

# AFL-CIO

## LEGISLATIVE ALERT

July 25, 2017

Dear Representative:

The AFL-CIO urges you to oppose the Congressional Review Act (CRA) resolution of disapproval of the Consumer Financial Protection Bureau's (CFPB) rule to limit pre-dispute binding mandatory (or forced) arbitration clauses in consumer finance contracts.

The rule, finalized earlier this month, restores consumers' ability to pursue claims in court collectively. To keep our financial system safe and strong, consumers must be able to enforce state and federal protections in court. Contrary to what critics of the rule suggest, the rule does not ban forced arbitration, but instead restores consumers' ability to join in class action lawsuits and returns transparency to individual arbitration by establishing a public record of claims and outcomes.

Unscrupulous lenders and other financial services companies use forced arbitration to direct consumers out of court and into a private arbitration system designed against them. Forced arbitration eliminates the right to a civil jury trial, limits discovery, restricts or prohibits public disclosure of proceedings and outcomes, and makes an appeal process very unlikely.

Forced arbitration clauses disproportionately affect communities of color, students and military families. The rule addresses the rampant harm of forced arbitration by preserving the ability of these communities to band together to seek relief through the civil justice system when financial institutions have broken the law. According to a Pew Charitable Trusts poll, nearly 90% of consumers want their right to class action lawsuits restored.

Disposing of the CFPB arbitration rule using the CRA is excessively harsh and severe. A CRA resolution enjoys fast-track privileges, allowing a bill to go straight to the floor without the benefit of having debate in committee hearings. If Congress adopts and the President signs the resolution, the CFPB will be forever barred from issuing any rule that is "substantially the same" as the one voted down, no matter how serious and well founded the case for action might be, and regardless of any new information. Congress should not use the blunt instrument of the CRA to wipe out the rules and prevent their adoption in the future.

Sincerely,



William Samuel, Director  
Government Affairs Department

WS/GJ/lkr

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**American Federation of Labor and Congress of Industrial Organizations**

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