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P: 617-565-3170

1550 MAIN STREET
SUITE 406
SPRINGFIELD, MA 01103
P: 413-788-2690

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August 10, 2017

Timothy J. Sloan
President and Chief Executive Officer
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94163

Dear Mr. Sloan:

Last month, the Consumer Financial Protection Bureau ("CFPB") issued a rule limiting the use of forced arbitration clauses in certain financial contracts. A number of lobbying organizations that represent financial firms have criticized the new CFPB rule, but neither you nor your bank has publicly taken a position on it. I write today to ask whether you oppose the CFPB rule, and to gather relevant information on your bank's use of forced arbitration clauses and the arbitration process.

This information is particularly important and time-sensitive because Republicans in Congress have introduced a resolution to reverse the CFPB rule using the fast-track Congressional Review Act process. The House of Representatives has already passed the resolution on a party-line vote.[1] This rushed process leaves little time for public hearings and other traditional congressional fact-gathering. I am seeking this information so that the public, my colleagues, and I can better analyze the impact of reversing this CFPB rule.

As you know, the CFPB's rule is the result of a congressional requirement in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Congress directed the CFPB to study "the use of agreements providing for arbitration of any future dispute," and to "prohibit or impose conditions or limitations" on forced arbitration clauses if the CFPB found it to be "in the public interest and for the protection of consumers."[2]

The CFPB spent three years analyzing data and conducting the most comprehensive empirical study ever done on arbitration clauses in financial contracts. The CFPB found:

- Forced arbitration clauses exist in nearly 99% of the studied payday lenders' contracts and 92% of prepaid card contracts, and nearly 86% of private student lenders use them as

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well. A significant percentage of checking and credit card contracts also include forced arbitration clauses, which means tens of millions of Americans are subject to them.[3]

- Because forced arbitration clauses prohibit consumers from joining a class action in court, most consumers simply give up rather than enter the arbitration process when they have a claim of $1,000 or less against a financial firm.[4]

- Even when consumers do enter arbitration, companies win on 93% of the claims they file, while consumers recover an average of only 12 cents of every dollar claimed, gaining some relief on barely 20% of their claims.[5]

- Less than 7% of Americans understand the rights they are giving up through the forced arbitration clauses in their contracts.[6]

The arbitration process produces much less relief for consumers than class actions. Class actions resulted in $2.2 billion in relief to 34 million consumers from 2008-2012 – far more than what consumers recovered through arbitration.[7]

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A number of lobbying groups representing big banks and financial firms have condemned the rule, asserting that it will harm consumers. The U.S. Chamber of Commerce,[10] the American Bankers Association,[11] and the Financial Services Roundtable[12] have criticized the rule and lobbied Congress to overturn it.

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Chairman and Chief Executive Officer
Bank of America
100 North Tryon Street
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Kenneth Chenault
Chairman and Chief Executive Officer
American Express Company
200 Vesey Street
New York, NY 10285

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This information is particularly important and time-sensitive because Republicans in Congress have introduced a resolution to reverse the CFPB rule using the fast-track Congressional Review Act process. The House of Representatives has already passed the resolution on a party-line vote.[1] This rushed process leaves little time for public hearings and other traditional congressional fact-gathering. I am seeking this information so that the public, my colleagues, and I can better analyze the impact of reversing this CFPB rule.

As you know, the CFPB's rule is the result of a congressional requirement in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Congress directed the CFPB to study "the use of agreements providing for arbitration of any future dispute," and to "prohibit or impose conditions or limitations" on forced arbitration clauses if the CFPB found it to be "in the public interest and for the protection of consumers."[2]

The CFPB spent three years analyzing data and conducting the most comprehensive empirical study ever done on arbitration clauses in financial contracts. The CFPB found:

- Forced arbitration clauses exist in nearly 99% of the studied payday lenders' contracts and 92% of prepaid card contracts, and nearly 86% of private student lenders use them as

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well. A significant percentage of checking and credit card contracts also include forced arbitration clauses, which means tens of millions of Americans are subject to them.[3]

- Because forced arbitration clauses prohibit consumers from joining a class action in court, most consumers simply give up rather than enter the arbitration process when they have a claim of $1,000 or less against a financial firm.[4]

- Even when consumers do enter arbitration, companies win on 93% of the claims they file, while consumers recover an average of only 12 cents of every dollar claimed, gaining some relief on barely 20% of their claims.[5]

- Less than 7% of Americans understand the rights they are giving up through the forced arbitration clauses in their contracts.[6]

The arbitration process produces much less relief for consumers than class actions. Class actions resulted in $2.2 billion in relief to 34 million consumers from 2008-2012 – far more than what consumers recovered through arbitration.[7]

Having found that forced arbitration clauses hurt consumers, the CFPB issued a final rule on July 10, 2017 that prohibits the use of class action bans in certain financial contracts. The rule does not prevent a customer and a bank from agreeing to enter arbitration after a dispute arises; instead, it only prohibits financial firms from forcing customers to give up their right to a class action preemptively.[8] The rule also "makes the individual arbitration process more transparent" by requiring companies to report data on claims and outcomes.[9]

A number of lobbying groups representing big banks and financial firms have condemned the rule, asserting that it will harm consumers. The U.S. Chamber of Commerce,[10] the American Bankers Association,[11] and the Financial Services Roundtable[12] have criticized the rule and lobbied Congress to overturn it.

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1. Do you oppose the CFPB's new rule? Do you believe it should be reversed?

