



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

Panel approves Forced Arbitration Accountability Act

SB 707 protects consumers when corporations obstruct arbitration

SACRAMENTO (June 18, 2019) – A bill that will prevent businesses from gaming the forced arbitration system to delay and deny consumers and workers a shot at justice won approval today from the Assembly Judiciary Committee.

Senate Bill 707 by Sen. Bob Wieckowski (D-Fremont) and Sen. Robert Hertzberg (D-Van Nuys), co-sponsored by Consumer Attorneys of California and the California Employment Lawyers Association, is known as the Forced Arbitration Accountability Act.

In recent years, some businesses that have forced a consumer or employee into arbitration turn around and strategically withhold payment to the arbitration service provider to obstruct the proceeding. Companies such as Chipotle and Uber, for instance, have used the tactic to stall employment arbitration cases.

Under SB 707, if the fee required to begin the arbitration process isn't paid within 30 days, a company would be in material breach, allowing consumers or employees to withdraw from arbitration and instead go to court. Alternatively, they could seek a court order to compel arbitration.

“It is already such a discouraging process for a consumer or employee to try to fight a case in arbitration, where a private judge is picked and paid for by the company that did you harm,” said Consumer Attorneys of California President Mike Arias. “To then have that same company stall the proceeding by not paying for the arbitration is just outrageous and a perversion of justice.”

SB 707 also addresses an alarming lack of diversity in the arbitration industry, which is 74% male and 92% white, a disparity that poses problems when arbitrators are asked to resolve cases involving sexual harassment and discrimination. The bill will require the same demographic data on arbitrators as California currently requires of judges.

SB 707 now goes to the floor of the California Assembly.

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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