

Coalition to Congress: Overturn CFPB Arbitration Rule

July 24, 2017



The Honorable Paul Ryan Speaker U.S. House of Representatives H-232, U.S. Capitol Washington, DC 20515 The Honorable Mitch McConnell Majority Leader U.S. Senate S-230, U.S. Capitol Washington, DC 20510

Dear Speaker Ryan and Majority Leader McConnell:







AMERICAN**COMMITMENT**



We, the following free-market, limited-government, and liberty-oriented organizations, ask you to use the Congressional Review Act to reverse recently published rules promulgated by the Consumer Financial Protection Bureau (CFPB) ending long-held policy allowing for binding arbitration contracts. Failure to reverse this regulation will result in an avalanche of class-action lawsuits that will hurt jobs and do little to benefit consumers.

The CFPB's arbitration rule has been described as "Christmas in July" for America's trial lawyers – and rightly so. According to the CFPB's own finding, the rule will cost consumers billions of dollars and unleash over 6,000 class action lawsuits every five years. This rule is an obstacle to the efforts to right America's fiscal ship and create jobs and prosperity for the American people.

Class action lawsuits primarily benefit the trial lawyers rather than the plaintiffs they claim to represent. One extreme example regarding the Bank of Boston even resulted in some of the "winning" plaintiffs owing more in legal fees to lawyers, who walked away with millions, than the meager winnings they received. Class-action lawsuits all too often benefit no one but lawyers, and arbitration provides a fair alternative that should not be prohibited by regulatory fiat.

The CFPB's own report provides undermines the case for relying exclusively on class-action lawsuits. Of the minority of cases filed between 2010 and 2013 that were later settled, consumers received on average only \$32, while lawyers received \$424 million in total fees. This disparity is due in part to the fact that claims are never filed by the vast majority of those in an eligible class, and lawyers receive fees based on inflated award figures that are never paid out.



There are also significant issues with the structure of the CFPB and its overall lack of accountability to elected officials. A United States Court of





Appeals has held that "when measured in terms of unilateral power, the Director of the CFPB is the single most powerful official in the entire U.S. Government, other than the President. Indeed, within his jurisdiction, the Director of the CFPB can be considered even more powerful than the President."



As a rehearing of this ruling on the CFPB's constitutionality by the full Circuit is currently underway, and Congress weighs its own various options to rein in the unaccountable agency, CFPB should at the very least be prevented from instituting major new rules that could disrupt large segments of the economy until such issues are resolved. This is a prime opportunity for members of Congress to uphold their oaths to support and defend the Constitution by safeguarding the nation from costly new CFPB regulations.



REPUBLICANS The Congressional Review Act provides 60 legislative days for Congress to reverse the CFPB's decision. Each day, the clock ticks and the window of opportunity closes. We urge you to work together and reverse this job-killing regulation promulgated by an agency that is unconstitutionally structured.



Sincerely,



Grover Norquist Andrew F. Quinlan President President Center for Freedom and Prosperity Americans for Tax Reform



David Williams Iain Murray Vice President for Strategy President **Taxpayers Protection Alliance** Competitive Enterprise Institute



Christine Harbin Phil Kerpen Vice President of External Affairs President Americans for Prosperity American Commitment



Eli Lehrer Pete Sepp President President

National Taxpayers Union R Street Institute



Daniel Schneider Jason Pye Vice President of Legislative Affairs **Executive Director**

FreedomWorks American Conservative Union



George Landrith Gregory T. Angelo President President Frontiers of Freedom Log Cabin Republicans



Steve Pociask President

American Consumer Institute

Carrie L. Lukas President

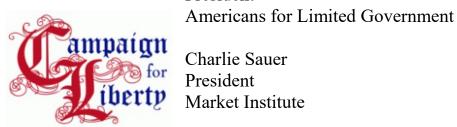
Independent Women's Forum



James L. Martin Founder & Chairman 60 Plus Association

Seton Motley President

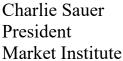
Less Government



Jeffrey Mazzella

President

Center for Individual Freedom



Rick Manning

President

Tom Schatz President

Council for Citizens Against

Government Waste



Norman Singleton President

Campaign for Liberty

Karen Kerrigan President

Small Business & Entrepreneurship

Council



Katie McAuliffe **Executive Director** Digital Liberty

Andrew Langer President

Institute for Liberty



Tom Giovanetti President

Institute for Policy Innovation

Harry C. Alford President/CEO

National Black Chamber of

Commerce



Mario H. Lopez

President

Hispanic Leadership Fund

Matthew Kandrach President

Consumer Action for a Strong

Economy



Heather R. Higgins President and CEO Independent Women's Voice







