

## **BILL ANALYSIS**

Senate Research Center  
84R13983 LED-D

H.B. 968  
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State Affairs  
5/5/2015  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It has been noted that although Texas currently provides a civil cause of action for victims of human trafficking, this instrument for litigation is greatly underused because it only provides for the right to sue a corporate entity that has directly engaged in the trafficking of an individual, rather than the owner or shareholder of such a corporate entity. Concerned parties point out the use of shell businesses by many human traffickers, and observe that when a shell business is targeted by law enforcement, the business frequently closes its doors at one location and re-establishes itself elsewhere under another corporate identity. The parties further observe that when a rescued victim seeks restitution from the business through current civil litigation options, it is unlikely that the shell entity that ran the illicit business will have any actual assets because typically all profits and proceeds of the illegal operation are transferred to the owner or stakeholders of the corporate entity, creating a loophole. H.B. 968 seeks to close this loophole.

H.B. 968 amends current law relating to civil liability of shareholders and members of certain legal entities that engage in the trafficking of persons.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 98, Civil Practice and Remedies Code, by adding Section 98.0025, as follows:

Sec. 98.0025. SHAREHOLDER AND MEMBER LIABILITY. (a) Provides that this section applies to a legal entity governed by Title 2 (Corporations), 3 (Limited Liability Companies), or 7 (Professional Entities), Business Organizations Code.

(b) Provides that a shareholder or member of a legal entity described by Subsection (a) that is liable under Section 98.002 (Liability), notwithstanding any provision of the Business Organizations Code, is jointly and severally liable with the entity to the person trafficked for damages arising from the trafficking of that person if the person demonstrates that the shareholder or member caused the entity to be used for the purpose of trafficking that person and did traffic that person for the direct personal benefit of the shareholder or member.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2015.