

107TH CONGRESS
1ST SESSION

S. 1712

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

NOVEMBER 15, 2001

Mr. GRASSLEY (for himself, Mr. KOHL, Mr. HATCH, Mr. CARPER, Mr. THURMOND, Mr. CHAFEE, and Mr. SPECTER) 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 2001”.

7 (b) REFERENCE.—Whenever in this Act reference is
8 made to an amendment to, or repeal of, a section or other
9 provision, the reference shall be considered to be made to

1 a section or other provision of title 28, United States
2 Code.

3 (c) TABLE OF CONTENTS.—The table of contents for
4 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.

5 **SEC. 2. FINDINGS AND PURPOSES.**

6 (a) FINDINGS.—Congress finds the following:

7 (1) Class action lawsuits are an important and
8 valuable part of the legal system when they permit
9 the fair and efficient resolution of legitimate claims
10 of numerous parties by allowing the claims to be ag-
11 gregated into a single action against a defendant
12 that has allegedly caused harm.

13 (2) Over the past decade, there have been
14 abuses of the class action device that have—

15 (A) harmed class members with legitimate
16 claims and defendants that have acted respon-
17 sibly; and

18 (B) undermined public respect for our ju-
19 dicial system.

1 (3) Class members often receive little or no ben-
2 efit from class actions, and are sometimes harmed,
3 such as where—

4 (A) counsel are awarded large fees, while
5 leaving class members with coupons or other
6 awards of little or no value;

7 (B) unjustified awards are made to certain
8 plaintiffs at the expense of other class mem-
9 bers; and

10 (C) confusing notices are published that
11 prevent class members from being able to fully
12 understand and effectively exercise their rights.

13 (4) Abuses in class actions undermine the na-
14 tional judicial system and the concept of diversity ju-
15 risdiction as intended by the framers of the United
16 States Constitution, in that State and local courts
17 are—

18 (A) keeping cases of national importance
19 out of Federal court;

20 (B) sometimes acting in ways that dem-
21 onstrate bias against out-of-State defendants;
22 and

23 (C) making judgments that impose their
24 view of the law on other States and bind the
25 rights of the residents of those States.

1 (b) PURPOSES.—The purposes of this Act are to—

2 (1) assure fair and prompt recoveries for class
3 members with legitimate claims;

4 (2) restore the intent of the framers of the
5 United States Constitution by providing for Federal
6 court consideration of interstate cases of national
7 importance under diversity jurisdiction; and

8 (3) benefit society by encouraging innovation
9 and lowering consumer prices.

10 **SEC. 3. CONSUMER CLASS ACTION BILL OF RIGHTS AND IM-**
11 **PROVED PROCEDURES FOR INTERSTATE**
12 **CLASS ACTIONS.**

13 (a) IN GENERAL.—Part V is amended by inserting
14 after chapter 113 the following:

15 **“CHAPTER 114—CLASS ACTIONS**

“Sec.

“1711. Definitions.

“1712. Judicial scrutiny of coupon and other noncash settlements.

“1713. Protection against loss by class members.

“1714. Protection against discrimination based on geographic location.

“1715. Prohibition on the payment of bounties.

“1716. Clearer and simpler settlement information.

“1717. Notifications to appropriate Federal and State officials.

16 **“§ 1711. Definitions**

17 “In this chapter:

18 “(1) CLASS.—The term ‘class’ means all of the
19 class members in a class action.

20 “(2) CLASS ACTION.—The term ‘class action’
21 means any civil action filed in a district court of the

1 United States under rule 23 of the Federal Rules of
2 Civil Procedure or any civil action that is removed
3 to a district court of the United States that was
4 originally filed under a State statute or rule of judi-
5 cial procedure authorizing an action to be brought
6 by 1 or more representatives as a class action.

7 “(3) CLASS COUNSEL.—The term ‘class coun-
8 sel’ means the persons who serve as the attorneys
9 for the class members in a proposed or certified
10 class action.

11 “(4) CLASS MEMBERS.—The term ‘class mem-
12 bers’ means the persons (named or unnamed) who
13 fall within the definition of the proposed or certified
14 class in a class action.

