

Waters Opening Floor Statement in Opposition to Republican Resolution to Repeal Forced Arbitration Rule

Washington, DC, July 25, 2017

Today, during floor debate on H.J.Res 111, a Republican Joint Resolution to repeal the Consumer Financial Protection Bureau's rule to protect consumers by restricting forced arbitration clauses, **Congresswoman Maxine Waters (D-CA)**, Ranking Member of the Committee on Financial Services, gave the following opening statement:

As Prepared for Delivery

H.J.Res 111 is an affront to hardworking Americans across the country. Using the Congressional Review Act, this Joint Resolution repeals the Consumer Financial Protection Bureau's final rule to curb forced arbitration clauses in contracts for consumer financial products.

Today, many banks require consumers wanting to open a bank account, get a credit card or take out a private student loan to enter into forced arbitration agreements that take away their right to collectively sue the bank for any harm. Instead, consumers must go through bank-friendly arbiters to resolve their grievances. These contracts are literally buried deep into the fine print and shrouded in legalese. Consumers don't know what they're giving up, but the banks do.

Arbitration proceedings, which happen behind closed doors, have no judge and no jury. The proceedings and their outcomes heavily favor big businesses and Wall Street. Studies have shown that forced arbitration results in less compensation for American consumers who have been abused or defrauded, if they receive any at all.

Simply put, forced arbitration is an instrument that benefits large corporations and Wall Street banks and hurts consumers. For example, Wells Fargo continues to use forced arbitration to prevent consumers from working together to sue the bank for opening millions of fraudulent accounts using their personal information.

Just weeks ago, the Consumer Bureau issued a critical rule to finally clamp down on forced arbitration clauses. The Consumer Bureau should be applauded for taking this step to help consumers by fully restoring their legal rights. Once again, the Consumer Bureau has acted to make our financial marketplaces more fair and transparent.

As is their practice, the Consumer Bureau issued this rule after careful deliberation and an exhaustive review. As part of this deliberative process, they issued a 728-page report on the issue, considered views from all stakeholders, and consulted carefully with the other federal financial regulators.

The Consumer Bureau's final rule has widespread support, including from over 310 consumer, civil rights, faith-based and senior groups, 256 law professors and scholars, and the Military Coalition, an organization that represents 5.5 million current and former servicemembers and their families.

Now, this rule was just finalized, but Congressional Republicans are already shamefully forging ahead to cut it off at the knees. This resolution wouldn't just nullify the rule; it would also prevent the Consumer Bureau from ever issuing a rule that is "substantially similar." That means if Republicans pass this resolution into law, for the foreseeable future, consumers will be robbed of important legal rights, and generally left at the mercy of industry friendly arbiters.

Let's be clear: there is absolutely no valid public policy rationale for repealing this rule. It is part of a pattern from Congressional Republicans of irrational hostility toward the Consumer Bureau and its work and a callous disregard for the issues facing America's consumers. But just as they have with the Wrong Choice Act, Republicans are pushing an anti-consumer agenda that puts profits over people. Enough is enough.

We must hold true to a fundamental principle of our democracy that each of us has a right to trial, if we so choose. The rule fully restores this right to American consumers by giving them a choice between arbitration or the free exercise of their Seventh Amendment right to a trial by jury through whatever means they choose.

I urge all of my colleagues to vote "NO" on this senseless and harmful resolution.