



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

Senate OKs Forced Arbitration Accountability Act

SB 707 protects consumers when corporations obstruct arbitration

SACRAMENTO (May 28, 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 California Senate.

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's bad enough that most businesses now require the use of arbitration to resolve disputes, but it's even worse when they put up roadblocks that cause that process to grind to a halt,” said Consumer Attorneys of California President Mike Arias. “SB 707 will ensure that plaintiffs aren't denied a shot at justice when they've been forced into arbitration.”

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 state 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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