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Center for Justice & Democracy Joins 132 Groups Urging SEC Against Opening the Floodgates to Forced Arbitration

New York, NY – Today, 133 organizations including the Center for Justice & Democracy, sent a [letter](#) urging the U.S. Securities and Exchange Commission (SEC) to stand by its mission and longstanding policy of empowering and protecting American investors, including retired servicemembers, first responders, and teachers, by safeguarding their right to join together to hold law-breaking corporations publicly accountable in a court of law.

In recent months, Chairman Clayton has fueled speculation about a dramatic policy shift at the SEC that would threaten the security of hardworking Americans' retirement savings and gut their legal rights by allowing publicly traded corporations to use forced arbitration clauses against their investors. These "rip-off clauses" would force investors to give up their most effective tool to fight back against securities fraud that could decimate their savings, preventing them from banding together with other defrauded investors in class action lawsuits.

Said CJ&D Executive Director Joanne Doroshow, "Defrauded victims who have been robbed of their savings, their retirement, their homes, and their peace of mind, must be able to hold corporations legally accountable in open court. Moreover, the ability of investors to hold accountable a company that knowingly defrauds innocent investors keeps U.S. markets the strongest and safest in the world. We urge the SEC to refrain from taking any position that would ban investors from joining together to hold companies accountable, and forces them to resolve disputes individually in secretive, rigged arbitration."

The [letter](#) reads in part:

"Investors rely on the SEC to promote market integrity and deter and detect fraud. But the SEC cannot fulfill this role on its own. Private shareholder lawsuits serve as an essential supplement to Commission action...Recent high-profile examples of securities fraud illustrate the devastating effect this would have. In enforcement actions against Enron, WorldCom, Tyco, Bank of America and Global Crossing, for example, the SEC recovered penalties and fees totaling \$1.8 billion, while private securities class actions were able to recover \$19.4 billion for defrauded shareholders – more than ten times as much."

In addition to the letter, more than 40 national and state-based organizations have joined together to form the [Secure Our Savings](#) (SOS) Coalition to keep up pressure on SEC leadership. To stay up to date on activities surrounding this issue, visit <https://secureoursavings.com/>.

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