

Congress of the United States

Washington, DC 20515

PROTECT CONSUMERS BY STOPPING CLASS ACTION ABUSE

Dear Democratic Colleague:

We invite you to join us in cosponsoring H.R. 2341, the Class Action Fairness Act of 2001. This legislation makes a common sense correction in federal law, so that large multistate class action lawsuits can be heard in federal court. Our bill also significantly enhances and protects the rights of consumers, while ensuring that class actions involving purely local or intrastate matters will remain in state court.

There can be little doubt that the current class action system needs correction. Consumers frequently are the ultimate losers as the result of class action abuse. Many of your constituents have been in class actions where they merely received coupons or pennies on the dollar, while their lawyers received large fees. Some settlements have even resulted in victorious consumers paying money so that their lawyers are compensated. In other words, by prevailing, the plaintiff class members are actually worse off than if the suit had not been filed. Other times, constituents may not even be aware of their right to participate in a class action proceeding. More fundamentally, when frivolous suits are brought in handpicked state courts with the intent of forcing a company to settle, every American pays higher prices for goods and services.

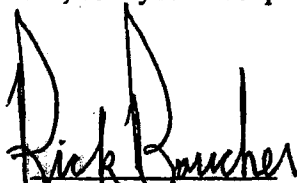
Congress must act to stop these abuses and protect consumers while ensuring that injured parties receive genuine compensation. This year, our bill – H.R. 2341 – includes a **Class Action Plaintiffs' Bill of Rights**. Specifically, our bill:

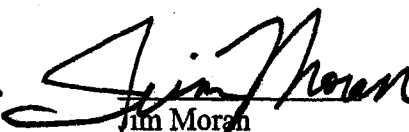
- **Requires that all settlement notices be written in Plain English.** Settlement notices often are written to confuse, rather than inform, consumers about the terms of agreement and their legal rights. H.R. 2341 requires clear disclosure in understandable terms to help consumers comprehend the notice and how it implicates their legal rights.
- **Requires heightened scrutiny for coupon and non-cash settlements.** Too often, settlements are structured to benefit lawyers, with little benefit to the class members. Our bill requires special scrutiny of coupon settlements by the judge to ensure that class members are being treated fairly.
- **Prevents unjustified bounties for individual plaintiffs.** Many settlements provide significant benefits for the named plaintiffs, with little corresponding benefit for class members. H.R. 2341 allows reasonable costs to be paid to named plaintiffs for their time and efforts, while prohibiting disproportionate pay-offs.
- **Prohibits settlements that result in a net-loss for class members.** Our bill prevents settlements in which class members lose money to pay for the attorney's fees.

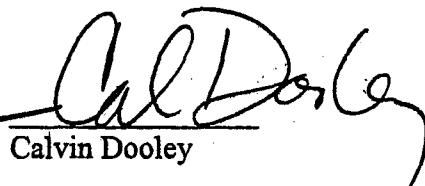
In addition, our bill makes other necessary improvements to the class action system:


- **Restores the intent of the Founding Fathers by allowing federal courts to hear nationwide class actions.** The Framers of the Constitution intended that significant interstate lawsuits would be heard in federal court. Yet, because class actions did not exist when the relevant jurisdictional statutes were framed, most large nationwide class actions end up in state court, even if the action involves citizens from all 50 states with claims aggregating to billions of dollars. H.R. 2341 corrects this anomaly and restores the intent of the Framers in creating diversity jurisdiction.
- **Prevents reverse-Federalism** in which one county or state court sets nationwide policy and adjudicates the rights of citizens nationwide.
- **Reduces forum shopping and gaming of the system in abusive class actions.** Current diversity jurisdiction and removal statutes allow for gaming the system by filing frivolous class actions in state courts with the intent of coercing a lucrative settlement.


Class action abuse is a significant problem in our legal system. H.R. 2341 will protect consumers, class members and defendants, while fully preserving the ability of injured victims to be compensated for their legitimate claims. Our legislation only affects where a case is heard, rather than whether it is heard – **all legitimate claims will still be heard.** We hope you will join us in cosponsoring H.R. 2341. To cosponsor, or if you have questions, please contact Johanna Mikes (Rep. Boucher) at extension 53861.


Rick Boucher


Jim Moran


Calvin Dooley


Tim Holden


Bud Cramer