15 “(5) PLAINTIFF CLASS ACTION.—The term
16 ‘plaintiff class action’ means a class action in which
17 class members are plaintiffs.

18 “(6) PROPOSED SETTLEMENT.—The term ‘pro-
19 posed settlement’ means an agreement regarding a
20 class action that is subject to court approval and
21 that, if approved, would be binding on some or all
22 class members.

1 **“§ 1712. Judicial scrutiny of coupon and other**
 2 **noncash settlements**

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

10 **“§ 1713. Protection against loss by class members**

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

17 **“§ 1714. Protection against discrimination based on**
 18 **geographic location**

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

24 **“§ 1715. Prohibition on the payment of bounties**

25 “(a) IN GENERAL.—The court may not approve a
 26 proposed settlement that provides for the payment of a

1 greater share of the award to a class representative serv-
 2 ing on behalf of a class, on the basis of the formula for
 3 distribution to all other class members, than that awarded
 4 to the other class members.

5 “(b) RULE OF CONSTRUCTION.—The limitation in
 6 subsection (a) shall not be construed to prohibit a pay-
 7 ment approved by the court for reasonable time or costs
 8 that a person was required to expend in fulfilling the obli-
 9 gations of that person as a class representative.

10 **“§ 1716. Clearer and simpler settlement information**

11 “(a) PLAIN ENGLISH REQUIREMENTS.—Any court
 12 with jurisdiction over a plaintiff class action shall require
 13 that any written notice concerning a proposed settlement
 14 of the class action provided to the class through the mail
 15 or publication in printed media contain—

16 “(1) at the beginning of such notice, a state-
 17 ment in 18-point or greater bold type, stating
 18 ‘LEGAL NOTICE: YOU ARE A PLAINTIFF IN
 19 A CLASS ACTION LAWSUIT AND YOUR
 20 LEGAL RIGHTS ARE AFFECTED BY THE
 21 SETTLEMENT DESCRIBED IN THIS NO-
 22 TICE.’;

23 “(2) a short summary written in plain, easily
 24 understood language, describing—

25 “(A) the subject matter of the class action;

1 “(B) the members of the class;

2 “(C) the legal consequences of being a
3 member of the class action;

4 “(D) if the notice is informing class mem-
5 bers of a proposed settlement agreement—

6 “(i) the benefits that will accrue to
7 the class due to the settlement;

8 “(ii) the rights that class members
9 will lose or waive through the settlement;

10 “(iii) obligations that will be imposed
11 on the defendants by the settlement;

12 “(iv) the dollar amount of any attor-
13 ney’s fee class counsel will be seeking, or
14 if not possible, a good faith estimate of the
15 dollar amount of any attorney’s fee class
16 counsel will be seeking; and

17 “(v) an explanation of how any attor-
18 ney’s fee will be calculated and funded;
19 and

20 “(E) any other material matter.

21 “(b) TABULAR FORMAT.—Any court with jurisdiction
22 over a plaintiff class action shall require that the informa-
23 tion described in subsection (a)—

24 “(1) be placed in a conspicuous and prominent
25 location on the notice;

1 “(2) contain clear and concise headings for
2 each item of information; and

3 “(3) provide a clear and concise form for stat-
4 ing each item of information required to be disclosed
5 under each heading.

6 “(c) TELEVISION OR RADIO NOTICE.—Any notice
7 provided through television or radio (including trans-
8 missions by cable or satellite) to inform the class members
9 in a class action of the right of each member to be ex-
10 cluded from a class action or a proposed settlement, if
11 such right exists, shall, in plain, easily understood
12 language—

13 “(1) describe the persons who may potentially
14 become class members in the class action; and

15 “(2) explain that the failure of a class member
16 to exercise his or her right to be excluded from a
17 class action will result in the person’s inclusion in
18 the class action.

19 **“§ 1717. Notifications to appropriate Federal and**
20 **State officials**

21 “(a) DEFINITIONS.—

22 “(1) APPROPRIATE FEDERAL OFFICIAL.—In
23 this section, the term ‘appropriate Federal official’
24 means—

1 “(A) the Attorney General of the United
2 States; or

3 “(B) in any case in which the defendant is
4 a Federal depository institution, a State deposi-
5 tory institution, a depository institution holding
6 company, a foreign bank, or a nondepository in-
7 stitution subsidiary of the foregoing (as such
8 terms are defined in section 3 of the Federal
9 Deposit Insurance Act (12 U.S.C. 1813)), the
10 person who has the primary Federal regulatory
11 or supervisory responsibility with respect to the
12 defendant, if some or all of the matters alleged
13 in the class action are subject to regulation or
14 supervision by that person.

