

## Law Office of David Valdez Jr.

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March 27, 2017

To: Honorable Members, California State Legislature  
Re: AB 380 (Dababneh) – OPPOSE

For fifteen years, I have represented California consumers who have been cheated and defrauded by unscrupulous auto dealers. I currently represent three Spanish-speaking consumers who have filed lawsuits against Keyes Lexus in Van Nuys and Toyota of Glendora, which engaged in numerous violations of California law. In addition to seeking damages, the plaintiffs are also seeking injunctions, to enjoin Keyes Lexus, Toyota of Glendora, and Toyota Motor Credit Corporation from engaging in such practices in the future.

In order to defraud those consumers, Keyes Lexus and Toyota of Glendora utilized e-contracting. Currently, the California's Uniform Electronic Transactions Act (UETA) specifically excludes e-contracting in auto sales and leasing. That exclusion provides important protections for all car buyers, and especially for vulnerable low-income consumers and car buyers who are not proficient in English.

My three current clients described above are in addition to several past clients who have been harmed by e-contracts from Toyota dealers. Each of the consumers experienced a similar pattern and practice of illicit activity:

- The lease contracts were negotiated in Spanish, or other language besides English;
- The consumers were not provided with a printout of the contract they could hold in their hand to review;
- The consumers were not provided with a Spanish (or other language) translation of the contract at any time, in violation of California's Civil Code section 1632. In fact, no Spanish translation of the contracts existed.
- The consumers signed the contract electronically on a pad.
- The consumers later learned that the terms of the contracts were different than what was represented to them. The contracts included unwanted add-ons such as service contracts, GAP insurance, and theft deterrent products without the consumers' consent.

While AB 380 purports to protect consumers by requiring them to "opt-in" to using electronic contracting, that makes the false and erroneous assumption that consumers will understand the legal implications of consenting. As with binding arbitration included in these contracts, that is simply not realistic. This would not be an added protection, but another landmine with devastating consequences.

With that "opt-in" provision, AB 380 would open the door for dealers to trick consumers into surrendering their right to even basic protections, such as federal requirements that dealers must provide Truth-in-Lending disclosures up front, in a form such that consumers can take the information with them and shop around, BEFORE they sign anything. That is not possible when the disclosures are on a computer screen, which remains in the dealer's possession at all times. It

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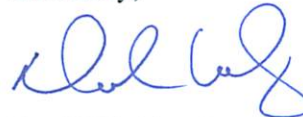
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is already difficult enough, if not impossible, to review and understand all of the legal and financial terms of a Retail Installment Sale Contract without being able to take a contract home and study it.

AB 380 would create a situation like what is currently occurring in the solar panel industry, where installers and home solicitors use e-signing to trap unwary consumers in ominous contracts under the guise of a credit check. Large numbers of consumers, especially Spanish-speaking consumers, are finding themselves with special tax assessments and liens through PACE program contracts to which they never consented. Over the past six months, I have received calls from approximately ten consumers who say they signed an iPad type tablet to check their credit and months later learned they had been signed up for financing ranging from \$15,000.00 to \$147,000.00. The momentum should be toward the elimination of e-contracting, not an expansion.

In short, AB 380 is anti-consumer and would eliminate important and necessary protections for California car buyers. Therefore, I strongly urge that you vote NO on AB 380. Should you or your staff have any questions regarding my position, or the specifics regarding the pending cases, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Valdez Jr.", written in a cursive style.

David Valdez Jr.