



Fair Arbitration Now

Forced arbitration stacks the deck against consumers and workers. It's time we even the scales.

April 27, 2015

The Honorable Maxine Waters
United States House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515-0535

Dear Representative Waters:

Fair Arbitration Now, a coalition of consumer, labor, legal and community organizations, writes to thank you for introducing the Court Legal Access and Student Support (CLASS) Act of 2015. The bill would nullify the use of terms hidden in college enrollment contracts that require disputes between students and the institutions to be resolved in private predispute binding (or forced) arbitration proceedings instead of in open court. It will also restore students' right to go to court individually or join their claims together in collective actions.

Forced arbitration clauses, appearing increasingly in the fine print of for-profit college enrollment contracts, remove students' ability to seek remedies for harm in court. Many of these clauses also bar students from banding together in class actions to pursue claims of wrongdoing against the institutions. A recent report by the Consumer Financial Protection Bureau (CFPB) reveals that arbitration in financial service contracts limits relief to consumers and acts as a barrier to class actions. Similarly, forced arbitration in enrollment contracts insulates institutions from accountability as well as from proper enforcement of state and federal laws.

Over the past several years, for-profit colleges have been accused of extremely predatory conduct that exploited individuals seeking to improve their lives through education. The institutions have been charged with misleading and deceptive misrepresentations and outright fraud to induce students to enroll in their programs, including lying about job prospects. Students would walk away with inadequate training, a dismal employment outlook, and thousands of dollars each in student loans.

Numerous states have initiated their own enforcement actions against the colleges, uncovering systemic and widespread unlawful practices. However, because of forced arbitration, many students were robbed of their ability to pursue claims against the institutions on their own.

The fundamental right to access the court system is critical for everyday consumers and employees, but the recent practices of for-profit colleges and the detrimental effect their conduct has had on students and student loan borrowers, underscore the importance of meaningful access to remedies. We thank you again for this legislation, which will give students back their right to seek remedies in court.

Sincerely,

Fair Arbitration Now

(Organizations that support ending the predatory practice of forced arbitration in consumer and non-bargaining employment contracts:

<http://www.fairarbitrationnow.org/coalition/>).