

Coalition Calls on Seven Major Corporations to Stop Using Forced Arbitration

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31 Groups Urge American Express, General Electric, JPMorgan Chase, Sears, Citigroup, Toyota and Discover to Protect Legal Rights of Customers, Workers

WASHINGTON, D.C. – Seven major American corporations should stop requiring their customers and workers to give up their legal rights when they sign basic contracts, Public Citizen, the National Association of Consumer Advocates, and 29 national and state consumer, civil rights and citizen groups said in a letter today.

In the letter, the groups called on the CEOs of American Express, General Electric, JPMorgan Chase, Sears, Citigroup, Toyota and Discover Financial Services to stop putting forced arbitration clauses in their contracts because the practice is unfair and abusive. Combined, the corporations compel millions of American consumers to surrender their constitutional right to seek redress in the legal system after being victimized by unfair, deceptive or fraudulent corporate business practices.

Forced arbitration clauses deny American consumers and workers of the right to hold corporations accountable. Instead of going to court, these clauses force consumer claims into private arbitration that favors the corporation. Corporations write the arbitration rules, even choosing the arbitration firm and the location for the proceeding. Forced arbitration is thus a parallel system of dispute resolution created by and for corporations and explicitly designed to protect their interests above all else.

Often, consumers are unaware that the contracts they sign subject them to arbitration. Even if they were aware, they would face the difficult choice of foregoing necessary products or services, and even potential employment, to preserve fundamental rights.

The corporations that were sent letters were named in a series of articles recently published by The New York Times. The series highlighted the experiences of customers, small business owners, workers, students and ordinary American families with forced arbitration and showcased how the corporate practice severely impeded individuals' access to justice. The companies played an early role in promoting what has become a proliferation of forced arbitration clauses in consumer and employment contracts.

"As public awareness of the abusive nature of forced arbitration grows, and as greater numbers of Americans encounter these forced arbitration clauses, the call to fix this problem will increasingly be recognized as a compelling call to justice," the letter said.

Particularly harmful are forced arbitration clauses that prevent individuals from joining their claims together to seek accountability for wrongful corporate actions that cause widespread or systemic harm.

"[A]rbitration, as an alternative way to resolve disputes outside the court system, can only be fair if meaningfully chosen by both parties after disputes arise," the letter says.

The letter is being sent against the backdrop of an effort, spurred by Wall Street, to add a provision

to the appropriations bill Congress is now finalizing, that would block the Consumer Financial Protection Bureau from moving forward with an announced rulemaking to curb the use of forced arbitration clauses in consumer loans, credit cards and other consumer financial services agreements.

The groups sending the letter represent a diverse coalition of millions of members, subscribers and activists. They include Americans for Financial Reform, Alliance for a Just Society, Alliance for Justice, Atlanta Jobs with Justice (GA), Bazelon Center for Mental Health Law, Consumer Action, Consumer Federation of America, Consumers for Auto Reliability and Safety, Consumers Union, Empire Justice Center (NY), Homeowners Against Deficient Dwellings, Home Owners for Better Building, Main Street Alliance, MFY Legal Services, Inc. (NY), NAACP, National Association of Consumer Advocates, National Consumer Law Center (on behalf of its low income clients), National Consumer Voice for Quality Long-Term Care, National Employment Law Project, National Employment Lawyers Association, National Fair Housing Alliance, National Women's Law Center, New Economy Project (NY), People For the American Way, Public Citizen, Public Justice Center, Take Back Your Rights PAC, Tennessee Citizen Action (TN), Service Employees International Union, Workplace Fairness and Woodstock Institute.

Read the letter

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