



Wells Fargo-inspired arbitration bill among five sponsored by CAOC to pass out of committee

SB 33 protects consumers from fraudulent behavior by financial institutions

SACRAMENTO (May 2, 2017) – A bill sponsored by Consumer Attorneys of California that will allow California consumers to take disputes to court when they are the victim of fraud by financial institutions passed out of its first committee today. Senate Bill 33 by Sen. Bill Dodd (D-Napa) was one of five CAOC-backed bills that won committee approval today, as CAOC members convened in Sacramento for their annual Justice Day.

SB 33, also sponsored by California Treasurer John Chiang and the Consumer Federation of California, was passed by the Senate Judiciary Committee. The bill was inspired by the fraudulent behavior of Wells Fargo in creating unrequested bank accounts and credit cards in order to meet company sales goals. Last year it was revealed that Wells Fargo employees opened approximately 1.5 million bank accounts and approximately 565,000 credit cards without the consent of their customers.

The measure ensures that fraud and identity theft cases are heard in the public setting of a court instead of secret arbitration hearings. Customers have been trying to sue Wells Fargo over these fraudulent accounts since at least 2013. The bank successfully argued arbitration agreements in the legitimate accounts customers agreed to open also applied to the fraudulent accounts customers were completely unaware existed.

“SB 33 makes it clear that, in California at least, consumers cannot be forced to give up their legal rights when a financial institution commits intentional fraud,” said Consumer Attorneys of California president Greg Bentley. “If consumers had been allowed to take Wells Fargo to court over these bogus accounts, this scandalous behavior would have been made public sooner, and thousands of people would have been spared paying additional fees and seeing their credit ratings damaged thanks to accounts they never asked to have.”

SB 33 prohibits forced arbitration only in cases involving fraud or identity theft by financial institutions, leaving intact any arbitration agreement that a consumer enters into knowingly and not as a condition of the service. The bill now advances to the Senate Appropriations Committee..

Three other CAOC-sponsored bills also won approval by the Senate Judiciary Committee today with bipartisan support and now go to the Senate floor:

Senate Bill 755, authored by Sen. Jim Beall (D-San Jose), will for the first time limit the length of time for psychological testing of a child under age 15 where there exists credible evidence that the child has been sexually abused.

Senate Bill 632, authored by Sen. Bill Monning (D-Carmel), will ensure sensible time limits for depositions of dying asbestos victims. Despite the clear intent of the California Legislature in 2012 to protect victims with a terminal illness from abusive depositions, courts dealing with asbestos cases have used broad language permitting “judicial discretion” to ignore time limits. As a result, dying victims can be subjected to marathon sessions that are physically and psychologically debilitating.

Senate Bill 658, authored by Sen. Scott Wiener (D-San Francisco), will help ensure fair and impartial juries by eliminating arbitrary limits on the examination of potential jurors during the process known as *voir dire*.

This morning the Assembly Judiciary Committee passed Assembly Bill 859, also sponsored by CAOC and authored by Assemblymember Susan Eggman (D-Stockton). The bill will protect seniors physically abused in nursing homes by lowering the standard of evidence in elder abuse cases to preponderance if the facility is shown to have intentionally destroyed legal evidence. AB 859 will next be heard by the Assembly Appropriations Committee.

Consumer Attorneys of California is a professional organization of plaintiffs' attorneys representing consumers seeking accountability against wrongdoers in cases involving personal injury, product liability, environmental degradation and other causes.

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