



Testimony of Eric Gjede
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Before the Committee on Labor and Public Employees
Hartford, CT
March 4, 2021

**Testifying in opposition to
HB 6475: AN ACT CONCERNING FORCED ARBITRATION AGREEMENTS**

Good afternoon Senator Kushner, Representative Porter, Senator Sampson, Representative Arora and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am the vice president of government affairs for CBIA, the Connecticut Business & Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses with less than 100 employees.

CBIA opposes HB 6475.

Arbitration agreements in contracts, including employment contracts, are a mutually beneficial way to agree to resolve potential disputes. Further, unlike the title of HB 6475 suggests, such agreements are voluntarily entered into by both parties to the contract.

Arbitrating disputes saves significant time and financial resources when compared to litigation. Arbitration allows for less formal discovery work and is more accessible to individuals that do not possess legal training and do not have the resources to hire representation. Parties involved in the dispute have more control over the arbitrator, allowing the selection of an individual with expertise on the disputed matter. Undermining these contractual relationships will only result in costlier and less efficient dispute resolution.

Further problematic in HB 6475 is the effort to deputize various third parties to bring claims on behalf of the state. Connecticut's Attorney General's office is the largest law firm in the state and employs a significant number of attorneys with expertise in all areas of law. We are concerned about the potential consequences of outsourcing the attorney general's law enforcement powers to third parties.

California is the only state to have adopted a private attorney general act (PAGA) like HB 6475. Since its passage in 2004, the number of PAGA cases have increased more than 1,000% and is anticipated to reach 2,000% by the year 2022. These cases have become favorites of plaintiff's attorneys because the stacking penalty provisions imposed usually far exceed any alleged harm and are leveraged to force high settlements. Further, aggrieved employees receive little of the settlement compared to the relator and the state. In fact, in California, "Seventy-five percent of the 1,546 settlement agreements reviewed by the PAGA Unit in fiscal years 2016/17 and 2017/2018 received a grade of fail or marginal pass, reflecting the failure of many private plaintiffs' attorneys to fully protect the interest of the aggrieved employees and the state."

Equally troubling is it appears to circumvent the process by which a class in a potential class action lawsuit is certified by the court.

HB 6475 provides no protection for employers from third parties that seek to, via legal action, undermine contractual relationships - whose legitimacy has been recognized by the U.S. Supreme Court. HB 6475 is not about helping employees, it is about “relators” and attorneys furthering personal and political goals and financial self-interest.

For these reasons, CBIA opposes HB 6475.

ⁱ <https://advocacy.calchamber.com/policy/issues/private-attorneys-general-act/>