

A LOT HINGES ON SC'S RULING IN \$30 CELL PHONE SALES TAX CASE

On November 10, E-Commerce Times reported that the U.S. Supreme Court heard oral arguments in a case that may have a tremendous affect on the arbitration clauses that customers frequently sign in numerous banking, insurance and cell phone contracts. In that case, *AT&T v. Concepcion*, the telecommunications giant argued that the Federal Arbitration Clause, which favors arbitration as a way of settling disputes, preempts California law, which has ruled that bans against litigation have been "unconscionable."

Brian Kabateck, a Los Angeles consumers' attorney with Kabateck Brown Kellner, said consumers have a big stake the outcome of this case. In fact, one check and balance companies take seriously is the possibility of class action suits that punish them for small wrongs or abuses. Individuals -- and lawyers, for that matter -- are not too inclined to pursue a company for a small billing complaint (such as a few dollars charged to a credit card for a fee never agreed to) or to resolve a minor dispute (such as a phone service provider not letting a consumer out of a contract even after the phone stopped working). "If the Court finds that a bar to class action litigation in a consumer preprinted contract is enforceable," said Kabateck, "expect more hidden charges -- because there will be no one to stop these corporations."