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**During National Consumer Protection Week,
Consumer Advocates Warn About Harms of Forced Arbitration**

(WASHINGTON, DC) — More than ever, consumers are forced to surrender their rights every time they obtain a product or service, including credit cards, checking accounts, cell phone service and even jobs. To truly honor and recognize the importance of consumer protection laws, it is time for Congress and federal agencies to eliminate forced arbitration, advocates for consumers announced during [National Consumer Protection Week](#). National Association of Consumer Advocates (NACA), National Consumer Law Center (NCLC), Public Citizen and U.S. PIRG join together to promote awareness and advocate a ban on forced arbitration, a corporate practice that blocks numerous state and federal protections.

And after a 2011 U.S. Supreme Court ruling in *AT&T Mobility LLC v. Concepcion*, more than 100 potential class actions have been dismissed and sent to arbitration, according to a new analysis released today by Public Citizen. This has happened even when the judge states that the cases may be best suited to proceed as class actions. In *Concepcion*, the court vastly expanded the reach of arbitration by ruling that corporations could block the consumers they force into arbitration from pursuing cases as a class.

The cases include a former student who sought a class action for himself and other students, alleging that lenders improperly applied undisclosed fee to student loans; a cell phone customer who alleged that his wireless service provider charged improper roaming fees to him and other customers for calls that were actually placed within the coverage areas; and numerous cases involving employment law claims, including complaints of gender discrimination in violation of Title VII of the Civil Rights Act and misclassification of employee status to avoid paying adequate wages in violation of wage and hour laws. Many of these cases involved small-dollar losses which are extremely difficult for consumers to pursue individually. As a result, corporations are able to squash valid legal claims and evade accountability for practices that cheat consumers while padding the bottom line.

“The *Concepcion* decision was a blow to consumers’ rights, and it continues to be felt daily by thousands who have been on the receiving end of corporate misconduct such as predatory lending and discriminatory actions against employees,” said Christine Hines, Public Citizen’s consumer and civil justice counsel. “In merely three years, serious allegations like these have been directed to the dark alley of individual arbitration.”

National Consumer Protection Week is a coordinated campaign to focus attention on the importance of consumer information and provide people with educational resources explaining their rights in the marketplace. This year, our organizations are focused on the harmful effects of forced arbitration on consumers because it impacts most other consumer protection issues.

Consumers, employees and investors continue to be harmed by one-sided clauses in contracts that force individuals to surrender their rights and resolve disputes with businesses in arbitration. Instead of an open court system, individuals are subject to a private arbitration provider that charges exorbitant filing and hourly fees and whose neutrality is questionable due to the fact that the business –and not the individual – is a likely repeat user of the process. The secret proceedings are kept confidential and involve few assurances that the business-orchestrated process will be fair, which is particularly important because there is little chance to appeal an arbitrator’s decision to a court.

“National Consumer Protection Week educates consumers to make more informed decisions and encourages them to exercise their rights in the marketplace,” said Ellen Taverna, NACA’s legislative director. “Unfortunately, most consumers don’t know that they are bound by forced arbitration. By simply buying a product or service, individuals often are forced to give up their right to go to court if they are cheated by a company.”

“Arbitration can be a fair and effective method of dispute resolution when parties *voluntarily* agree to arbitrate, said Ed Mierzewski, U.S. PIRG consumer program director. Instead, corporations have created one-sided, take-it-or-leave-it contracts that burden consumers and deprive them of equal justice under the law.”

Potential congressional and regulatory solutions include:

- Congress must pass legislation that would provide consumers with a choice to arbitrate a claim rather than permitting the use of the fine print to force them into arbitration.
- The Consumer Financial Protection Bureau (CFPB) is conducting a study on the impact of forced arbitration clauses. The CFPB should complete the study quickly and issue rules that end forced arbitration clauses in financial products and services contracts.
- The Securities and Exchange Commission can and must protect its investors and preserve the integrity of securities markets by exercising authority granted to it under the Dodd-Frank Act. It should immediately issue a rule to prohibit forced arbitration and class-action bans in broker-dealer contracts with investors.

“Letting wrongdoers avoid justice by forcing consumers into a system that is often biased, secretive and lawless deprives millions of consumers of a vital tool to protect their rights and hold wrongdoers accountable,” said Lauren Saunders, National Consumer Law Center managing attorney.

For more information about forced arbitration, please visit the Fair Arbitration Now website at <http://www.fairarbitrationnow.org/>.

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The National Association of Consumer Advocates (NACA) is a nonprofit association of consumer advocates and attorney members who represent hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. As an organization fully committed to promoting justice for consumers, NACA’s members and their clients are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means. Visit: www.naca.net.

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. Visit: www.nclc.org.

Public Citizen is a national, nonprofit consumer advocacy organization representing consumer interests in Congress, the executive branch and the courts. For more information, please visit www.citizen.org.

U.S. PIRG, the federation of state Public Interest Research Groups (PIRGs), is a consumer group that stands up to powerful interests whenever they threaten health and safety, financial security, and the right to fully participate in our democratic society. Visit: <http://www.uspirg.org/>.