108TH CONGRESS 1ST SESSION

S. 274

To amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes.

IN THE SENATE OF THE UNITED STATES

February 4, 2003

Mr. Grassley (for himself, Mr. Kohl, Mr. Hatch, Mr. Carper, Mr. Specter, Mr. Miller, Mr. Chafee, and Mr. Lugar) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CON-
- 4 TENTS.
- 5 (a) Short Title.—This Act may be cited as the
- 6 "Class Action Fairness Act of 2003".
- 7 (b) Reference.—Whenever in this Act reference is
- 8 made to an amendment to, or repeal of, a section or other

provision, the reference shall be considered to be made to a section or other provision of title 28, United States 3 Code. 4 (c) Table of Contents.—The table of contents for this Act is as follows: Sec. 1. Short title; reference; table of contents. Sec. 2. Findings and purposes. Sec. 3. Consumer class action bill of rights and improved procedures for interstate class actions. Sec. 4. Federal district court jurisdiction for interstate class actions. Sec. 5. Removal of interstate class actions to Federal district court. Sec. 6. Report on class action settlements. Sec. 7. Effective date. SEC. 2. FINDINGS AND PURPOSES. 7 (a) FINDINGS.—Congress finds the following: 8 (1) Class action lawsuits are an important and 9 valuable part of the legal system when they permit 10 the fair and efficient resolution of legitimate claims 11 of numerous parties by allowing the claims to be ag-12 gregated into a single action against a defendant 13 that has allegedly caused harm. 14 (2) Over the past decade, there have been 15 abuses of the class action device that have— 16 (A) harmed class members with legitimate 17 claims and defendants that have acted respon-18 sibly;

(B) adversely affected interstate commerce;

and

19

1	(C) undermined public respect for our judi-
2	cial system.
3	(3) Class members often receive little or no ben-
4	efit from class actions, and are sometimes harmed,
5	such as where—
6	(A) counsel are awarded large fees, while
7	leaving class members with coupons or other
8	awards of little or no value;
9	(B) unjustified awards are made to certain
10	plaintiffs at the expense of other class mem-
11	bers; and
12	(C) confusing notices are published that
13	prevent class members from being able to fully
14	understand and effectively exercise their rights.
15	(4) Abuses in class actions undermine the na-
16	tional judicial system, the free flow of interstate
17	commerce, and the concept of diversity jurisdiction
18	as intended by the framers of the United States
19	Constitution, in that State and local courts are—
20	(A) keeping cases of national importance
21	out of Federal court;
22	(B) sometimes acting in ways that dem-
23	onstrate bias against out-of-State defendants;
24	and

1	(C) making judgments that impose their
2	view of the law on other States and bind the
3	rights of the residents of those States.
4	(b) Purposes.—The purposes of this Act are to—
5	(1) assure fair and prompt recoveries for class
6	members with legitimate claims;
7	(2) restore the intent of the framers of the
8	United States Constitution by providing for Federal
9	court consideration of interstate cases of national
10	importance under diversity jurisdiction; and
11	(3) benefit society by encouraging innovation
12	and lowering consumer prices.
13	SEC. 3. CONSUMER CLASS ACTION BILL OF RIGHTS AND IM-
14	PROVED PROCEDURES FOR INTERSTATE
15	CLASS ACTIONS.
16	(a) In General.—Part V is amended by inserting
17	after chapter 113 the following:
18	"CHAPTER 114—CLASS ACTIONS
	"Sec. "1711. Definitions. "1712. Judicial scrutiny of coupon and other noncash settlements. "1713. Protection against loss by class members.

19 ***§ 1711. Definitions**

20 "In this chapter:

[&]quot;1714. Protection against discrimination based on geographic location.

[&]quot;1715. Prohibition on the payment of bounties.

[&]quot;1716. Clearer and simpler settlement information.

[&]quot;1717. Notifications to appropriate Federal and State officials.

- 1 "(1) Class.—The term 'class' means all of the 2 class members in a class action.
- "(2) Class action.—The term 'class action' means any civil action filed in a district court of the United States under rule 23 of the Federal Rules of Civil Procedure or any civil action that is removed to a district court of the United States that was originally filed under a State statute or rule of judi-cial procedure authorizing an action to be brought by 1 or more representatives as a class action.
 - "(3) CLASS COUNSEL.—The term 'class counsel' means the persons who serve as the attorneys for the class members in a proposed or certified class action.
 - "(4) Class members.—The term 'class members' means the persons (named or unnamed) who fall within the definition of the proposed or certified class in a class action.
 - "(5) PLAINTIFF CLASS ACTION.—The term 'plaintiff class action' means a class action in which class members are plaintiffs.
 - "(6) Proposed settlement.—The term 'proposed settlement' means an agreement regarding a class action that is subject to court approval and

- 1 that, if approved, would be binding on some or all
- 2 class members.

