

FEDERAL CLASS ACTION REFORM: A BOXSCORE OF SUPPORT AND OPPOSITION

On February 3, Senators Charles Grassley (R-IA), Herbert Kohl (D-WI), and Strom Thurmond (R-SC) introduced the "Class Action Fairness Act of 1999" (S. 353), which contains, in pertinent part, three major reform provisions that would (1) allow a state court class action to be removed to a federal court in the absence of complete diversity; (2) limit attorneys fees to a reasonable percentage of the damage award; and (3) require that all proposed state class action settlements be filed with the U.S. Attorney General and the offices of the state attorneys general in states in which any class member resides. A reform bill was introduced in the House last year, and a bill substantially similar to the Senate initiative is expected to be introduced in the House very soon. The following is a summary of opposition and support with respect to these provisions.

	Business Community	American Bar Association	Association of Trial Lawyers of America ("ATLA")	Other Advocacy Groups
Relaxing Diversity Requirements	There is unanimous support amongst the business community for this provision, including coalitions such as the U.S. Chamber of Commerce, the National Federation of Independent Businesses, the National Association of Manufacturers, the Chemical Manufacturers Association, the American Council of Life Insurance, the American Tort Reform Association, and the Civil Justice Reform Group.	The ABA has supported certain amendments to Rule 23, including authorization of settlement classes, but has not endorsed achieving class action reform through congressional legislation.	ATLA has voiced general opposition to the "Class Action Fairness Act of 1999" as well as the previous House version, but has not provided details as to the specific provisions. Source: http://www.citizen.org/congress/civjus/classaction/opponents.htm	Public Citizen opposes this provision and has stated that, to the extent class action reform is necessary, it should be achieved through amendment of Rule 23. About 30 other groups have expressed general opposition to this legislation, including AFSCME, Consumer Federation of America, and Handgun Control Inc., Source: http://www.citizen.org/congress/civjus/classaction/opponents.htm .
Capping Attorneys Fees	The business community unanimously supports the concept of capping attorney fees, but is not pushing hard for this particular reform through the current legislative vehicle.	See above. It also bears noting that the ABA has consistently opposed all attorney fee reform initiatives, including caps on contingency fees.	Same as above.	Same as above.
Settlement Notification to Attorneys General	Some segments of the business community have expressed concern that this provision could slow productive settlements. However, no formal opposition has been mounted or is expected.	No apparent position.	Same as above.	Public Citizen has not spoken specifically as to this provision. With respect to other Groups, see above.