15 “(2) APPROPRIATE STATE OFFICIAL.—In this
16 section, the term ‘appropriate State official’ means
17 the person in the State who has the primary regu-
18 latory or supervisory responsibility with respect to
19 the defendant, or who licenses or otherwise author-
20 izes the defendant to conduct business in the State,
21 if some or all of the matters alleged in the class ac-
22 tion are subject to regulation by that person. If
23 there is no primary regulator, supervisor, or licens-
24 ing authority, or the matters alleged in the class ac-
25 tion are not subject to regulation or supervision by

1 that person, then the appropriate State official shall
2 be the State attorney general.

3 “(b) IN GENERAL.—Not later than 10 days after a
4 proposed settlement of a class action is filed in court, each
5 defendant that is participating in the proposed settlement
6 shall serve upon the appropriate State official of each
7 State in which a class member resides and the appropriate
8 Federal official, a notice of the proposed settlement con-
9 sisting of—

10 “(1) a copy of the complaint and any materials
11 filed with the complaint and any amended com-
12 plaints (except such materials shall not be required
13 to be served if such materials are made electronically
14 available through the Internet and such service in-
15 cludes notice of how to electronically access such
16 material);

17 “(2) notice of any scheduled judicial hearing in
18 the class action;

19 “(3) any proposed or final notification to class
20 members of—

21 “(A)(i) the members’ rights to request ex-
22 clusion from the class action; or

23 “(ii) if no right to request exclusion exists,
24 a statement that no such right exists; and

1 “(B) a proposed settlement of a class ac-
2 tion;

3 “(4) any proposed or final class action settle-
4 ment;

5 “(5) any settlement or other agreement contem-
6 poraneously made between class counsel and counsel
7 for the defendants;

8 “(6) any final judgment or notice of dismissal;

9 “(7)(A) if feasible, the names of class members
10 who reside in each State and the estimated propor-
11 tionate share of the claims of such members to the
12 entire settlement to that State’s appropriate State
13 official; or

14 “(B) if the provision of information under sub-
15 paragraph (A) is not feasible, a reasonable estimate
16 of the number of class members residing in each
17 State and the estimated proportionate share of the
18 claims of such members to the entire settlement; and

19 “(8) any written judicial opinion relating to the
20 materials described under subparagraphs (3)
21 through (6).

22 “(c) DEPOSITORY INSTITUTIONS NOTIFICATION.—

23 “(1) FEDERAL AND OTHER DEPOSITORY INSTI-
24 TUTIONS.—In any case in which the defendant is a
25 Federal depository institution, a depository institu-

1 tion holding company, a foreign bank, or a non-de-
2 pository institution subsidiary of the foregoing, the
3 notice requirements of this section are satisfied by
4 serving the notice required under subsection (b)
5 upon the person who has the primary Federal regu-
6 latory or supervisory responsibility with respect to
7 the defendant, if some or all of the matters alleged
8 in the class action are subject to regulation or super-
9 vision by that person.

10 “(2) STATE DEPOSITORY INSTITUTIONS.—In
11 any case in which the defendant is a State deposi-
12 tory institution (as that term is defined in section 3
13 of the Federal Deposit Insurance Act (12 U.S.C.
14 1813)), the notice requirements of this section are
15 satisfied by serving the notice required under sub-
16 section (b) upon the State bank supervisor (as that
17 term is defined in section 3 of the Federal Deposit
18 Insurance Act (12 U.S.C. 1813)) of the State in
19 which the defendant is incorporated or chartered, if
20 some or all of the matters alleged in the class action
21 are subject to regulation or supervision by that per-
22 son, and upon the appropriate Federal official.

