Dear Director Cordray and Assistant Director Petraeus:

The Military Coalition (TMC), a consortium of uniformed services and veterans organizations representing more than 5.5 million current and former servicemembers and their families and survivors writes today in strong support of the Consumer Financial Protection Bureau’s (CFPB) proposed rule on Arbitration Agreements (81 FR 32829). The proposed rule addresses the widespread harm of forced arbitration by preserving the ability of service members and other consumers to band together to seek relief through the civil justice system when financial institutions have broken the law. We applaud the CFPB for moving forward on this rule that recognizes the detrimental effects of forced arbitration and class action waivers on our brave men and women in uniform.

Forced arbitration is an un-American system wherein service members’ claims against a corporation are funneled into a rigged, secretive system in which all the rules, including the choice of the arbitrator, are picked by the corporation. Found in almost every financial services contract, forced arbitration clauses systematically include a provision banning the rights of consumers to band together to hold a corporation accountable. Given the exponential and expansive use of these clauses by financial institutions in contracts with service members, prohibiting the practice of forcing service members to surrender fundamental Constitutional and statutory rights through the use of pre-dispute forced arbitration clauses is now more critical than ever.

Our service members protect our nation against both foreign and domestic threats. The sacrifices and logistical undertakings they and their families make in order to serve are compelling reasons alone to ensure they are not only shielded from predatory financial practices and unscrupulous lenders, but are also able to enforce their congressionally mandated rights through our civil justice system if and when violations arise.

However, class action waivers work against these rights. They are particularly abusive when enforced against service members, who may not be in a position to individually challenge a financial institution’s illegal or unfair practices because of limited resources or frequent relocations or deployment. Furthermore, for those service members on active duty and serving overseas, it is critical to retain the ability to get justice without having to interrupt their service and distract their attention from the mission at hand. Since these types of service members cannot participate full time in pursuing an individual claim, being able to enforce their rights through the class action mechanism is essential. Thus service members should receive the benefits of participating in a class action despite their inability to shoulder the burden of bringing a claim alone.
Our nation’s veterans should not be deprived of the Constitutional rights and freedoms that they put their lives on the line to protect, including the right to have their claims heard in a trial by a jury when their rights are violated. The catastrophic consequences these clauses pose for our all-voluntary military fighting force’s morale and our national security are vital reasons for the CFPB to act quickly to finalize the regulations.

Sincerely,

The Military Coalition
(Signatures attached)
Homer X. Aquilla
Air Force Association

Keith
Air Force Sergeants Association

Marie K. Kumpers
Air Force Women Officers Associated

J. A. Canby
AMVETS

Eugene Sinclair
Army Aviation Association of America

AMSUS, the Society of Federal Health Professionals

C. V. Bradley
Association of the United States Navy

James T. Hughes
Commissioned Officers Assn. of the US Public Health Service, Inc

Carol A. Setteducato
CWOA, US Coast Guard

Dorothy A. McMillan
Enlisted Association of the National Guard of the US

John R. Davis
Fleet Reserve Assn.

Iraq & Afghanistan Veterans of America

H. E. Sweeney
Jewish War Veterans of the USA

Marine Corps Reserve Association

Dana T. Atkins
Military Officers Association of America

Military Order of the Purple Heart

Ann Hubert
National Guard Assn. of the US

George W. Ragan
National Military Family Association

Gene Ayres
Non Commissioned Officers Assn. of the United States of America

Michael J. D'Annese
Reserve Officers Association

Allan M. Costley
The Military Chaplains Assn. of the USA

Dwight L. Holmstrom
The Retired Enlisted Assn.

Beverly Carroll
Transition Assistance Program for Survivors

USCG Chief Petty Officers Assn.

John E. Nelson
US Army Warrant Officers Assn.

Vietnam Veterans of America