



# CONSUMER ATTORNEYS OF CALIFORNIA

*Seeking Justice for All*

## Senate approves bills targeting forced arbitration

CAOC-backed bills improve consumer rights in dealing with disputes

**SACRAMENTO (May 12, 2016)** – The California Senate today approved two bills supported by Consumer Attorneys of California that would protect the rights of citizens forced into arbitration in cases involving faulty products, employment disputes and consumer rip-offs.

[SB 1078](#) by Sen. Hannah-Beth Jackson (D-Santa Barbara), approved on a 24-to-12 bipartisan vote, addresses injustice and bias by private arbitration firms that handle forced arbitrations. Such firms often work with defendant companies on a regular basis without disclosing any conflict of interest. Jackson's bill strengthens current marketing limitations and disclosure requirements as well as rules relating to the ability of arbitrators to enter into future arrangements with corporate defendants.

[SB 1241](#) by Sen. Bob Wieckowski (D-Fremont), approved on a 24-to-13 vote, would ensure that consumers do not have to travel outside the state to litigate or arbitrate a dispute that arose in California. It also requires that the arbitration hearing follow California's consumer-protection laws, not the laws of other states that often have weaker provisions. Such over-the-top travel requirements and shifting legal rules often prompt consumers to drop any attempt to hold a wrongdoer accountable.

The hazards of arbitration for consumers have been the focus of significant media attention in recent months, including [a series of articles in The New York Times](#). Last week, the federal Consumer Financial Protection Bureau took a strong stand against the use of forced arbitration clauses by banks, credit card companies and other financial institutions that have prevented consumers from banding together in class actions when large numbers of customers are swindled for small-dollar amounts.

In a forced arbitration, disputes are settled not by judges and citizen juries but by a private third party arbitrator typically beholden to the wrongdoing company that pays for the service. The arbitrator's decision is made in a secret proceeding, is not subject to any established rules of court or existing law, and cannot be appealed for legal or factual errors.

SB 1078 and SB 1241 are part of a [package of bills](#) backed by Consumer Attorneys of California that seek to tame a privatized system that has proliferated in recent years, shattering the rights of everyday citizens seeking accountability when corporations do wrong.

“Consumers should not have their right to a day in court taken away from them without their consent,” said Elise R. Sanguinetti, Consumer Attorneys of California president. “We need to step up here in California to do our part to give consumers a chance in disputes against big corporations.”

*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.*

### For more information:

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