23 “(d) FINAL APPROVAL.—An order giving final ap-
24 proval of a proposed settlement may not be issued earlier
25 than 90 days after the later of the dates on which the

1 appropriate Federal official and the appropriate State offi-
2 cial are served with the notice required under subsection
3 (b).

4 “(e) NONCOMPLIANCE IF NOTICE NOT PROVIDED.—

5 “(1) IN GENERAL.—A class member may refuse
6 to comply with and may choose not to be bound by
7 a settlement agreement or consent decree in a class
8 action if the class member demonstrates that the no-
9 tice required under subsection (b) has not been pro-
10 vided.

11 “(2) LIMITATION.—A class member may not
12 refuse to comply with or to be bound by a settlement
13 agreement or consent decree under paragraph (1) if
14 the notice required under subsection (b) was directed
15 to the appropriate Federal official and to either the
16 State attorney general or the person that has pri-
17 mary regulatory, supervisory, or licensing authority
18 over the defendant.

19 “(3) APPLICATION OF RIGHTS.—The rights cre-
20 ated by this subsection shall apply only to class
21 members or any person acting on a class member’s
22 behalf, and shall not be construed to limit any other
23 rights affecting a class member’s participation in the
24 settlement.

1 “(f) RULE OF CONSTRUCTION.—Nothing in this sec-
 2 tion shall be construed to expand the authority of, or im-
 3 pose any obligations, duties, or responsibilities upon, Fed-
 4 eral or State officials.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 6 The table of chapters for part V is amended by inserting
 7 after the item relating to chapter 113 the following:

“114. Class Actions 1711”.

8 **SEC. 4. FEDERAL DISTRICT COURT JURISDICTION FOR**
 9 **INTERSTATE CLASS ACTIONS.**

10 (a) APPLICATION OF FEDERAL DIVERSITY JURISDIC-
 11 TION.—Section 1332 is amended—

12 (1) by redesignating subsection (d) as sub-
 13 section (e); and

14 (2) by inserting after subsection (c) the fol-
 15 lowing:

16 “(d)(1) In this subsection—

17 “(A) the term ‘class’ means all of the class
 18 members in a class action;

19 “(B) the term ‘class action’ means any civil ac-
 20 tion filed under rule 23 of the Federal Rules of Civil
 21 Procedure or similar State statute or rule of judicial
 22 procedure authorizing an action to be brought by 1
 23 or more representative persons as a class action;

24 “(C) the term ‘class certification order’ means
 25 an order issued by a court approving the treatment

1 of some or all aspects of a civil action as a class
2 action; and

3 “(D) the term ‘class members’ means the per-
4 sons (named or unnamed) who fall within the defini-
5 tion of the proposed or certified class in a class ac-
6 tion.

7 “(2) The district courts shall have original ju-
8 risdiction of any civil action in which the matter in
9 controversy exceeds the sum or value of \$2,000,000,
10 exclusive of interest and costs, and is a class action
11 in which—

12 “(A) any member of a class of plaintiffs is
13 a citizen of a State different from any defend-
14 ant;

15 “(B) any member of a class of plaintiffs is
16 a foreign state or a citizen or subject of a for-
17 eign state and any defendant is a citizen of a
18 State; or

19 “(C) any member of a class of plaintiffs is
20 a citizen of a State and any defendant is a for-
21 eign state or a citizen or subject of a foreign
22 state.

23 “(3) Paragraph (2) shall not apply to any civil
24 action in which—

1 “(A)(i) the substantial majority of the
2 members of the proposed plaintiff class and the
3 primary defendants are citizens of the State in
4 which the action was originally filed; and

5 “(ii) the claims asserted therein will be
6 governed primarily by the laws of the State in
7 which the action was originally filed;

8 “(B) the primary defendants are States,
9 State officials, or other governmental entities
10 against whom the district court may be fore-
11 closed from ordering relief; or

12 “(C) the number of members of all pro-
13 posed plaintiff classes in the aggregate is less
14 than 100.

15 “(4) In any class action, the claims of the indi-
16 vidual class members shall be aggregated to deter-
17 mine whether the matter in controversy exceeds the
18 sum or value of \$2,000,000, exclusive of interest and
19 costs.

20 “(5) This subsection shall apply to any class ac-
21 tion before or after the entry of a class certification
22 order by the court with respect to that action.

