

March 15, 2017

The Honorable Matt Dababneh
California State Capitol
Sacramento, CA 95814

RE: Assembly Bill 380 (Dababneh) – Electronic Contracts – OPPOSE

Dear Assemblymember Dababneh,

CALPIRG is opposed to AB 380 by Assemblymember Dababneh to allow electronic contracts for new and used car purchases. Two particular issues have together given us pause on this particular legislation, and come to the decision that the proposed policy is not in the best interest of consumers.

First, the purchase or leasing of a car is one of the biggest financial transactions most consumers enter into. One recent survey found that approximately 62% of Americans have less than \$1,000 in their savings accounts. A purchase or lease of a car in the thousands or tens of thousands of dollars is a very high stakes decision for most consumers, worthy of utmost scrutiny and careful review.

Second, regrettably, some car dealerships have a history of mistrust with the consumers they do business with. In 2015 the Better Business Bureau reported 4.9 million consumer complaints nationwide related to new and used car dealerships, one of the highest number of complaints of any industry. Back in 2001 then-Attorney General Bill Lockyer settled a case with two southern California Toyota dealerships for engaging in false advertising and unfair sales practices. Last year Attorney General Kamala Harris issued a strong warning to members of the Armed Services to watch out for predatory auto sales and financing near military bases.

We are not universally opposed to the use of electronic contracts, but given the size and complicated nature of the contracts at stake in this bill, and given the high occurrence of consumer dissatisfaction with this industry, we strongly believe at this time it is better for all consumers to review and sign a hard copy of their contract.

Sincerely,



Emily Rusch
Executive Director
CALPIRG
510-844-6803
erusch@calpirg.org