



1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

U.S. Senators Opposed to the CFPB's Arbitration Rule Received More Than \$100 Million From the Financial Sector

The U.S. Consumer Financial Protection Bureau (CFPB) on July 10 issued a rule prohibiting rip-off clauses in consumer financial contracts. These clauses may be the single most important tool that predatory banks, payday lenders, credit card companies and other financial institutions have used to escape accountability for cheating, conning, fleecing, defrauding and plundering consumers. Congressional Republicans now aim to overturn the rule using the expedited procedures of the Congressional Review Act (CRA).

The 24 U.S. Senate co-sponsors of a CRA resolution to overturn the CFPB's arbitration rule have, over their political lifetimes, collectively received more than \$11 million in campaign contributions from commercial banks and more than \$100 million from the financial sector overall.

Rip-off clauses force consumers to resolve grievances against banks and other financial companies in corporate-friendly, secretive proceedings. They prohibit consumers from joining together to hold banks and other financial companies accountable through class-action lawsuits. The CFPB rule will prohibit banks and financial institutions from including class-action bans in consumer contracts.

In the U.S House of Representatives, U.S. Reps. Blaine Luetkemeyer (R-Mo.) and Keith Rothfus (R-Pa.) are the lead sponsors of a CRA resolution to strike down the rule. U.S. Sen. Mike Crapo (R-Idaho) has introduced a comparable resolution in the U.S. Senate with 23 co-sponsors. Banks and the financial industry strongly oppose the rule, because it will deprive them of a means to rip off consumers with impunity.

Consumer, financial reform and public interest organizations are unified in support of the rule. There is no consumer benefit in being forced into arbitration and stripped of the right to file a class-action lawsuit, and there are substantial costs. When the CFPB exhaustively [studied](#) forced arbitration, it found:

- Consumers initiate only 400 arbitrations annually;
- Almost no one files individual arbitration cases for small claims – there are 25 cases a year involving claims of less than \$1,000. As a result, banks and financial firms can get away with small-dollar swindles affecting millions of consumers that can easily total tens of millions or more; and
- In contrast, between 2002 and 2012, 32 million consumers a year, on average, were eligible for relief through class-action settlements in federal court, totaling \$220 million in payments a year.

Siding against the CFPB rule means taking sides against consumers and for big banks, plain and simple. The campaign finance data helps explain why Republicans in Congress are willing to aid and abet bank rip-offs of their own constituents.

U.S. Senator	State	Lifetime Contributions From Commercial Banks	Lifetime Contributions From the Financial Sector
John Barrasso	Wyoming	\$139,333	\$1,176,128
Roy Blunt	Missouri	\$983,343	\$7,571,802
Shelley Moore Capito	West Virginia	\$796,474	\$4,153,438
Thad Cochran	Mississippi	\$248,966	\$1,385,703
Bob Corker	Tennessee	\$773,556	\$7,026,547
Tom Cotton	Arkansas	\$416,085	\$3,056,377
Mike Crapo	Idaho	\$655,760	\$4,890,176
Ted Cruz	Texas	\$667,271	\$8,528,537
Mike Enzi	Wyoming	\$227,415	\$1,724,221
Orrin Hatch	Utah	\$433,033	\$6,114,317
Dean Heller	Nevada	\$313,672	\$3,047,497
Johnny Isakson	Georgia	\$783,527	\$6,954,946
James Lankford	Oklahoma	\$287,277	\$1,150,343
Jerry Moran	Kansas	\$586,359	\$2,202,166
David Perdue	Georgia	\$157,025	\$1,976,436
Mike Rounds	South Dakota	\$254,860	\$1,161,690
Marco Rubio	Florida	\$549,804	\$12,602,565
Ben Sasse	Nebraska	\$133,900	\$1,278,336
Tim Scott	South Carolina	\$318,745	\$3,846,010
Richard Shelby	Alabama	\$1,594,058	\$8,456,008
Luther Strange	Alabama	\$11,000	\$90,000
Thom Tillis	North Carolina	\$201,275	\$1,927,073
Pat Toomey	Pennsylvania	\$969,968	\$8,956,350
Roger Wicker	Mississippi	\$350,085	\$2,180,638
TOTAL		\$11,852,791	\$101,457,304

Data collected from the Center for Responsive Politics, OpenSecrets.org, July 20, 2017.

###