



September 9, 2019

The Honorable Jerrold Nadler
Chairman
U.S. House Committee on the Judiciary
Washington, DC 20515

The Honorable Doug Collins
Ranking Member
U.S. House Committee on the Judiciary
Washington, DC 20515

Re: Support H.R.1423, the “Forced Arbitration Injustice Repeal Act” or “FAIR Act”

Dear Chairman Nadler and Ranking Member Collins:

Americans for Financial Reform writes to express our strong support for H.R. 1423, the Forced Arbitration Injustice Repeal Act (FAIR) Act.

Financial companies regularly force consumers into arbitration by slipping it into the fine print of their standard contracts and terms of service and requiring consumers to accept it as a non-negotiable condition to obtain products and services, including bank accounts, credit cards, and student loans. In addition, forced arbitration clauses are often hidden in employment contracts as a condition of employment at many corporations, including financial companies.

Unlike the court system, arbitration is secret and does not provide legal protections or enforceable standards, which prevents accountability for wrongdoing and allows misconduct to remain hidden. Corporations write the contracts to preserve their ability to choose the arbitrator and set the rules. According to the Economic Policy Institute, individual consumers only win 9% of the time when seeking relief through arbitration. Forced arbitration also prohibits individuals from participating in class actions to seek joint relief. Banning the ability to join class actions creates impunity for companies repeatedly breaking the law because individual claims may be too small to pursue on their own and individual cases conceal the breadth of harm and the number of victims who have suffered as a result of a company’s illegal practices. By forcing harmed consumers, workers, and small businesses into arbitration, companies make it nearly impossible for them to seek justice and obtain relief.



The FAIR Act would prevent companies from forcing harmed consumers, workers, and small businesses into arbitration to resolve disputes and protect their legal rights to access the courts to obtain relief when companies have harmed them. It also restores the ability of harmed individuals to join together in class actions to hold companies accountable for their wrongdoing.

Please support HR 1423.

Sincerely,

Americans for Financial Reform