



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
Office of Legislative Affairs
412 First Street, S.E. Washington, D.C. 20003
202/547-5500

H. Thomas Greene
Chief Operating Officer

July 12, 2000

Dear Representative Nadler:

Knowing of your concerns about mandatory and binding arbitration clauses in contracts of adhesion like the motor vehicle franchise contract, I want to thank you for your efforts in support of H.R. 534, the Fairness and Voluntary Arbitration Act.

As you know, H.R. 534 would amend the Federal Arbitration Act to allow arbitration to be a voluntary choice by both parties to a motor vehicle franchise contract, rather than allowing one party to dictate and condition it as the sole dispute resolution mechanism. Given the views you expressed in support of both voluntary arbitration and protection of rights under state law during the recent hearing on the bill, I hope you will support H.R. 534 as amended to mirror the Senate bill. Without this legislation, large multinational motor vehicle manufacturers will continue to be able to unilaterally deny small business automobile and truck dealers rights under state laws that are designed to bring equity to the relationship between manufacturers and dealers.

I realize that you and others have expressed concerns about the use of mandatory binding arbitration clauses in other contracts of adhesion, including consumer contracts. For the record, the National Automobile Dealers Association (NADA) does not support or encourage the use of mandatory and binding arbitration in any contract of adhesion, whether a motor vehicle franchise contract between a manufacturer and dealer or a consumer contract. In fact, the NADA Board of Directors adopted a resolution in 1999 stating that NADA would not oppose other Federal legislative efforts to preclude mandatory and binding arbitration as the sole dispute resolution mechanism in any contract of adhesion.

Given the nearly 200 bipartisan cosponsors of H.R. 534, including a large number of Judiciary Committee members, we believe a high burden has been met to demonstrate sufficient support to move H.R. 534 forward as brought before the Subcommittee. Should you decide to address mandatory and binding arbitration clauses in other areas, I can assure you that NADA will not oppose your future efforts. Thank you for your consideration.

Sincerely,

H. Thomas Greene