23 “(6)(A) A district court shall dismiss any civil
24 action that is subject to the jurisdiction of the court
25 solely under this subsection if the court determines

1 the action may not proceed as a class action based
2 on a failure to satisfy the prerequisites of rule 23 of
3 the Federal Rules of Civil Procedure.

4 “(B) Nothing in subparagraph (A) shall pro-
5 hibit plaintiffs from filing an amended class action
6 in Federal court or filing an action in State court,
7 except that any such action filed in State court may
8 be removed to the appropriate district court if it is
9 an action of which the district courts of the United
10 States have original jurisdiction.

11 “(C) In any action that is dismissed under this
12 paragraph and is filed by any of the original named
13 plaintiffs therein in the same State court venue in
14 which the dismissed action was originally filed, the
15 limitations periods on all reasserted claims shall be
16 deemed tolled for the period during which the dis-
17 missed class action was pending. The limitations pe-
18 riods on any claims that were asserted in a class ac-
19 tion dismissed under this paragraph that are subse-
20 quently asserted in an individual action shall be
21 deemed tolled for the period during which the dis-
22 missed action was pending.

23 “(7) Paragraph (2) shall not apply to any class
24 action that solely involves a claim—

1 “(A) concerning a covered security as de-
2 fined under 16(f)(3) of the Securities Act of
3 1933 and section 28(f)(5)(E) of the Securities
4 Exchange Act of 1934;

5 “(B) that relates to the internal affairs or
6 governance of a corporation or other form of
7 business enterprise and that arises under or by
8 virtue of the laws of the State in which such
9 corporation or business enterprise is incor-
10 porated or organized; or

11 “(C) that relates to the rights, duties (in-
12 cluding fiduciary duties), and obligations relat-
13 ing to or created by or pursuant to any security
14 (as defined under section 2(a)(1) of the Securi-
15 ties Act of 1933 and the regulations issued
16 thereunder).

17 “(8) For purposes of this subsection and sec-
18 tion 1453 of this title, an unincorporated association
19 shall be deemed to be a citizen of the State where
20 it has its principal place of business and the State
21 under whose laws it is organized.

22 “(9)(A) For purposes of this section and sec-
23 tion 1453 of this title, a civil action that is not oth-
24 erwise a class action as defined in paragraph (1)(B)
25 shall nevertheless be deemed a class action if—

1 “(i) the named plaintiff purports to act for
2 the interests of its members (who are not
3 named parties to the action) or for the interests
4 of the general public, seeks a remedy of dam-
5 ages, restitution, disgorgement, or any other
6 form of monetary relief, and is not a State at-
7 torney general; or

8 “(ii) monetary relief claims in the action
9 are proposed to be tried jointly in any respect
10 with the claims of 100 or more other persons
11 on the ground that the claims involve common
12 questions of law or fact.

13 “(B)(i) In any civil action described under sub-
14 paragraph (A)(ii), the persons who allegedly were in-
15 jured shall be treated as members of a proposed
16 plaintiff class and the monetary relief that is sought
17 shall be treated as the claims of individual class
18 members.

19 “(ii) Paragraphs (3) and (6) of this subsection
20 and subsections (b)(2) and (d) of section 1453 shall
21 not apply to any civil action described under sub-
22 paragraph (A)(i).

23 “(iii) Paragraph (6) of this subsection, and sub-
24 sections (b)(2) and (d) of section 1453 shall not

1 apply to any civil action described under subpara-
 2 graph (A)(ii).”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 1335 (a)(1) is amended by inserting
 5 “(a) or (d)” after “1332”.

6 (2) Section 1603 (b)(3) is amended by striking
 7 “(d)” and inserting “(e)”.

8 **SEC. 5. REMOVAL OF INTERSTATE CLASS ACTIONS TO FED-**
 9 **ERAL DISTRICT COURT.**

10 (a) IN GENERAL.—Chapter 89 is amended by adding
 11 after section 1452 the following:

12 **“§ 1453. Removal of class actions**

13 “(a) DEFINITIONS.—In this section, the terms ‘class’,
 14 ‘class action’, ‘class certification order’, and ‘class mem-
 15 ber’ shall have the meanings given such terms under sec-
 16 tion 1332(d)(1).

