Problem:
At least 3,500 Wells Fargo employees opened approximately 1.5 million bank accounts and 565,000 credit cards without the consent of their customers. A Consumer Financial Protection Bureau investigation found that since at least 2011, “thousands of Wells Fargo employees took part in these illegal acts to enrich themselves by enrolling consumers in a variety of products and services without their knowledge or consent.”

When evidence began emerging of the widespread fraud in February 2012, Wells Fargo used forced arbitration clauses to further hide its scheme. Lawsuits from customers against Wells Fargo were forced into secret, binding arbitration, invoking clauses hidden in the fine print of account agreements.

Worse, Wells Fargo argues the arbitration clauses included in the legitimate contracts customers signed to open bank accounts also cover disputes related to the ones set up without their knowledge or consent.

By forcing these cases into arbitration, Wells Fargo kept its scandal out of the public view, allowing the fraud to mushroom, and the bank continued to profit while evading accountability.

“WELLS FARGO EMPLOYEES SECRETLY OPENED UNAUTHORIZED ACCOUNTS TO HIT SALES TARGETS AND RECEIVE Bonuses.”

RICHARD CORDRAY, DIRECTOR OF THE CONSUMER FINANCIAL PROTECTION BUREAU

Wells Fargo Case By The Numbers

5,300 Wells Fargo rank-and-file employees fired

2 Million Fraudulent Accounts Opened in the Names of Real Consumers

$185 Million Fine for Wells Fargo
Solution:

SB 33, co-sponsored by Treasurer John Chiang, the Consumer Attorneys of California and the Consumer Federation of California, would prevent banks accused of fraud, like Wells Fargo, from settling legal disputes through binding arbitration.

The legislation, authored by Sen. Bill Dodd, D-Napa, would authorize judges to refuse petitions for binding arbitration of commercial disputes if a consumer has been the unknowing victim of fraud that involved the unlawful use of their personal information.

Wells Fargo’s fraudulent behavior was able to survive and thrive because the company forced disputes with customers into secretive, private arbitrations instead of fighting in the light of an open court.

Had SB 33 been in place, Wells Fargo’s multi-year campaign of deceit could have become public and prevented from spreading.

Supporters of SB 33:

- Consumer Attorneys of California (Co-Sponsor)
- Consumer Federation of CA (Co-Sponsor)
- CAL PIRG
- California Reinvestment Coalition
- Consumers Union
- National Association of Consumer Advocates
- ReFund America Project
- Courage Campaign
- CA Employment Lawyers Association

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