



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

Wells Fargo-inspired arbitration bill clears key second house test with passage by Assembly Judiciary

SB 33 opens courthouse doors to defrauded consumers and will help shine light when financial firms seek to hide systemic fraud and identity theft

SACRAMENTO (June 27, 2017) – A bill sponsored by Consumer Attorneys of California that was inspired by Wells Fargo’s massive consumer fraud scheme involving more than 2 million of its own customers won approval Tuesday in the Assembly Judiciary Committee.

Senate Bill 33 by Sen. Bill Dodd (D-Napa), also sponsored by California Treasurer John Chiang and the Consumer Federation of California, will allow California consumers in the future to take disputes to court when they are the victim of fraud or identity theft by financial institutions.

The bill is in response to the fraudulent behavior of Wells Fargo in creating more than 2 million unrequested bank accounts and credit cards in order to meet company sales goals. Those accounts harmed consumers in some cases by generating fees and damaging credit ratings.

SB 33 ensures that fraud and identity theft cases are heard in the public setting of a court instead of closed-door arbitration hearings. In the case of Wells Fargo, consumers have been trying to sue over these fraudulent accounts since at least 2013.

The bank successfully argued arbitration agreements in legitimate accounts also applied to fraudulent accounts that customers didn’t even know existed. By forcing customers into secretive arbitration, Wells Fargo kept the scandal out of public view, allowing the fraud to mushroom while the bank evaded full accountability.

The measure now moves to the Assembly floor, where it will be heard this summer.

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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