



Jim Nussle
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September 17, 2019

The Honorable Nancy Pelosi
Speaker
House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy,

On behalf of America's credit unions, I am writing in opposition to H.R. 1423, the Forced Arbitration Injustice Repeal Act or the FAIR Act, which will be considered on the House floor this week. The Credit Union National Association represents America's credit unions and their 115 million members.

As member-owned, democratically controlled, financial cooperatives, credit unions have a proven track record of protecting their members' interests. Among the many consumer protections associated with the mission of credit unions is the high-quality service they provide, which often includes processes for quickly and amicably resolving disputes in the limited instances where they arise. Simply put: credit unions treat their members as if they own the place, because they do.

A hallmark of any member-owned institution is the establishment of dispute resolution processes. For credit unions, these processes are critical because the member and the membership have an interest in the dispute being resolved efficiently and fairly. Legislation that arbitrarily restricts the availability of arbitration to resolve disputes impairs credit union members' ability to efficiently resolve disputes.

Credit unions are less likely to have or to enforce arbitration clauses than many others in the financial services marketplace. They frequently work with members to refund erroneous fees, establish flexible payment options, and find other solutions to resolve a legitimate dispute. In short, when a credit union member makes a credit union aware of an issue, they are very likely to see the matter resolved without intervention of arbitration or litigation.

However, credit unions include arbitration agreements as part of their contracts to protect the membership from the frivolous costs of class action suits that, in the case, of a credit union, place the member-owners in the disagreeable position of having to sue themselves. In the rare situation that a group of credit union members feels their credit union is in the wrong, the group, as member-owners, can use their voting power to force change at the credit union, including replacing the credit union's board of directors and management.

It is important, when considering laws that would ultimately limit options to resolve legal disputes, for Congress to recognize the harm that costly, protracted litigation can cause to credit unions and their members. Consumers could ultimately be harmed if credit unions are forced to reallocate their finite resources away from member-facing products and services in favor of exorbitant lawyer fees.

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our thoughts.

Sincerely,

A handwritten signature in black ink that reads "Jim Nussle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent. Below the signature, the text "Jim Nussle" and "President & CEO" is printed in a standard sans-serif font.

Jim Nussle
President & CEO