

Dear NIADA Member,

Your ability to curb the onslaught on frivolous class action lawsuits is in jeopardy!

Many independent dealers extending credit for the purchase or lease of an automobile use arbitration agreements in the event a dispute arises between customer and creditor. The Consumer Financial Protection Bureau (CFPB) recently released a rule prohibiting the use of arbitration agreements if the agreement limits a consumer's ability to join class action lawsuits.

Both chambers of Congress have introduced resolutions to repeal this anti-consumer rule. The House of Representatives passed its resolution within of days, but the Senate has yet vote on its resolution. President Trump has indicated he will sign the resolution when it reaches his desk.

NIADA is encouraging all members to contact their Senators and urge them to support Senate Joint Resolution 47 repealing the CFPB's arbitration rule.

Here are some key points that each NIADA member can make:

1. Arbitration is faster, more efficient and cheaper for consumers. Arbitration disputes are generally resolved within a matter of months, where class action litigation can take years to get through crowded court dockets. Most arbitration forums cap consumer costs at \$200 with the business required to pay the balance.
2. Consumers get a better outcome in arbitration than in class actions. The CFPB's own research shows consumers' average recovery in arbitration was more than \$5,000 in arbitration as compared to less than \$33 in class actions.
3. The rule will result in additional costs to businesses which will be passed on to consumers resulting in increased costs of cars and credit. The CFPB acknowledges additional class action lawsuits will be filed at a cost of \$1 billion. The increase in litigation costs, and even the threat of litigation costs, will be passed on to consumers.
4. The increased costs of credit will hurt credit challenged consumers the most. Independent dealers are often the last opportunity for credit challenged consumers to obtain reliable transportation. The increased vehicle and credit costs may prove too much for those consumers to afford.
5. The true beneficiaries of the rule are class action lawyers. The CFPB's study showed class action attorneys pocketed more than \$400 million in attorney's fees in the class action cases studied. Consumers got less than \$33 in those same cases. With the new rule in place, the CFPB estimates an additional 1,208 new class action lawsuits per year will be filed. Millions of more dollars will flow from consumers to those attorneys.

NIADA members and their customers can call their Senators at 202-224-3121.

You can find additional contact information for your Senators, such as email addresses and websites, at [www.senate.gov/senators/contact](http://www.senate.gov/senators/contact).