



For Immediate Release
Tuesday, October 24, 2017

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NAACP Legal Defense Fund Responds to Senate Resolution Repealing New CFPB Rule

Today the Senate passed S.J. Res. 47, a resolution to repeal the new Consumer Financial Protection Bureau (CFPB) rule banning the use of class action waivers in the fine print of ordinary consumer agreements, and empowering consumers to band together to hold financial institutions accountable when they violate the law. The rule is based on the CFPB's exhaustive three-year empirical study, which found that class action bans protect corporate wrongdoers who engage in predatory, fraudulent, and discriminatory lending practices. Without the rule, financial institutions—from banks, to credit card companies, to payday lenders—will be able to force consumer claims into confidential, individual arbitration proceedings designed to favor corporate defendants.

Todd A. Cox, Policy Director at the NAACP Legal Defense and Educational Fund, Inc. (LDF), issued the following statement:

“Make no mistake, today’s vote is a gift to Wall Street and Big Banks that will allow them to harm consumers with impunity. It is appalling that at the same time it confronts major scandals at Wells Fargo and Equifax, the Senate has closed the courthouse doors on consumers whose rights are violated. This is a cowardly act done to appease powerful, wealthy interests at the expense of the most vulnerable Americans, and it will have grave consequences for communities of color. Discrimination in consumer financial markets remains a major driver of economic inequality, as African-American and Latino consumers are disproportionately harmed by predatory financial products and are less likely to receive fair credit terms. By restricting these consumers’ ability to vindicate their civil rights in court, the Senate has cast a vote that history will condemn.”

Read more about class action bans and arbitration clauses:

[LDF and Impact Fund Op-ed in The Hill: SCOTUS, Don't Strip Americans of Their Right to Sue Collectively](#)

[LDF Letter to Director of CFPB Richard Cordray](#)

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Founded in 1940, the NAACP Legal Defense and Educational Fund, Inc. (LDF) is the nation's first civil and human rights law organization and has been completely separate from the National Association for the Advancement of Colored People (NAACP) since 1957—although LDF was originally founded by the NAACP and shares its commitment to equal rights. LDF's Thurgood Marshall Institute is a multi-disciplinary and collaborative hub within LDF that launches targeted campaigns and undertakes innovative research to shape the civil rights narrative. In media attributions, please refer to us as the NAACP Legal Defense Fund or LDF.