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If Wells Fargo wants to apologize, it should back this legislation

By the Editorial Board

After getting nailed for opening bogus accounts without customers' knowledge, you might think – if only as penance – that Wells Fargo would bless legislation aimed at ensuring that financial institutions never again engage in such predatory practices. Think again.

One of the ways the big San Francisco-based bank has sought to avoid full responsibility for its now-infamous ripoff has been to try to prevent its victims from suing. Many of those Wells Fargo had targeted were customers with legitimate accounts, whom the bank signed up for new credit cards and accounts without authorization or, in some cases, their knowledge.

Like many corporations, Wells Fargo had tucked broad arbitration clauses into the fine print of those legitimate accounts, and after the scandal, the bank invoked them to claim that disputes over the unauthorized accounts also must be resolved in secret arbitration proceedings, not taken to court.

Incredibly, some courts have [sided with Wells Fargo](#); that's how far the law now leans in favor of corporations. California Treasurer John Chiang and Sen. Bill Dodd, D-Napa, are responding with [Senate Bill 33](#).

As drafted, [SB 33](#) would open the way for victims to sue in California state courts by restricting arbitration agreements from applying when financial institutions pick their customers' pockets. One of the bill's backers, Consumer Attorneys of California, has agreed with one of its rivals in the lobby corps, the Personal Insurance Federation, on amendments that would make clear the bill is narrow in scope.

Wells Fargo has not taken a stand on SB 33. But the California Bankers Association, the California Chamber of Commerce and several other major business groups last week labeled the bill a “[job killer](#)” and urged lawmakers to reject when it comes up for a vote early in May.

The bill “will negatively impact ‘financial institutions’ with unnecessary and costly class action litigation that does not ultimately benefit the consumer,” the letter from the bankers and chamber says.

The Sacramento Bee's editorial board does not often support legislation that would expand the use of lawsuits to resolve disputes. But as it's written, SB 33 is narrow and would apply to financial institutions that go out of their way to violate consumers' rights.

Wells Fargo did indeed set itself apart by engaging in a pattern of fraud against folks who simply were trying to operate checking and savings so they could cash their paychecks, pay their bills and maybe save a few bucks. Wells Fargo employees, under pressure from executives, opened 2 million fraudulent accounts and issued 565,000 credit cards in customers' names without their consent.

The bankers targeted people who spoke little English, lacked Social Security numbers, were elderly and had memory problems, or were opening their first accounts. The bankers were, in short, preying on the vulnerable.

SB 33 became even more important last week when President Donald Trump signed an order that stepped toward [dismantling the federal Dodd-Frank Wall Street Reform and Consumer Protection Act](#), approved during the Obama administration to curb the kind of banking excesses that led to the housing meltdown.

Trump already has targeted one product of Dodd-Frank, the U.S. Consumer Financial Protection Bureau, which proved its worth by, among other things, levying a \$100 million fine against Wells Fargo Bank for its illegal practices.

As Trump tries roll back consumer protections, California lawmakers should step in. And California corporations, such as Wells Fargo, should set an example. Joining to restore public trust and to prevent future financial predation serves all parties and is an excellent place to start.