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CFPB Rule Restores Alaskans' Day in Court Over Financial Misconduct

Rule Addresses Forced Arbitration of Claims Involving Credit Cards, Payday Loans, Other Financial Products

(ANCHORAGE) Today, Alaska and national advocates along with an eminent scholar of arbitration law applauded the Consumer Financial Protection Bureau's (CFPB) final rule that restores consumers' right to join together in class actions to hold banks, payday lenders and other companies accountable when they break the law.

"The CFPB's rule restores ordinary folks' day in court for widespread violations of the law. Forced arbitration is simply a license to steal when a company like Wells Fargo commits fraud through millions of fake accounts and then tells customers: 'Too bad, you can't go to court and can't team up; you have to fight us one by one behind closed doors and before a private arbitrator of our choice instead of a public court with an impartial judge,'" said Lauren Saunders, associate director of the National Consumer Law Center.

The [final rule](#) prohibits credit card companies, banks, student lenders, payday lenders, debt collectors, credit reporting companies, and other financial companies from using forced arbitration clauses that ban consumers from participating in class actions—which is often the only way to hold violators accountable. The rule also increases transparency for individual forced arbitrations by requiring those cases to be reported to the CFPB.

"When banks or debt collectors break the law, Alaskans deserve their day in court," said Goriune Dudukgian, attorney and founding partner of the Northern Justice Project. "When several people come to me with the same complaint against a debt collector, forced arbitration clauses block people from banding together in a class action to stop the problem for everyone."

Support for a rule to stop forced arbitration clauses with class action bans is [widespread](#). Some conservative legislators who are concerned about regulations have also [supported](#) the importance of class actions as a "market-based solution that targets enforcement at bad actors engaged in widespread wrongdoing."

"The CFPB's rule to limit the use of fine-print arbitration clauses will strip wrongdoers of their 'get out of jail free' cards and hold them accountable," Dudukgian added.

Financial lobbyists are expected to push Congress to block the arbitration rule. **"Will any member of Congress dare to look a victim of Wells Fargo's fake account scandal in the eye and tell them that the bank should be able to use forced arbitration to deprive them of their day in court or their right to join a class action?"** asked Lauren Saunders, associate director of the National Consumer Law Center. **"People are entitled to their day in court when companies break the law."**

Related links

More information on NCLC's body of work regarding:

- Arbitration and access to justice: <http://www.nclc.org/issues/arbitration-a-access-to-justice.html>
- Payday loans: <https://www.nclc.org/issues/payday-loans.html>.

NCLC is a member of the [Fair Arbitration Now](#) coalition that works to oppose forced arbitration.

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Founded in 2005, the [Northern Justice Project, LLC](#) is a private civil rights and special education firm that focuses on representing low- and middle-income Alaskans in complex lawsuits against the State and Federal Governments and large corporations.

Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. www.nclc.org