3 "§ 1712. Judicial scrutiny of coupon and other

4 noncash settlements

- 5 "The court may approve a proposed settlement under
- 6 which the class members would receive noncash benefits
- 7 or would otherwise be required to expend funds in order
- 8 to obtain part or all of the proposed benefits only after
- 9 a hearing to determine whether, and making a written
- 10 finding that, the settlement is fair, reasonable, and ade-
- 11 quate for class members.

12 "§ 1713. Protection against loss by class members

- 13 "The court may approve a proposed settlement under
- 14 which any class member is obligated to pay sums to class
- 15 counsel that would result in a net loss to the class member
- 16 only if the court makes a written finding that nonmone-
- 17 tary benefits to the class member substantially outweigh
- 18 the monetary loss.

19 "§ 1714. Protection against discrimination based on

20 **geographic location**

- 21 "The court may not approve a proposed settlement
- 22 that provides for the payment of greater sums to some
- 23 class members than to others solely on the basis that the
- 24 class members to whom the greater sums are to be paid
- 25 are located in closer geographic proximity to the court.

1 "§ 1715. Prohibition on the payment of bounties

- 2 "(a) IN GENERAL.—The court may not approve a
- 3 proposed settlement that provides for the payment of a
- 4 greater share of the award to a class representative serv-
- 5 ing on behalf of a class, on the basis of the formula for
- 6 distribution to all other class members, than that awarded
- 7 to the other class members.
- 8 "(b) Rule of Construction.—The limitation in
- 9 subsection (a) shall not be construed to prohibit a pay-
- 10 ment approved by the court for reasonable time or costs
- 11 that a person was required to expend in fulfilling the obli-
- 12 gations of that person as a class representative.

13 ****§1716. Clearer and simpler settlement information**

- 14 "(a) Plain English Requirements.—Any court
- 15 with jurisdiction over a plaintiff class action shall require
- 16 that any written notice concerning a proposed settlement
- 17 of the class action provided to the class through the mail
- 18 or publication in printed media contain—
- 19 "(1) at the beginning of such notice, a state-
- 20 ment in 18-point or greater bold type, stating
- 21 'LEGAL NOTICE: YOU ARE A PLAINTIFF IN
- 22 A CLASS ACTION LAWSUIT AND YOUR
- 23 LEGAL RIGHTS ARE AFFECTED BY THE
- 24 SETTLEMENT DESCRIBED IN THIS NO-
- 25 TICE.';

1	"(2) a short summary written in plain, easily
2	understood language, describing—
3	"(A) the subject matter of the class action;
4	"(B) the members of the class;
5	"(C) the legal consequences of being a
6	member of the class action;
7	"(D) if the notice is informing class mem-
8	bers of a proposed settlement agreement—
9	"(i) the benefits that will accrue to
10	the class due to the settlement;
11	"(ii) the rights that class members
12	will lose or waive through the settlement;
13	"(iii) obligations that will be imposed
14	on the defendants by the settlement;
15	"(iv) the dollar amount of any attor-
16	ney's fee class counsel will be seeking, or
17	if not possible, a good faith estimate of the
18	dollar amount of any attorney's fee class
19	counsel will be seeking; and
20	"(v) an explanation of how any attor-
21	ney's fee will be calculated and funded;
22	and
23	"(E) any other material matter.

1	"(b) Tabular Format.—Any court with jurisdiction
2	over a plaintiff class action shall require that the informa-
3	tion described in subsection (a)—
4	"(1) be placed in a conspicuous and prominent
5	location on the notice;
6	"(2) contain clear and concise headings for
7	each item of information; and
8	"(3) provide a clear and concise form for stat-
9	ing each item of information required to be disclosed
10	under each heading.
11	"(c) Television or Radio Notice.—Any notice
12	provided through television or radio (including trans-
13	missions by cable or satellite) to inform the class members
14	in a class action of the right of each member to be ex-
15	cluded from a class action or a proposed settlement, if
16	such right exists, shall, in plain, easily understood lan-
17	guage—
18	"(1) describe the persons who may potentially
19	become class members in the class action; and
20	"(2) explain that the failure of a class member
21	to exercise his or her right to be excluded from a
22	class action will result in the person's inclusion in
23	the class action.