17 “(b) IN GENERAL.—A class action may be removed
 18 to a district court of the United States in accordance with
 19 this chapter, without regard to whether any defendant is
 20 a citizen of the State in which the action is brought, except
 21 that such action may be removed—

22 “(1) by any defendant without the consent of
 23 all defendants; or

1 “(2) by any plaintiff class member who is not
2 a named or representative class member without the
3 consent of all members of such class.

4 “(c) WHEN REMOVABLE.—This section shall apply to
5 any class action before or after the entry of a class certifi-
6 cation order in the action.

7 “(d) PROCEDURE FOR REMOVAL.—Section 1446 re-
8 lating to a defendant removing a case shall apply to a
9 plaintiff removing a case under this section, except that
10 in the application of subsection (b) of such section the re-
11 quirement relating to the 30-day filing period shall be met
12 if a plaintiff class member files notice of removal within
13 30 days after receipt by such class member, through serv-
14 ice or otherwise, of the initial written notice of the class
15 action.

16 “(e) REVIEW OF ORDERS REMANDING CLASS AC-
17 TIONS TO STATE COURTS.—Section 1447 shall apply to
18 any removal of a case under this section, except that not-
19 withstanding section 1447(d), an order remanding a class
20 action to the State court from which it was removed shall
21 be reviewable by appeal or otherwise.

22 “(f) EXCEPTION.—This section shall not apply to any
23 class action that solely involves—

24 “(1) a claim concerning a covered security as
25 defined under section 16(f)(3) of the Securities Act

1 of 1933 and section 28(f)(5)(E) of the Securities
2 Exchange Act of 1934;

3 “(2) a claim that relates to the internal affairs
4 or governance of a corporation or other form of busi-
5 ness enterprise and arises under or by virtue of the
6 laws of the State in which such corporation or busi-
7 ness enterprise is incorporated or organized; or

8 “(3) a claim that relates to the rights, duties
9 (including fiduciary duties), and obligations relating
10 to or created by or pursuant to any security (as de-
11 fined under section 2(a)(1) of the Securities Act of
12 1933 and the regulations issued thereunder).”.

13 (b) REMOVAL LIMITATION.—Section 1446(b) is
14 amended in the second sentence by inserting “(a)” after
15 “section 1332”.

16 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
17 The table of sections for chapter 89 is amended by adding
18 after the item relating to section 1452 the following:

“1453. Removal of class actions.”.

19 **SEC. 6. REPORT ON CLASS ACTION SETTLEMENTS.**

20 (a) IN GENERAL.—Not later than 12 months after
21 the date of enactment of this Act, the Judicial Conference
22 of the United States, with the assistance of the Director
23 of the Federal Judicial Center and the Director of the Ad-
24 ministrative Office of the United States Courts, shall pre-
25 pare and transmit to the Committees on the Judiciary of

1 the Senate and the House of Representatives a report on
2 class action settlements.

3 (b) CONTENT.—The report under subsection (a) shall
4 contain—

5 (1) recommendations on the best practices that
6 courts can use to ensure that proposed class action
7 settlements are fair to the class members that the
8 settlements are supposed to benefit;

9 (2) recommendations on the best practices that
10 courts can use to ensure that—

11 (A) the fees and expenses awarded to
12 counsel in connection with a class action settle-
13 ment appropriately reflect the extent to which
14 counsel succeeded in obtaining full redress for
15 the injuries alleged and the time, expense, and
16 risk that counsel devoted to the litigation; and

17 (B) the class members on whose behalf the
18 settlement is proposed are the primary bene-
19 ficiaries of the settlement; and

20 (3) the actions that the Judicial Conference of
21 the United States has taken and intends to take to-
22 ward having the Federal judiciary implement any or
23 all of the recommendations contained in the report.

1 (c) AUTHORITY OF FEDERAL COURTS.—Nothing in
2 this section shall be construed to alter the authority of
3 the Federal courts to supervise attorneys' fees.

4 **SEC. 7. EFFECTIVE DATE.**

5 The amendments made by this Act shall apply to any
6 civil action commenced on or after the date of enactment
7 of this Act.

○