December 10, 2015

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Dear Messrs.: 

The undersigned consumer, labor, civil rights, legal, and citizen groups—representing millions of individuals and hundreds of member organizations—write to urge your respective company to end its use of pre-dispute binding mandatory (or “forced”) arbitration clauses against your customers and workers, and to restore the legal rights of Americans to access the court system after disputes arise.

The New York Times recently published a three-part investigative series on forced arbitration, which describes the terms inserted in corporate contracts with consumers and workers that require disputes to be resolved in private arbitration proceedings instead of in court. The series, showcasing experiences of customers, small business owners, workers, students, nursing home residents and ordinary American families, illustrates how the corporate practice undermines consumer protection and civil rights laws and impedes individuals’ access to justice. The series also noted¹ that your companies played an early role in promoting what has become a proliferation of forced arbitration clauses in consumer and employment contracts.

These contract terms strip American consumers and workers of the right to hold corporations accountable in a court of law. Instead, their claims are funneled into private arbitration that favors the corporation. For example, corporations write the arbitration rules, including choosing

the arbitration firm and location for the proceeding. The forced arbitration system encourages arbitrator bias in favor of the more powerful party. Meanwhile, arbitrators’ decisions are rarely appealable, even in a situation where an arbitrator makes a clear error.

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. For these consumer harms, such as small-dollar illegal charges on customers’ monthly bills, class action bans prevent those affected by the misconduct from banding together to seek redress. The inordinate costs of pursuing these claims individually means the wrongdoing goes unchecked and the aggrieved are left without remedies. Meanwhile, the illicit business practice risks wider damage to the marketplace and the economy.

It wasn’t always this way. The Federal Arbitration Act was enacted in 1925 to ensure that certain corporations with equal bargaining power could use arbitration to resolve complex legal matters. The law was never envisioned as one that would allow corporations to force arbitration on unaware consumers and workers. The New York Times series demonstrates that arbitration, as an alternative way to resolve disputes outside the court system, can only be fair if meaningfully chosen by both parties after disputes arise.

Given the experience we now have with forced arbitration—that it deprives workers and consumers of the right to seek justice—we urge you to become part of the solution. You can set an example as a responsible company in the marketplace by ending your own use of forced arbitration clauses in all consumer and employee contracts. We also invite you to join us in calling on Congress to enact the Arbitration Fairness Act, which will make forced arbitration clauses unenforceable in consumer, civil rights, employment and antitrust disputes.

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. In time, Congress will act. We urge you to consider the advantages of being on the right side of history, starting now.

Please help end the unfair and abusive practice of forced arbitration.

Sincerely,

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
Woodstock Institute