KEY VOTE ALERT!

U.S. CHAMBER OF COMMERCE
Congressional & Public Affairs
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TO MEMBERS OF THE UNITED STATES SENATE:

The U.S. Chamber of Commerce ("Chamber") urges you to support H.J. Res. 111, which would undo a rule left over by the Obama Administration and recently finalized by an out of control Consumer Financial Protection Bureau (CFPB). **The Chamber will consider including votes on, or in relation to, this bill in our annual How They Voted scorecard.**

On July 10th, the CFPB promulgated an anti-arbitration rule that subjects millions of consumer contracts to regulations that degrade consumer protection. Even though this regulation is directed at financial firms, the CFPB's rule impacts businesses of all types that the Bureau believes touch consumer finance – even mobile telephone service providers and website operators.

This rule is the latest far-reaching regulatory act by the agency. Rather than taking a careful and measured approach that respects traditional checks and balances, the CFPB chose to take advantage of a questionable statutory structure that exempts it from the limits that apply to every other regulatory agency. The CFPB has been operating under a cloud of illegitimacy since its structure was found to be unconstitutional by a panel of the Court of Appeals for the D.C. Circuit.

In issuing this rule, the CFPB ignored the views of numerous members of Congress, the concerns of another government regulator as well as the findings of its own foundational study that shows the problems associated with class action litigation. Instead, the CFPB decided to issue a regulation that interferes with freedom of contract, imposes new burdensome regulations, hurts consumers, and rewards class action lawyers. Congress should assert its prerogatives and overturn this illegitimate rule.

The rule results from a non-transparent, biased process. To support its rule, the CFPB produced a flawed arbitration study that has been criticized as methodologically unsound by distinguished academics, who found that "[s]ubstantially more and different evidence would be necessary to conclude that consumers are harmed by arbitration or that they would benefit from unleashing class action litigation more routinely."[i] In addition, the Bureau's own data shows that class actions provide little or no benefit to consumers while providing lucrative paydays to class action attorneys.

The Chamber urges you to vote for H.J. Res 111 and help rein in this rogue agency.

Sincerely,

Jack Howard
Senior Vice President
Congressional and Public Affairs

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[i] Jason Johnston & Todd Zywicki, *The Consumer Financial Protection Bureau's Arbitration Study: A Summary and Critique* 8, Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA (Aug. 2015).