

# Assembly California Legislature



**MIKE FEUER**

ASSEMBLY MEMBER, FORTYSECOND DISTRICT

**BOB BLUMENFIELD**

ASSEMBLY MEMBER, FORTIETH DISTRICT

## Assert Financial Pressure to Stop Iran's Nuclear Ambition

### BACKGROUND

The International Atomic Energy Agency has called attention repeatedly to Iran's unlawful nuclear activities, leading the United Nations Security Council to adopt a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with obligations under the "Nuclear Non-Proliferation Treaty."

The U.S. also has imposed sanctions on the Government of Iran, determining that Iran's illicit nuclear activities, combined with its support of international terrorism, represent a serious threat to the security of the United States, Israel and other United States allies in Europe, the Middle East and around the world.

Congress is advancing bipartisan federal legislation, cosponsored by more than one third of the members of the United States Senate and more than half of the members of the House of Representatives, that would authorize state and local governments to divest and otherwise disassociate themselves from companies operating in Iran's energy sector that support Iran's efforts to achieve a nuclear weapons capability.

It is the responsibility of the State to decide how, where and by whom its financial resources should be invested. It also is the prerogative of the State not to invest in, or do business with, companies whose investments with Iran place those companies at risk from the impact of economic sanctions imposed upon the Government of Iran for sponsoring terrorism, committing egregious violations of human rights, and engaging in illicit nuclear weapons development.

California for decades has engaged in socially responsible investing, ranging from divesting state pension funds from companies that supported

apartheid in South Africa in the 1980s to sanctions for human rights violations in Sudan.

While enacting state law in 2007 directing California pension funds to be divested from companies with active interests in Sudan, Governor Schwarzenegger stated his intention to support "efforts to further prevent terrorism."

### THIS BILL

The State of California and its subdivisions would be prohibited from contracting with companies that have specified business activities in Iran's petroleum sector. The prohibition applies to new contracts or contract renewals.

Companies seeking to bid on state and local government contracts would be required to certify that they are not engaged in developing Iran's petroleum resources.

Companies would be given 90 days written notice to challenge their disqualification for prohibited activities. Companies that cease these activities would become eligible to do business with the State of California and its subdivisions.

Companies that submit a false certification would be fined an amount that is equal to the greater of \$250,000 or twice the amount of the contract for which a bid was submitted. Such companies also would be ineligible to bid on government contracts for three years.

Enactment of the contract sanctions is conditioned on passage of federal legislation authorizing states to impose economic sanctions.

The measure authored jointly by Assembly Members Feuer and Blumenfield was introduced in the California Assembly in January 2010.

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