



Chairman Matthew Dababneh
Assembly Banking and Finance Committee
Legislative Office Building
1020 N Street, Room 360B
Sacramento, CA

June 22, 2016

Re: Oppose SB 726 (Hueso)

Dear Chairman Dababneh:

I am writing on behalf of Consumer Watchdog, a nonprofit, nonpartisan public interest group, to oppose SB 726 (Hueso) because the bill would limit the ability of organizations such as ours to defend consumers by speaking out against potentially abusive and wrongful practices by businesses. In fact, it would limit anyone's ability to voice concerns about a business that is cheating consumers or breaking the law.

Public complaint is the bedrock of consumer protection. Without consumers and public interest organizations to blow the whistle on dangerous or unscrupulous practices, regulators may never have learned about, for example, exploding Takata airbags, Firestone tires or Pinto engines.

The public interest is best served by robust debate. Shining a light on questionable practices is often the impetus for an investigation and appropriate action by state officials. The California legislature has a history of enacting protections for, not restraints on, whistleblowers. SB 726 would have the opposite effect, creating a fear of prosecution among employees, public interest organizations and consumers that would chill the free speech necessary to bring unfair practices into the open and protect consumers. It serves no purpose other than to shield shady business practices from scrutiny.

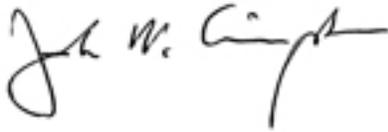
SB 726 would limit what could be said about a business when someone called for its dubious practices to be investigated by state officials. The bill would provide an unwarranted shield for businesses that engage in predatory and unfair practices. Simply omitting one fact about a business in a call for a necessary investigation could be deemed a violation of the law under the bill's provisions.

We understand that Herbalife is sponsoring SB 726. It is not surprising that a company that has been under investigation by the Federal Trade Commission for the past two years, and is the subject of hundreds of complaints about its predatory practices by California consumers, would seek to shield itself from further scrutiny. Indeed, if this bill becomes law, companies like Herbalife engaging in questionable practices and armed with well-financed legal resources, will

use it not only as a shield, but also as a sword against their opponents. It would be shocking if the California legislature chose to go along with the scheme.

SB 726 would violate the First Amendment. It would hurt consumers and shield businesses engaging in shady practices. Consumer Watchdog calls on you to reject SB 726.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Simpson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

John M. Simpson
Consumer Advocate

CC: Sen. Ben Hueso, Mark Farouk, Chief Consultant, Kathleen O'Malley, Principal Consultant