FOR IMMEDIATE RELEASE
August 23, 2016
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281 organizations that advocate on behalf of consumers, students, civil rights, labor, small business, and more have sent a joint comment letter to the Consumer Financial Protection Bureau (CFPB), strongly supporting the agency’s proposed rule to restrict the financial industry’s use of forced arbitration – a tactic that allows Wall Street banks and predatory lenders to block consumers from challenging illegal behavior in court.

Late Monday, the final day of the rule’s public comment period, the groups lauded the proposal as “a significant step forward in the ongoing fight to curb predatory practices in consumer financial products and services and to make these markets fairer and safer.” The 281 signers include national organizations along with groups from 42 states and the District of Columbia. Many of these organizations also submitted separate comment letters.

In forced arbitration, banks and lenders bury “ripoff clauses” in the fine print of take-it-or-leave-it contracts to ensure that all disputes are decided by a private firm of the financial company’s choosing, rather than by an impartial judge or jury, leaving consumers with limited ability to appeal an unfavorable decision. Most financial ripoff clauses also include class action bans that block consumers from joining together to challenge systemic abuses.

The CFPB proposed a rule to limit forced arbitration in May after its comprehensive 2015 study documented that the practice effectively eradicates consumer claims. The letter’s signers praised the rule’s provisions to “restore crucial class action rights that deter systemic abuses” by prohibiting class action bans. While the CFPB’s current proposal would not end all forms of forced arbitration, consumer advocates agree it will “bring much-needed transparency to consumer financial arbitration” by establishing a public record of claims and outcomes.

The CFPB’s proposed rule has generated at least 100,000 supportive comments from individual consumers across the country. It has also received enthusiastic support from over 100 members of Congress in separate House and Senate letters, 18 state attorneys general, state legislators from 14 states, and 210 law school professors.

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Statements from leading advocates are attached.
STATEMENTS FROM ADVOCATES

Public Citizen
Robert Weissman, President
“Over the past decade, big corporations have converted the fine print in consumer contracts into a get-out-of-jail-free card. Companies have discovered that rip-off clauses let them get away with egregious wrongs. The CFPB’s rule will end the worst elements of forced arbitration by restoring the consumers’ right to once again band together to fight shared wrongs.”

Americans for Financial Reform
Lisa Donner, Executive Director
“Forced arbitration robs people not only of the right to have their case heard in court, but also of the right to band together with others who have been hurt by the same corporate lawbreaking. It compels each victim to go it alone even if the cost of complaining far exceeds the damages in any one case. And because the process usually also bars the parties from going public with their stories, forced arbitration lets companies keep evidence of wrongdoing under wraps. The CFPB’s proposed rule to restore a crucial element of consumers’ ability to vindicate their rights in court is an important step in holding Wall Street and other financial companies accountable, and it will make markets fairer and safer for the public.”

Alliance for Justice
Nan Aron, President
“As consumers, many of us are frustrated by the ‘fine print’ in contracts we sign for products and services. Unfortunately, buried in this print we often find language requiring consumers to sign away important rights. Contracts can include class action bans preventing consumers from joining together to pursue a claim in court if they’re harmed by a business. This is unfair, and we applaud the Consumer Financial Protection Bureau for its proposed rule that would stop banks and lenders from imposing these class action bans on customers.”

American Association for Justice
Julie Braman Kane, President
“Few Wall Street practices are as abusive, unfair, and deceptive as the widespread use of forced arbitration. These clauses, which are hidden in millions of contracts for financial goods and services, force consumers into a rigged, secretive system set up by powerful corporations to hide wrongdoing and evade accountability. AAJ strongly supports the CFPB’s proposal to restrict the use of forced arbitration, and we urge the Bureau to act quickly to restore the rights of American consumers.”

Center for Justice & Democracy
Joanne Doroshow, Executive Director
“We commend the CFPB for proposing a strong rule to prevent law-breaking financial institutions from using ‘fine print’ arbitration clauses to ban class actions. Class actions are critical for holding companies accountable in court. Since most cases are too expensive and difficult to bring individually, these ripoff clauses result in the disappearance of claims and immunity for the wrongdoer. The CFPB has taken an important step to ensure corporate accountability and protect our rights.”
Center for Progressive Reform
Martha McCluskey, Member Scholar at the Center for Progressive Reform and contributing author of a paper on forced arbitration
"Compared to the courts, forced arbitration tilts the scales of justice against consumers. The CFPB has taken an important first step in addressing this problem with its proposal to eliminate bans on class-action lawsuits when Americans are harmed by big banks and other financial services corporations."

Consumer Action
Linda Sherry, Director of National Priorities
"While we had hoped that the CFPB would ban the use of forced arbitration clauses buried in the fine print of most cell phone, credit card and student loan contracts, we applaud the Bureau’s stand on an individual’s right to band together in class-action lawsuits to right the financial wrongs that are too costly to bring one case at a time but must be banished from the marketplace. Class action lawsuits help deter other companies from contaminating the market with unfair and illegal schemes."

Consumer Federation of America
Rachel Weintraub, Legislative Director and General Counsel
“It isn’t realistic, fair, or effective to expect consumers to hold large corporations accountable one-by-one in arbitration over an illegal fee that might be only $30. But that $30 multiplied by millions of consumers is considerable, and only class actions give consumers the ability to join together to obtain relief and put corporations on notice that mistreating consumers is unacceptable.”

Consumers for Auto Reliability and Safety
Rosemary Shahan, President
"Every crook in the country is going to attack the CFPB over this proposed rule. Why? Because they have so much to lose, and we have so much to gain."

Consumers Union
George Slover, Senior Policy Counsel
“This rule is an important step forward in curbing some of the worst abuses in the financial services marketplace. While we believe more reforms are still needed, this will help restore consumer rights, improve transparency, and make the market fairer and safer for consumers.”

Main Street Alliance
Michelle Sternthal, Ph.D., Deputy Director of Policy & Government Affairs
"The Main Street Alliance and our member businesses stand behind the CFPB’s rule to limit the ability of large corporations to sidestep the rights of individual consumers and tip the scales in their favor. The rule protects small business owners from falling victim to forced arbitration and limits the ability of bad corporate actors to bury clauses in their contracts that strip consumers of their right to challenge their predatory practices."

National Consumer Law Center
Lauren Saunders, Associate Director
“Forced arbitration is a get-out-of-jail-free card that lets lawbreaking banks, payday lenders and scammers avoid accountability and deny consumers their day in court.”
National Association of Consumer Advocates  
*Christine Hines, Legislative Director*  
“Relying on its stellar research and analysis, the CFPB has acted in the public’s interest by working to limit forced arbitration and restore consumers’ right to band together in court when they are cheated or ripped off by powerful banks and lenders. We now urge the bureau to finalize the rule as soon as possible to remove this unnecessary barrier to justice in the marketplace.”

Woodstock Institute  
*Dory Rand, President*  
“Companies should not be able to force consumers to sign away their rights. CFPB’s proposed rule would enable consumers to join together to challenge corporate wrongdoing. This benefits not only consumers who are harmed, but also the general public by deterring companies from engaging in bad behavior.”