

RESOLUTION **RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS**

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, a recent study by The Pew Charitable Trusts notes that, over the past four years, more than 72 percent of the 29 largest banking institutions now require customers to resolve any disputes through a mandatory binding arbitration process, precluding customers from challenging banking practices in court;

WHEREAS, the First Amendment to the United States Constitution prohibits the making of any laws that prevent an individual from exercising his or her right to "petition the government for redress of grievances," thereby ensuring that all individuals have a right to a fair and impartial hearing of disputes in front of a judge or a jury of their peers;

WHEREAS, by allowing large banks to force customers to waive their constitutional right under the First Amendment, Congress is allowing the abridgment of customers' constitutional rights while effectively shielding those large financial institutions from public scrutiny by requiring disputes to be resolved privately, even in cases where the banks' unscrupulous practices harm a significant number of consumers;

WHEREAS, under current banking practices, customers who disagree with the bank's private arbitration requirement when opening checking accounts or taking out auto loans or mortgages are forced to either accept this waiver of their rights or walk away in search of other financial options, thereby limiting their access to certain financial institutions;

WHEREAS, the recent discovery of blatant illegal sales practices by Wells Fargo bank is the latest example that shows the need to raise public awareness of disputed banking practices that harm consumers, oftentimes without the customer knowing until it is too late;

WHEREAS, Wells Fargo's misconduct is further exacerbated by the bank's refusal to allow customers to seek remedies through the court system regarding these sham accounts opened by Wells Fargo employees without the customers' knowledge or approval;

WHEREAS, the federal government should uphold the constitutional rights of banking customers by prohibiting banks from mandating binding arbitration for anyone wishing to open a checking account, take out a loan, or otherwise do business with that financial institution.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its Federal Legislative Program SUPPORT for federal legislation or administrative actions that would prohibit banks from requiring customers to resolve disputes through private arbitration, thereby upholding their right to remedy any disputes through the court system.

PRESENTED BY:



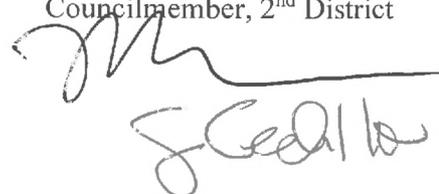
Paul Koretz
Councilmember, 5th District

PRESENTED BY:



Paul Krekorian
Councilmember, 2nd District

SECONDED BY:



OCT 11 2016

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