

July 20, 2009

**On July 19th, Minnesota Attorney General Lori Swanson announced that the National Arbitration Forum (NAF) - the country's largest administrator of consumer arbitrations -- has agreed that it will**



**no longer arbitrate any cases between consumers and businesses.** The consent decree, entered into between the Minnesota Attorney General and the NAF, was reached after the Attorney General had filed a lawsuit on July 14th unveiling explosive new facts alleging that the NAF hid from the public its extensive ties to the collection industry. **Among many other connections, the Minnesota Attorney General alleged that the same people who owned the largest debt collection law firms in the U.S. also owned a substantial percentage of the NAF while the NAF served as a supposedly "neutral" decision maker in hundreds of thousands of debt collection cases brought by those law firms each year.**

For over 10 years, Public Justice has investigated and litigated numerous cases involving abusive practices of the NAF against consumers in a variety of lending contexts. In court cases challenging NAF's refusal to make required public disclosures about its cases and challenging the NAF as being a biased decisionmaker in consumer cases, in testimony before Congress and administrative bodies, and in numerous articles and public presentations, we have long argued that the close relationship between NAF and banks and debt collectors led to serious abuses of consumers.

"We applaud the Minnesota Attorney General for taking action to stop the NAF once and for all from forcing consumers into arbitrations where the deck is stacked heavily in the debt collector's favor," said Public Justice Staff Attorney Paul Bland, who directs our Mandatory Arbitration Abuse Prevention Project. "This is a wonderful development and a step in the right direction towards protecting consumers from unfair and abusive arbitration practices."

**The consent decree forbids the NAF from administering, processing, or "[i]n any manner participating" in any new consumer arbitrations on or after July 24th.** In exchange, the Minnesota Attorney General has agreed to dismiss her lawsuit.

Both Swanson and Bland will testify before the Congressional Committee on Oversight and Government Reform's Subcommittee on Domestic Policy this Wednesday about the ways in which consumers are harmed by pre-dispute, mandatory arbitration clauses.

To read the consent decree, [click here](#).

To read the Minnesota Attorney General's Complaint against the NAF, [click here](#).

To read the Minnesota Attorney General's letter to the American Arbitration Association asking it to get out of the consumer arbitration business too, [click here](#).

The NAF's departure from consumer arbitrations is a great victory for access to justice. With your help, our Mandatory Arbitration Abuse Prevention Project and Access to Justice Campaign will continue to fight for access to justice for all.

Arthur Bryant  
Executive Director  
Public Justice  
& the Public Justice Foundation

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