



Consumer Federation of America

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FOR IMMEDIATE RELEASE:
Monday, November 8, 2010

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ATT Case before the Supreme Court Tomorrow Could Block Consumers from Using Class Action Lawsuits to Hold Corporations Responsible for Wrong-Doing

The Consumer Federation of America said today that the right to hold corporations responsible for wrong-doing through consumer class action lawsuits is at stake, as the Supreme Court prepares to hear oral arguments tomorrow in the case of *AT&T Mobility v. Concepcion*. Vincent and Liza Concepcion argue that AT&T defrauded millions of customers by deceptively advertising phones as “free” and then tacking on an undisclosed \$30 charge. AT&T claims that a binding mandatory arbitration clause in the Concepcion’s services agreement forbids the class action case and that the California ruling should be dismissed because it is blocked by a federal law. A ruling in AT&T’s favor could set a precedent allowing businesses to use binding arbitration clauses to bar individuals from banding together in class action litigation to pursue claims against them.

“A ruling by the Supreme Court in AT&T’s favor would have dire consequences for the rights of consumers to obtain redress. Without access to class actions, consumers will be boxed into mandatory arbitration proceedings, which are held by arbiters often handpicked by the corporation and most often side with corporations,” said Rachel Weintraub, Director of Product Safety and Senior Counsel at the Consumer Federation of America. “Class actions are a particularly important legal avenue for consumers with relatively small claims because class action lawsuits allow them to hold entities accountable. Class actions allow consumers to hold

corporations responsible through defraying the cost of litigation, making it more likely they will be able to find a lawyer, and allowing for a fair and transparent process, unlike forced arbitration. For some claims, organizing in a class action is the only option for holding an entity responsible, stopping unfair and illegal practices and obtaining a remedy for consumers.”

The use of mandatory arbitration clauses and bans on class action lawsuits has become pervasive in consumer agreements for products and services such as credit cards, cable and internet providers, banks, and home contracting services. However, in nineteen states in addition to California, courts have struck down bans on class actions because it would unfairly free corporations from accountability for wrong doing and leave consumers without any form of redress. If the Supreme Court rules in AT&T’s favor, these class action bans would become enforceable under the Federal Arbitration Act, states could no longer make similar rulings striking down class action bans, and class action bans in mandatory arbitration agreements of all types of consumer contracts would become enforceable.

Along with other numerous consumer organizations, civil rights organizations, state attorneys general and law professors, CFA has joined in an amicus brief in support of the Concepcions, requesting that the Supreme Court preserve this important legal right to organize in class actions.