



Consumer Federation of America

March 11, 2002

Dear Representative,

Consumer Federation of America urges you to oppose H.R. 2341, the Class Action Fairness Act, because it places limitations on consumers' ability to aggregate their claims in class action suits.

Class actions are an important and efficient legal tool for consumers to use in order to obtain redress and deter wrongful conduct. H.R. 2341 would have the result of making class action lawsuits less fair and less effective for consumers.

Class actions are the only adequate deterrent for wrongdoing that harms individual consumers in small ways but that adds up to significant losses broadly. Consumers who are erroneously charged an extra \$25 "late fee" on their credit cards, for example, cannot practically bring an individual case against their credit card company for \$25. The only remedy for the many consumers overcharged in this way is to join together in a suit against the company, which gained a vast windfall by this overcharge. H.R. 2341 would make the only remedy available to wronged consumers more difficult to obtain.

H.R. 2341 will create numerous barriers to participating in class actions by permitting defendants to remove most state class action suits to federal court. This removal from state court to federal court will clog an already overburdened and understaffed federal judiciary and slow the pace of certifying class action cases. This considerable delay will likely result in the denial of justice to injured consumers. In addition, this removal to federal court takes away an important and traditional function of state courts and will slow — and in some cases thwart — the continual interpretation of state law. Federal court decisions on issues of state law solve the narrow legal issue of the particular case without providing legal precedent for future state court cases of the particular state law in question.

Class actions can certainly be made a more effective means of consumer redress but the jurisdictional changes mandated by H.R. 2341 are designed to impede class actions, not to make them fairer or more efficient. CFA supports changes to the class action system that would prevent unjust enrichment and act as a deterrent to future wrongdoing. Specifically, CFA supports: modification of notice requirements and simplification of certification procedures and standards.

H.R. 2341 does not provide a solution to a class action system in need of reform; rather it makes it more difficult for consumers to obtain redress, to hold bad actors accountable for the harms they caused, and to deter future misconduct. The Class Action Reform Act will substantially reduce the effectiveness of one of consumers' most important legal tools.

We strongly request a "no" vote on H.R. 2341. If you have any questions, please don't hesitate to call me at (202) 387-6121. Thank you for doing the right thing for American consumers.

Sincerely,

Rachel Weintraub
Assistant General Counsel