

# California State Senate

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September 23, 2019

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

RE: Recommended Veto of AB 51 (Gonzalez)

Dear Governor Newsom:

I respectfully write to request your veto of AB 51, which bans mandatory arbitration agreements entered into after Jan. 1, 2020, relating to alleged violations of the Fair Employment and Housing Act (FEHA) or the Labor Code.

I agree with your predecessor who vetoed a substantially similar bill last year arguing that the bill was preempted under the Federal Arbitration Act (FAA). The FAA is broad and mandates the enforcement of any written arbitration agreement regarding the resolution of any dispute arising out of a transaction involving commerce, thus preempting any state rule discriminating against arbitration.

Additionally, the measure creates a new private right of action for employees, subjecting employers to unnecessary and costly litigation, including one-sided attorneys' fees, and related expenses. It also subjects employers to overly-punitive criminal penalties on additional civil liabilities.

Finally, the measure is yet another trial lawyer-inspired attack on arbitration intended to make it more difficult if not impossible for employers or anyone else to utilize private and contractual arbitration, a process that is fair, efficient and regulated. This has been the strategic objective of the plaintiff's trial bar to increase business and profits at the expense of litigants who would pay more in cost and time to litigate disputes in court. This bill will leave litigation as the only avenue for employees to resolve many labor and employment claims. The ultimate beneficiaries of an arbitration and class action waiver ban are trial attorneys, not the employers and not the employees.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon Grove". The signature is written in a cursive style with a large initial "S" and "G".

Shannon Grove  
Senate Republican Leader