1	"§ 1717.	Notifications to appropriate Federal and
2		State officials
3	"(a)	DEFINITIONS.—
4		$^{\prime\prime}(1)$ Appropriate federal official.—In
5	this	section, the term 'appropriate Federal official'
6	mea	ns—
7		"(A) the Attorney General of the United
8		States; or
9		"(B) in any case in which the defendant is
10		a Federal depository institution, a State deposi-
11		tory institution, a depository institution holding
12		company, a foreign bank, or a nondepository in-
13		stitution subsidiary of the foregoing (as such
14		terms are defined in section 3 of the Federal
15		Deposit Insurance Act (12 U.S.C. 1813)), the
16		person who has the primary Federal regulatory
17		or supervisory responsibility with respect to the
18		defendant, if some or all of the matters alleged
19		in the class action are subject to regulation or
20		supervision by that person.
21		"(2) Appropriate State Official.—In this
22	secti	ion, the term 'appropriate State official' means
23	the	person in the State who has the primary regu-
24	lator	ry or supervisory responsibility with respect to
25	the	defendant, or who licenses or otherwise author-

izes the defendant to conduct business in the State,

1	if some or all of the matters alleged in the class ac-
2	tion are subject to regulation by that person. If
3	there is no primary regulator, supervisor, or licens-
4	ing authority, or the matters alleged in the class ac-
5	tion are not subject to regulation or supervision by
6	that person, then the appropriate State official shall
7	be the State attorney general.
8	"(b) In General.—Not later than 10 days after a
9	proposed settlement of a class action is filed in court, each
10	defendant that is participating in the proposed settlement
11	shall serve upon the appropriate State official of each
12	State in which a class member resides and the appropriate
13	Federal official, a notice of the proposed settlement con-
14	sisting of—
15	"(1) a copy of the complaint and any materials
16	filed with the complaint and any amended com-
17	plaints (except such materials shall not be required
18	to be served if such materials are made electronically
19	available through the Internet and such service in-
20	cludes notice of how to electronically access such
21	material);
22	"(2) notice of any scheduled judicial hearing in
23	the class action;
24	"(3) any proposed or final notification to class

25 members of—

1	"(A)(i) the members' rights to request ex-
2	clusion from the class action; or
3	"(ii) if no right to request exclusion exists,
4	a statement that no such right exists; and
5	"(B) a proposed settlement of a class ac-
6	tion;
7	"(4) any proposed or final class action settle-
8	ment;
9	"(5) any settlement or other agreement contem-
10	poraneously made between class counsel and counsel
11	for the defendants;
12	"(6) any final judgment or notice of dismissal;
13	"(7)(A) if feasible, the names of class members
14	who reside in each State and the estimated propor-
15	tionate share of the claims of such members to the
16	entire settlement to that State's appropriate State
17	official; or
18	"(B) if the provision of information under sub-
19	paragraph (A) is not feasible, a reasonable estimate
20	of the number of class members residing in each
21	State and the estimated proportionate share of the
22	claims of such members to the entire settlement; and
23	"(8) any written judicial opinion relating to the
24	materials described under subparagraphs (3)
25	through (6).

"(c) Depository Institutions Notification.—

"(1) Federal and other depository institutions.—In any case in which the defendant is a Federal depository institution, a depository institution holding company, a foreign bank, or a non-depository institution subsidiary of the foregoing, the notice requirements of this section are satisfied by serving the notice required under subsection (b) upon the person who has the primary Federal regulatory or supervisory responsibility with respect to the defendant, if some or all of the matters alleged in the class action are subject to regulation or supervision by that person.

"(2) State depository institutions.—In any case in which the defendant is a State depository institution (as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), the notice requirements of this section are satisfied by serving the notice required under subsection (b) upon the State bank supervisor (as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) of the State in which the defendant is incorporated or chartered, if some or all of the matters alleged in the class action

