



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 7, 2005
(House)

STATEMENT OF ADMINISTRATION POLICY

S. 5 - Class Action Fairness Act of 2005 (Sen. Grassley (R) Iowa and 29 cosponsors)

The Administration strongly supports the enactment of S. 5 as an important step in reforming class action litigation. The bill will remove significant burdens on class action litigants and provide greater protections for the victims whom the class action device originally was designed to benefit. Reducing the excessive burden of class action lawsuits on job creation is part of the President's plan to strengthen our economy further.

The Administration strongly supports the bill's proposal to establish a consumer class action bill of rights that would require heightened judicial review of settlements that either result in a net loss to the class members or give class members only coupons. The Administration also supports the provision prohibiting a court from approving a settlement that discriminates among plaintiffs on account of their geographical location.

The bill also would make long-needed changes to the requirements for Federal diversity jurisdiction over class action cases. The Administration strongly supports the proposal to permit, in certain cases, removal of a class action to Federal court if the aggregate amount in controversy exceeds \$5 million and there is minimal diversity (at least one claimant and one defendant are from different States). The Administration also strongly supports the bill's coverage of "mass actions" in its diversity jurisdiction and removal reform sections. Like class actions, mass actions can be used to adjudicate substantial numbers of claims simultaneously in a single trial. Failure to include mass actions would create a significant loophole and would undermine the purpose of this legislation. Combined with existing Federal rules for consolidation of related Federal cases, this proposal would help avoid the inefficiency, waste, and unfairness that have too often resulted from multiple overlapping class action suits.

S. 5, as reported out of the Senate Judiciary Committee, reflects a carefully negotiated bi-partisan compromise. The Administration opposes any amendments that would have the effect of imperiling swift passage of this bill.

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