



September 16, 2024

Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

**Re: AB 2677 (Chen) Surety Bonds/ Attorney Fees: Request for VETO**

Dear Governor Newsom:

On behalf of each of our organizations, which together represent millions of moderate and low-income consumers, families, and small business owners, we respectfully request that you VETO AB 2677 (Chen). AB 2677 is a sweeping, unprecedented attack on California's consumer protection laws, including laws against committing blatant and widespread fraud.

Passage of AB 2677 would:

- Harm millions of moderate and low-income Californians victimized by unscrupulous, predatory, and illicit fly-by-night and under-capitalized individuals and entities, by limiting the victims' attorney's fees to the amount of the bond, thereby denying them access to justice.
- Render surety bonds worthless for victims of illegal conduct and fraud committed by entities that are required to obtain a bond, then go out of business or disappear, including: immigration consultants (notarios), auctioneers, credit services, discount buying organizations, dance studios, employment agencies, foreclosure consultants, car dealers, entities that operate autonomous vehicles, health studios, job listing services, sellers of travel, home contractors, and mortgage brokers.
- Perversely reward negligent surety bond companies that fail to exercise due diligence or even minimally responsible underwriting, to ensure that bonded entities are sufficiently capitalized and not likely to engage in fraud.

- Overturn well-established legal precedents that have existed for decades, finding that victims harmed by bonded entities are entitled to be awarded their attorney's fees by the surety, beyond the amount of the bond.
- Allow surety bond companies to evade liability for denying valid and legitimate claims.

For all of these reasons, we strongly urge that you please VETO AB 2677.

Sincerely,

Robert Herrell  
Executive Director  
Consumer Federation of California

Stephanie Carroll  
Directing Attorney, Consumer Rights and Economic Justice Project  
Public Counsel

Rosemary Shahan  
President  
Consumers for Auto Reliability and Safety

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