ENTITLED

AN ACT

relating to the criminal penalty for providing false information to outside auditors.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 32, Penal Code, is amended by adding Section 32.52 to read as follows:

Section 32.52. PROVIDING FALSE INFORMATION TO OUTSIDE AUDITORS. (a) For purposes of this section:

(1) "Public Interest Entity" means entities whose audited financial statements are relied upon by significant numbers of stakeholders to make investment, credit, or similar decisions or by regulators in their oversight role.

(b) An officer, director or persons directed by them of a public interest entity who is responsible for providing information to an outside auditor of that entity, commits an offense if they:

(1) communicate or cause to be communicated information to the outside auditor that he knew or should have known was false at the time it was communicated or;

(2) later learn that information that was correct at the time it was communicated to the outside auditor is no longer correct, fails to promptly notify the outside auditor and provide the correct information.

(b) An offense under this section is punishable as:

(1) a state jail felony if it is shown on the trial of

1 the offense that the violation resulted in a monetary loss of less
2 than \$10,000 or did not result in a monetary loss;

3 (2) a felony of the third degree if it is shown on the
4 trial of the offense that the violation resulted in a monetary loss
5 of at least \$10,000 but less than \$100,000; or,

6 (3) a felony of the second degree if it is shown on the
7 trial of the offense that the violation resulted in a monetary loss
8 of at least \$100,000 but less than \$1,000,000; or,

9 (4) a felony of the first degree if it is shown on the
10 trial of the offense that the violation resulted in a monetary loss
11 of at least \$1,000,000.

12 SECTION 2. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2005.