

Fair Arbitration Now Coalition Urges the House to Reject Legislation Stripping Federal Agencies of Authority to Restrict Forced Arbitration

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Washington, DC – Today, the House Financial Services Committee voted to advance H.R. 10, which would roll back key provisions of the Dodd-Frank Wall Street Reform Act and block federal agencies from restoring crucial legal rights of consumers and investors. The bill now moves to the House floor. The Fair Arbitration Now coalition sent a letter urging members of the House Financial Services Committee to reject Chair Jeb Hensarling's (R-Tex.) H.R. 10, titled the Financial CHOICE Act of 2017, ahead of the bill's hearing last week.

Among countless irresponsible provisions to unravel landmark financial reforms, one part of H.R. 10 would strip the Consumer Financial Protection Bureau (CFPB) and the Securities and Exchange Commission (SEC) of authority to restrict the abusive practice of forced arbitration. Many financial services companies bury forced arbitration clauses in the fine print of their consumer and investor contracts to kick any dispute out of public court.

"Contrary to its title, H.R. 10 would deprive consumers and investors of any choice of their day in court when resolving serious disputes with powerful financial institutions and force them into a rigged system," said Amanda Werner, arbitration campaign manager with Americans for Financial Reform and Public Citizen. "These ripoff clauses only serve to kill consumer class action lawsuits and cover up widespread fraud and abuse, as we saw with the Wells Fargo scandal just months ago."

In arbitration, consumer and investor claims are decided by a private firm chosen by the company with few legal protections and a limited ability to appeal an unfavorable decision. Banks and lenders also often bar harmed consumers from joining together in class action lawsuits or even speaking publicly about the company's wrongdoing. While the SEC has not exercised its authority to restrict or ban forced arbitration at this time, the CFPB proposed a rule last year to restore consumers' right to join together in class actions.

"This bad bill is the wrong choice for consumers, including veterans, workers, and elders. The bill blocks the Consumer Financial Protection Bureau from finalizing a forced arbitration rule that restores our day in court when banks violate the law, as in Wells Fargo's creation of two million fake accounts," said Lauren Saunders, associate director of the National Consumer Law Center. **"The Wrong Choice Act gives corporate wrongdoers a get-out-of-jail-free card and guts the CFPB, the consumer watchdog that holds Wall Street accountable for the types of malfeasance that led to the Great Recession."**

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The Fair Arbitration Now Coalition advocates to end mandatory binding arbitration. Our organizations represent millions of individual members interested in protecting the rights of all

Americans - particularly the rights of consumers, employees, homeowners, and the elderly, as well as preserving our hard-won civil rights.

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