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# California State Senate

SENATOR  
**JEFF STONE, PHARM.D.**  
TWENTY-EIGHTH SENATE DISTRICT



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PUBLIC SAFETY

September 21, 2017

The Honorable Jerry Brown  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: Requested Veto of SB 33 (Dodd)

Dear Governor Brown:

I would like to respectfully request that you veto SB 33 (Dodd) which would essentially ban binding arbitration between consumers and financial institutions.

As you know, this legislation was prompted by the actions of Wells Fargo employees who committed fraud, but SB 33 goes too far in that it broadens the definition of "financial institution" to include any individual, business, or association regulated by the Corporations Code in California. That means any small business such as a dental office, a drycleaner, a local automotive mechanic, etc. will be prevented from using arbitration in the event of a dispute with a customer.

Arbitration has been a way to adjudicate disputes between parties for decades, and it generally results in speedy judgments at a minimal cost. SB 33 is an attempt to eliminate arbitration in many cases, and the result will be lengthy court proceedings and tremendous litigation costs for companies and individuals alike.

What happened with Wells Fargo was inexcusable, and this may be a supportable bill if it were limited to the facts of what happened in that case. But this legislation goes far and beyond the scope of that case and extends into virtually all disputes that involve the Federal Arbitration Act.

If enacted into law, SB 33 will create needless litigation and increase the number of class action lawsuits filed against both small and large businesses. Additionally, the retroactive nature of this measure is particularly troubling.

For these and many other reasons, I respectfully request that you veto SB 33.

Sincerely,

A handwritten signature in black ink that reads "Jeff Stone".

Jeff Stone  
State Senator, 28<sup>th</sup> District