



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

Wells Fargo-inspired arbitration bill signed into law

SB 33 allows consumers defrauded by banks to go to court

SACRAMENTO (October 4, 2017) – California Gov. Jerry Brown has signed landmark legislation to prevent another Wells Fargo-sized scandal by allowing consumers to fight financial institutions in court instead of secretive arbitration over cases involving bank fraud.

[Senate Bill 33](#) by Sen. Bill Dodd (D-Napa), co-sponsored by Consumer Attorneys of California, was sparked by Wells Fargo's scandalous behavior in creating at least 3.5 million fraudulent bank accounts and credit cards in order to meet company sales goals. Those accounts harmed consumers by generating fees and damaging credit ratings.

Consumers have been trying to sue Wells Fargo over the fraudulent accounts since at least 2013, but the bank has been able to successfully argue that arbitration agreements in legitimate accounts also apply to accounts that customers didn't ask for and didn't even know existed. By forcing customers into arbitration, behind closed doors and out of the public eye, Wells Fargo was able to evade full accountability even as more customers were affected.

When SB 33 takes effect on Jan. 1, 2018, California consumers will be able to pursue fraud and identity theft cases in the public setting of a court instead of secret arbitration hearings that favor big businesses that hire the arbitrator.

“Just this week, Wells Fargo's CEO made it clear in congressional testimony that the company intends to continue barring customers from taking the bank to court when they've been cheated,” said Consumer Attorneys of California President Greg Bentley. “We thank Gov. Brown for helping make it clear that this attitude and attempts in the future to hide bank fraud in secretive arbitration will not be tolerated in California.”

Senate Bill 33 was also sponsored by California Treasurer John Chiang and the Consumer Federation of California. The legislation triumphed over an all-out statehouse lobbying campaign by business groups, led by the California Chamber of Commerce, in an attempt to allow forced arbitration to survive even in cases of clear wrongdoing by major banking 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.

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