- 1 are subject to regulation or supervision by that per-
- 2 son, and upon the appropriate Federal official.
- 3 "(d) FINAL APPROVAL.—An order giving final ap-
- 4 proval of a proposed settlement may not be issued earlier
- 5 than 90 days after the later of the dates on which the
- 6 appropriate Federal official and the appropriate State offi-
- 7 cial are served with the notice required under subsection
- 8 (b).
- 9 "(e) Noncompliance if Notice Not Provided.—
- 10 "(1) IN GENERAL.—A class member may refuse
- to comply with and may choose not to be bound by
- a settlement agreement or consent decree in a class
- action if the class member demonstrates that the no-
- tice required under subsection (b) has not been pro-
- vided.
- 16 "(2) LIMITATION.—A class member may not
- 17 refuse to comply with or to be bound by a settlement
- agreement or consent decree under paragraph (1) if
- the notice required under subsection (b) was directed
- to the appropriate Federal official and to either the
- 21 State attorney general or the person that has pri-
- 22 mary regulatory, supervisory, or licensing authority
- over the defendant.
- 24 "(3) APPLICATION OF RIGHTS.—The rights cre-
- ated by this subsection shall apply only to class

1	members or any person acting on a class member's
2	behalf, and shall not be construed to limit any other
3	rights affecting a class member's participation in the
4	settlement.
5	"(f) Rule of Construction.—Nothing in this sec-
6	tion shall be construed to expand the authority of, or im-
7	pose any obligations, duties, or responsibilities upon, Fed-
8	eral or State officials.".
9	(b) Technical and Conforming Amendment.—
10	The table of chapters for part V is amended by inserting
11	after the item relating to chapter 113 the following:
	"114. Class Actions
12	SEC. 4. FEDERAL DISTRICT COURT JURISDICTION FOR
13	INTERSTATE CLASS ACTIONS.
13 14	interstate class actions. (a) Application of Federal Diversity Jurisdic-
14	(a) Application of Federal Diversity Jurisdic-
14 15	(a) Application of Federal Diversity Jurisdic- tion.—Section 1332 is amended—
141516	(a) Application of Federal Diversity Jurisdic- tion.—Section 1332 is amended— (1) by redesignating subsection (d) as sub-
14151617	 (a) Application of Federal Diversity Jurisdiction.—Section 1332 is amended— (1) by redesignating subsection (d) as subsection (e); and
14 15 16 17 18	 (a) Application of Federal Diversity Jurisdiction.—Section 1332 is amended— (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following subsection (d) and (e) the following subsection (e) the followi
14 15 16 17 18 19	 (a) Application of Federal Diversity Jurisdiction.—Section 1332 is amended— (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following:
14 15 16 17 18 19 20	 (a) Application of Federal Diversity Jurisdiction.—Section 1332 is amended— (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following: "(d)(1) In this subsection—
14 15 16 17 18 19 20 21	(a) Application of Federal Diversity Jurisdic- Tion.—Section 1332 is amended— (1) by redesignating subsection (d) as sub- section (e); and (2) by inserting after subsection (c) the fol- lowing: "(d)(1) In this subsection— "(A) the term 'class' means all of the class
14 15 16 17 18 19 20 21 22	(a) Application of Federal Diversity Jurisdic- Tion.—Section 1332 is amended— (1) by redesignating subsection (d) as sub- section (e); and (2) by inserting after subsection (e) the fol- lowing: "(d)(1) In this subsection— "(A) the term 'class' means all of the class members in a class action;

1	procedure authorizing an action to be brought by 1
2	or more representative persons as a class action;
3	"(C) the term 'class certification order' means
4	an order issued by a court approving the treatment
5	of some or all aspects of a civil action as a class
6	action; and
7	"(D) the term 'class members' means the per-
8	sons (named or unnamed) who fall within the defini-
9	tion of the proposed or certified class in a class ac-
10	tion.
11	"(2) The district courts shall have original jurisdic-
12	tion of any civil action in which the matter in controversy
13	exceeds the sum or value of \$2,000,000, exclusive of inter-
14	est and costs, and is a class action in which—
15	"(A) any member of a class of plaintiffs is a
16	citizen of a State different from any defendant;
17	"(B) any member of a class of plaintiffs is a
18	foreign state or a citizen or subject of a foreign state
19	and any defendant is a citizen of a State; or
20	"(C) any member of a class of plaintiffs is a
21	citizen of a State and any defendant is a foreign
22	state or a citizen or subject of a foreign state.
23	"(3) Paragraph (2) shall not apply to any civil action
24	in which

- "(A)(i) the substantial majority of the members of the proposed plaintiff class and the primary defendants are citizens of the State in which the action was originally filed; and
- 5 "(ii) the claims asserted therein will be gov-6 erned primarily by the laws of the State in which the 7 action was originally filed;
- 8 "(B) the primary defendants are States, State
 9 officials, or other governmental entities against
 10 whom the district court may be foreclosed from or11 dering relief; or
- 12 "(C) the number of members of all proposed 13 plaintiff classes in the aggregate is less than 100.
- "(4) In any class action, the claims of the individual 15 class members shall be aggregated to determine whether 16 the matter in controversy exceeds the sum or value of
- 18 "(5) This subsection shall apply to any class action 19 before or after the entry of a class certification order by

\$2,000,000, exclusive of interest and costs.

