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ASSEMBLY FLOOR ALERT AB 380 (Dababneh) – OPPOSE

The Consumer Federation of California (CFC) opposes Assembly Bill 380 (Dababneh).

AB 380 would make it far easier for unscrupulous car dealers to engage in fraud and other predatory practices, and make it much more difficult and expensive for victims of such practices to prove forgery, fraud, or violations of the Automotive Sales Finance Act, Rees-Levering, Consumer Legal Remedies Act, or other consumer protection laws.

Currently, under California's Uniform Electronic Transactions Act, auto dealers are not permitted to enter into electronic conditional sales contracts for the purchase or lease of new or used motor vehicles. This bill would allow such practices.

Compared with paper documents, which can show tell-tale signs if they are altered, or if there are forgeries, electronic documents are easy for unscrupulous dealers to game. Instead of a paper document, where there is a “wet” signature, there would be an electronic document solely in the possession of the dealer, which anyone could have signed by clicking on a computer screen or signing with an e-signature, making it difficult or impossible to prove forgery.

Under existing law, the Uniform Electronic Transactions Act exempts certain transactions which are particularly high-stakes for consumers, including auto sales and leases and home purchases. That is sound public policy. Typically, electronic transactions involve credit cards and purchases that are relatively simple, generally involve relatively small dollar amounts compared with a car or a home, and where there are statutory safeguards, including under the Fair Credit Billing Act against unlawful practices.

Those protections are lacking in auto purchases and leases. Car purchase transactions typically are the second-largest purchases most Californians make, second only to a home. The transactions are also uniquely complex and complicated, involving negotiations undertaken in oftentimes high pressure sales environments. Consumers also called on to make decisions over the make, model, condition, and price of the car; the price of any traded-in vehicle, the length of the loan, the interest rate, and numerous add-on items or prepaid services with huge markups and profits for dealers.

CFC urges your “NO” vote on AB 380.