

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

1 provision, the reference shall be considered to be made to
 2 a section or other provision of title 28, United States
 3 Code.

4 (c) TABLE OF CONTENTS.—The table of contents for
 5 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 inter-
 state 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.

6 **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;

19 (B) adversely affected interstate commerce;
 20 and

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.

“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.

19 **“§ 1711. Definitions**

20 “In this chapter:

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

3 “(2) CLASS ACTION.—The term ‘class action’
4 means any civil action filed in a district court of the
5 United States under rule 23 of the Federal Rules of
6 Civil Procedure or any civil action that is removed
7 to a district court of the United States that was
8 originally filed under a State statute or rule of judi-
9 cial procedure authorizing an action to be brought
10 by 1 or more representatives as a class action.

11 “(3) CLASS COUNSEL.—The term ‘class coun-
12 sel’ means the persons who serve as the attorneys
13 for the class members in a proposed or certified
14 class action.

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

19 “(5) PLAINTIFF CLASS ACTION.—The term
20 ‘plaintiff class action’ means a class action in which
21 class members are plaintiffs.

22 “(6) PROPOSED SETTLEMENT.—The term ‘pro-
23 posed settlement’ means an agreement regarding a
24 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 “(1) APPROPRIATE FEDERAL OFFICIAL.—In
 5 this section, the term ‘appropriate Federal official’
 6 means—

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 section, the term ‘appropriate State official’ means
 23 the person in the State who has the primary regu-
 24 latory or supervisory responsibility with respect to
 25 the defendant, or who licenses or otherwise author-
 26 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).

1 “(c) DEPOSITORY INSTITUTIONS NOTIFICATION.—

2 “(1) FEDERAL AND OTHER DEPOSITORY INSTI-
 3 TUTIONS.—In any case in which the defendant is a
 4 Federal depository institution, a depository institu-
 5 tion holding company, a foreign bank, or a non-de-
 6 pository institution subsidiary of the foregoing, the
 7 notice requirements of this section are satisfied by
 8 serving the notice required under subsection (b)
 9 upon the person who has the primary Federal regu-
 10 latory or supervisory responsibility with respect to
 11 the defendant, if some or all of the matters alleged
 12 in the class action are subject to regulation or super-
 13 vision by that person.

14 “(2) STATE DEPOSITORY INSTITUTIONS.—In
 15 any case in which the defendant is a State deposi-
 16 tory institution (as that term is defined in section 3
 17 of the Federal Deposit Insurance Act (12 U.S.C.
 18 1813)), the notice requirements of this section are
 19 satisfied by serving the notice required under sub-
 20 section (b) upon the State bank supervisor (as that
 21 term is defined in section 3 of the Federal Deposit
 22 Insurance Act (12 U.S.C. 1813)) of the State in
 23 which the defendant is incorporated or chartered, if
 24 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
11 to comply with and may choose not to be bound by
12 a settlement agreement or consent decree in a class
13 action if the class member demonstrates that the no-
14 tice required under subsection (b) has not been pro-
15 vided.

16 “(2) LIMITATION.—A class member may not
17 refuse to comply with or to be bound by a settlement
18 agreement or consent decree under paragraph (1) if
19 the notice required under subsection (b) was directed
20 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
23 over the defendant.

24 “(3) APPLICATION OF RIGHTS.—The rights cre-
25 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** **1711**”.

12 **SEC. 4. FEDERAL DISTRICT COURT JURISDICTION FOR**
 13 **INTERSTATE CLASS ACTIONS.**

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

16 (1) by redesignating subsection (d) as sub-
 17 section (e); and

18 (2) by inserting after subsection (c) the fol-
 19 lowing:

20 “(d)(1) In this subsection—

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

23 “(B) the term ‘class action’ means any civil ac-
 24 tion filed under rule 23 of the Federal Rules of Civil
 25 Procedure or similar State statute or rule of judicial

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—

1 “(A)(i) the substantial majority of the members
2 of the proposed plaintiff class and the primary de-
3 fendants are citizens of the State in which the action
4 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 or-
11 dering relief; or

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

14 “(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
17 \$2,000,000, exclusive of interest and costs.

18 “(5) This subsection shall apply to any class action
19 before or after the entry of a class certification order by
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
24 under 16(f)(3) of the Securities Act of 1933 and

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

3 “(B) that relates to the internal affairs or gov-
4 ernance of a corporation or other form of business
5 enterprise and that 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 “(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).

13 “(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.

18 “(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—

22 “(i) the named plaintiff purports to act for the
23 interests of its members (who are not named parties
24 to the action) or for the interests of the general pub-
25 lic, 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)”.

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
 15 defined under section 16(f)(3) of the Securities Act
 16 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
 19 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
 21 courts can use to ensure that proposed class action
 22 settlements are fair to the class members that the
 23 settlements are supposed to benefit;

24 (2) recommendations on the best practices that
 25 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
 19 civil action commenced on or after the date of enactment
 20 of this Act.

○