- 20 the court with respect to that action.
- 21 "(6)(A) A district court shall dismiss any civil action
- 22 that is subject to the jurisdiction of the court solely under
- 23 this subsection if the court determines the action may not
- 24 proceed as a class action based on a failure to satisfy the

- 1 prerequisites of rule 23 of the Federal Rules of Civil Pro-
- 2 cedure.
- 3 "(B) Nothing in subparagraph (A) shall prohibit
- 4 plaintiffs from filing an amended class action in Federal
- 5 court or filing an action in State court, except that any
- 6 such action filed in State court may be removed to the
- 7 appropriate district court if it is an action of which the
- 8 district courts of the United States have original jurisdic-
- 9 tion.
- 10 "(C) In any action that is dismissed under this para-
- 11 graph and is filed by any of the original named plaintiffs
- 12 therein in the same State court venue in which the dis-
- 13 missed action was originally filed, the limitations periods
- 14 on all reasserted claims shall be deemed tolled for the pe-
- 15 riod during which the dismissed class action was pending.
- 16 The limitations periods on any claims that were asserted
- 17 in a class action dismissed under this paragraph that are
- 18 subsequently asserted in an individual action shall be
- 19 deemed tolled for the period during which the dismissed
- 20 action was pending.
- 21 "(7) Paragraph (2) shall not apply to any class action
- 22 that solely involves a claim—
- 23 "(A) concerning a covered security as defined
- under 16(f)(3) of the Securities Act of 1933 and

- section 28(f)(5)(E) of the Securities Exchange Act of 1934;
- "(B) that relates to the internal affairs or governance of a corporation or other form of business enterprise and that arises under or by virtue of the laws of the State in which such corporation or business enterprise is incorporated or organized; or
- 6 "(C) that relates to the rights, duties (including 9 fiduciary duties), and obligations relating to or cre-10 ated by or pursuant to any security (as defined 11 under section 2(a)(1) of the Securities Act of 1933 12 and the regulations issued thereunder).
- "(8) For purposes of this subsection and section 14 1453 of this title, an unincorporated association shall be 15 deemed to be a citizen of the State where it has its prin-16 cipal place of business and the State under whose laws 17 it is organized.
- "(9)(A) For purposes of this section and section 1453

 19 of this title, a civil action that is not otherwise a class

 20 action as defined in paragraph (1)(B) shall nevertheless

 21 be deemed a class action if—
- "(i) the named plaintiff purports to act for the interests of its members (who are not named parties to the action) or for the interests of the general public, seeks a remedy of damages, restitution,

1	disgorgement, or any other form of monetary relief,
2	and is not a State attorney general; or
3	"(ii) monetary relief claims in the action are
4	proposed to be tried jointly in any respect with the
5	claims of 100 or more other persons on the ground
6	that the claims involve common questions of law or
7	fact.
8	"(B)(i) In any civil action described under subpara-
9	graph (A)(ii), the persons who allegedly were injured shall
10	be treated as members of a proposed plaintiff class and
11	the monetary relief that is sought shall be treated as the
12	claims of individual class members.
13	"(ii) Paragraphs (3) and (6) of this subsection and
14	subsections (b)(2) and (d) of section 1453 shall not apply
15	to any civil action described under subparagraph (A)(i).
16	"(iii) Paragraph (6) of this subsection, and sub-
17	sections (b)(2) and (d) of section 1453 shall not apply to
18	any civil action described under subparagraph (A)(ii).".
19	(b) Conforming Amendments.—
20	(1) Section 1335(a)(1) is amended by inserting
21	"(a) or (d)" after "1332".
22	(2) Section 1603(b)(3) is amended by striking

23

"(d)" and inserting "(e)".

