



Consumer Federation of America

September 15, 2017

Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

Consumer Federation of America writes to urge you to sign SB 33 (Dodd), which will prohibit financial institutions from forcing consumers to give up their legal rights when the bank has committed intentional fraud against them.

According to the Consumer Financial Protection Bureau (CFPB), since 2011 Wells Fargo employees have created 565,000 credit card accounts and 1.5 million deposit accounts that were not authorized by their customers. In February 2012, after evidence emerged that the bank was committing fraud against its consumers, Wells Fargo began using forced arbitration clauses in all of its checking and savings account agreements.

When consumers attempted to enforce their legal rights against Wells Fargo over these fraudulent accounts, the bank forced them into binding and secret arbitration procedures by invoking the fine print forced arbitration clauses. In one case, *David Douglas v. Wells Fargo*, the court accepted Wells Fargo's claim that the arbitration clause from the victim's original account covered "all disputes." These even included the fake accounts that the victim never signed up for, in effect stopping all civil actions that could have shed light on Wells Fargo's illegal practices, stopped the fraud, and given customers some relief.

SB 33 will rectify this problem by giving consumers their day in court in cases where an entity commits fraud or identity theft against them. This will send a strong message to California's financial institutions: no bank is too big to take advantage of any consumer, regardless of their socioeconomic background. For these reasons, Consumer Federation of America requests your signature.

Sincerely,

Susan Grant
Director of Consumer Protection and Privacy