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Sincerely,

Senator Elizabeth Warren
Ranking Member
Subcommittee on Financial Institutions
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ELIZABETH WARREN
MASSACHUSETTS

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SUITE 406
SPRINGFIELD, MA 01103
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www.warren.senate.gov

August 10, 2017

Kelly King
President and Chief Executive Officer
BB&T Corporation
200 West Second Street
Winston-Salem, NC 27101

Dear Mr. King:

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Senator Elizabeth Warren
Ranking Member
Subcommittee on Financial Institutions
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ELIZABETH WARREN
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August 10, 2017

Richard Fairbank
Chairman and Chief Executive Officer
Capital One Financial Corporation
1680 Capital One Drive
McLean, VA 22102

Dear Mr. Fairbank:

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www.warren.senate.gov

August 10, 2017

Walter Bettinger II
President and Chief Executive Officer
Charles Schwab Corporation
211 Main Street
San Francisco, CA 94105

Dear Mr. Bettinger:

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August 10, 2017

Michael Corbat
Chief Executive Officer
Citigroup Inc.
388 Greenwich St.
New York, NY 10013

Dear Mr. Corbat:

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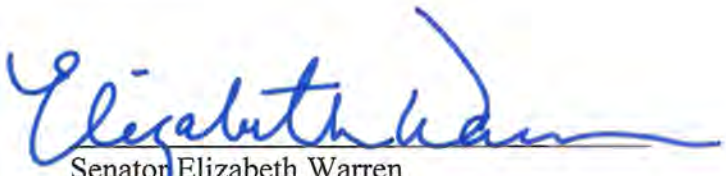

Senator Elizabeth Warren
Ranking Member
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ELIZABETH WARREN
MASSACHUSETTS

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www.warren.senate.gov

August 10, 2017

Bruce Van Saun
Chairman and Chief Executive Officer
Citizens Financial Group
One Citizens Plaza
Providence, RI 02903

Dear Mr. Van Saun:

Last month, the Consumer Financial Protection Bureau ("CFPB") issued a rule limiting the use of forced arbitration clauses in certain financial contracts. A number of lobbying organizations that represent financial firms have criticized the new CFPB rule, but neither you nor your bank has publicly taken a position on it. I write today to ask whether you oppose the CFPB rule, and to gather relevant information on your bank's use of forced arbitration clauses and the arbitration process.

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As you know, the CFPB's rule is the result of a congressional requirement in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Congress directed the CFPB to study "the use of agreements providing for arbitration of any future dispute," and to "prohibit or impose conditions or limitations" on forced arbitration clauses if the CFPB found it to be "in the public interest and for the protection of consumers."[2]

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Senator Elizabeth Warren
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August 10, 2017

Pat Burke
President and Chief Executive Officer
HSBC North America Holdings
452 Fifth Avenue
New York, NY 10005

Dear Mr. Burke:

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August 10, 2017

James Dimon
President and Chief Executive Officer
JP Morgan Chase
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

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August 10, 2017

William Demchak
President and Chief Executive Officer
PNC Financial Services Group, Inc.
PNC Plaza, 300 Fifth Ave.
Pittsburgh, PA 15222

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ELIZABETH WARREN
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15 NEW SUDBURY STREET
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P: 617-565-3170

1550 MAIN STREET
SUITE 406
SPRINGFIELD, MA 01103
P: 413-788-2690

www.warren.senate.gov

August 10, 2017

William Rogers, Jr.
Chairman and Chief Executive Officer
Suntrust Bank
303 Peachtree St.
Atlanta, GA 30308

Dear Mr. Rogers:

Last month, the Consumer Financial Protection Bureau ("CFPB") issued a rule limiting the use of forced arbitration clauses in certain financial contracts. A number of lobbying organizations that represent financial firms have criticized the new CFPB rule, but neither you nor your bank has publicly taken a position on it. I write today to ask whether you oppose the CFPB rule, and to gather relevant information on your bank's use of forced arbitration clauses and the arbitration process.

This information is particularly important and time-sensitive because Republicans in Congress have introduced a resolution to reverse the CFPB rule using the fast-track Congressional Review Act process. The House of Representatives has already passed the resolution on a party-line vote.[1] This rushed process leaves little time for public hearings and other traditional congressional fact-gathering. I am seeking this information so that the public, my colleagues, and I can better analyze the impact of reversing this CFPB rule.

As you know, the CFPB's rule is the result of a congressional requirement in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Congress directed the CFPB to study "the use of agreements providing for arbitration of any future dispute," and to "prohibit or impose conditions or limitations" on forced arbitration clauses if the CFPB found it to be "in the public interest and for the protection of consumers."[2]

The CFPB spent three years analyzing data and conducting the most comprehensive empirical study ever done on arbitration clauses in financial contracts. The CFPB found:

- Forced arbitration clauses exist in nearly 99% of the studied payday lenders' contracts and 92% of prepaid card contracts, and nearly 86% of private student lenders use them as

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well. A significant percentage of checking and credit card contracts also include forced arbitration clauses, which means tens of millions of Americans are subject to them.[3]

- Because forced arbitration clauses prohibit consumers from joining a class action in court, most consumers simply give up rather than enter the arbitration process when they have a claim of $1,000 or less against a financial firm.[4]

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August 10, 2017

Stephan Schenk
President and Chief Executive Officer
TD Group US Holdings
1701 Marlton Pike E
Cherry Hill, NJ 08034

Dear Mr. Schenk:

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August 10, 2017

Andy Cecere
President and Chief Executive Officer
U.S. Bancorp
800 Nicollet Mall
Minneapolis, MN 55402

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