	21
1	SEC. 5. REMOVAL OF INTERSTATE CLASS ACTIONS TO FED-
2	ERAL DISTRICT COURT.
3	(a) In General.—Chapter 89 is amended by adding
4	after section 1452 the following:
5	"§ 1453. Removal of class actions
6	"(a) Definitions.—In this section, the terms 'class',
7	'class action', 'class certification order', and 'class mem-
8	ber' shall have the meanings given such terms under sec-
9	tion $1332(d)(1)$.
10	"(b) In General.—A class action may be removed
11	to a district court of the United States in accordance with
12	this chapter, without regard to whether any defendant is
13	a citizen of the State in which the action is brought, except
14	that such action may be removed—
15	"(1) by any defendant without the consent of
16	all defendants; or
17	"(2) by any plaintiff class member who is not
18	a named or representative class member without the
19	consent of all members of such class.
20	"(c) When Removable.—This section shall apply to
21	any class action before or after the entry of a class certifi-
22	cation order in the action.
23	"(d) Procedure for Removal.—Section 1446 re-

24 lating to a defendant removing a case shall apply to a

25 plaintiff removing a case under this section, except that

26 in the application of subsection (b) of such section the re-

- 1 quirement relating to the 30-day filing period shall be met
- 2 if a plaintiff class member files notice of removal within
- 3 30 days after receipt by such class member, through serv-
- 4 ice or otherwise, of the initial written notice of the class
- 5 action.
- 6 "(e) Review of Orders Remanding Class Ac-
- 7 TIONS TO STATE COURTS.—Section 1447 shall apply to
- 8 any removal of a case under this section, except that not-
- 9 withstanding section 1447(d), an order remanding a class
- 10 action to the State court from which it was removed shall
- 11 be reviewable by appeal or otherwise.
- 12 "(f) Exception.—This section shall not apply to any
- 13 class action that solely involves—
- 14 "(1) a claim concerning a covered security as
- defined under section 16(f)(3) of the Securities Act
- of 1933 and section 28(f)(5)(E) of the Securities
- 17 Exchange Act of 1934;
- 18 "(2) a claim that relates to the internal affairs
- or governance of a corporation or other form of busi-
- 20 ness enterprise and arises under or by virtue of the
- 21 laws of the State in which such corporation or busi-
- 22 ness enterprise is incorporated or organized; or
- 23 "(3) a claim that relates to the rights, duties
- 24 (including fiduciary duties), and obligations relating
- 25 to or created by or pursuant to any security (as de-

- 1 fined under section 2(a)(1) of the Securities Act of
- 2 1933 and the regulations issued thereunder).".
- 3 (b) Removal Limitation.—Section 1446(b) is
- 4 amended in the second sentence by inserting "(a)" after
- 5 "section 1332".
- 6 (c) Technical and Conforming Amendments.—
- 7 The table of sections for chapter 89 is amended by adding
- 8 after the item relating to section 1452 the following: "1453. Removal of class actions.".

9 SEC. 6. REPORT ON CLASS ACTION SETTLEMENTS.

- 10 (a) IN GENERAL.—Not later than 12 months after
- 11 the date of enactment of this Act, the Judicial Conference
- 12 of the United States, with the assistance of the Director
- 13 of the Federal Judicial Center and the Director of the Ad-
- 14 ministrative Office of the United States Courts, shall pre-
- 15 pare and transmit to the Committees on the Judiciary of
- 16 the Senate and the House of Representatives a report on
- 17 class action settlements.
- 18 (b) CONTENT.—The report under subsection (a) shall
- 19 contain—
- 20 (1) recommendations on the best practices that
- courts can use to ensure that proposed class action
- settlements are fair to the class members that the
- 23 settlements are supposed to benefit;
- 24 (2) recommendations on the best practices that
- courts can use to ensure that—

1	(A) the fees and expenses awarded to
2	counsel in connection with a class action settle
3	ment appropriately reflect the extent to which
4	counsel succeeded in obtaining full redress for
5	the injuries alleged and the time, expense, and
6	risk that counsel devoted to the litigation; and
7	(B) the class members on whose behalf the
8	settlement is proposed are the primary bene-
9	ficiaries of the settlement; and
10	(3) the actions that the Judicial Conference of
11	the United States has taken and intends to take to
12	ward having the Federal judiciary implement any or
13	all of the recommendations contained in the report
14	(c) Authority of Federal Courts.—Nothing in
15	this section shall be construed to alter the authority of
16	the Federal courts to supervise attorneys' fees.
17	SEC. 7. EFFECTIVE DATE.
18	The amendments made by this Act shall apply to any

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19 civil action commenced on or after the date of enactment

20 of this Act.