

LITANY OF CLASS ACTION LAWSUITS

How Courts Become Backlogged and Justice Is Abused

LITIGATION FAIRNESS CAMPAIGN

From the ridiculous to the brazen and absurd, our nation's civil justice system is plagued by cases that get

in the way of simple, fair and fast administration of justice for those who truly need help. The examples below illustrate this problem.

FRIVOLOUS SUITS

- ▶ Lawyer Peter Angelos, Maryland multi-millionaire and owner of the Baltimore Orioles baseball team, filed class actions against several cell phone companies and service providers. The suits do not claim anyone has suffered injury, but seek money for headsets to reduce radiation exposure, plus punitive damages.
- ▶ A nationwide class action was filed against major toothbrush manufacturers arguing that the product was actually dangerous when used improperly, possibly causing tooth abrasion and other problems.
- ▶ In a class action suit against Cheerios over a food additive—with no evidence of injury to any consumers—lawyers were paid nearly \$2 million in fees, which works out to approximately \$2,000 per hour. Consumers in the class received coupons for a free box of cereal.
- ▶ A class action was brought against a record company to recover the price consumers paid for an album by the disgraced, lip-syncing rock group Milli Vanilli. The court awarded the lawyers \$675,000, while the class members received \$1 to \$3 each.
- ▶ In a class action involving 6 million customers of Southwestern Bell in Oklahoma, Missouri, Texas, Kansas and Arkansas, the company was sued for allegedly misrepresenting a service plan to consumers, despite any conclusive evidence. As reported in *The Austin American Statesman*, the trial lawyer who filed the suit even admitted that he had uncovered little, if any, evidence of misconduct, and that the case was settled simply to avoid the high cost of litigation. The result? Consumers got a \$15 credit. The lawyer got \$4 million.
- ▶ In a 1993 settlement of price-fixing claims, airlines offered discount coupons. But they could be redeemed only with the purchase of a new ticket. A \$25 credit, for instance, required the purchase of a \$250 ticket. The legal fees charged by class counsel? More than \$16 million.

“Our legal system is broken. The United States has been transformed from a nation of friends and neighbors into a nation of actual and potential litigation.”

*Former Michigan
Senator and current
U.S. Secretary of Energy
Spencer Abraham*

MORE SERIOUS LEGAL ABUSES

- ▶ In a series of related cases involving a fatal school bus accident, the lawyers for the victims' families received an estimated \$50 million out of an aggregate settlement of \$156 million meant for the relatives—despite the fact that liability was uncontested.

- ▶ Asbestos lawyers from Mississippi took charge of dispersing settlement monies on behalf of all 3,900 members of a multi-state class. No weight was given to the medical conditions of the plaintiffs but, if the award had been equally distributed, each claimant would have received about \$41,000. However, class members from Ohio, Indiana and Pennsylvania only received \$14,000. In contrast, most Mississippi residents were awarded \$63,000, except for 246 residents in four “magic counties” closest to the courthouse who received \$263,000 each.
- ▶ A class action brought against manufacturers of computer monitors resulted in a settlement that gave each class member a \$13 rebate on new merchandise or \$6 cash in the year 2000. The trial lawyers got almost \$6 million.
- ▶ In a case against Bell Atlantic Mobile for deceptive billing practices, the settlement agreement entitled the class members to \$15 vouchers redeemable on future purchases, while the attorneys received \$1.25 million.
- ▶ A man drove into his fiancée while riding bumper cars at Disney World. The injured woman sued both her fiancée and the company. A jury found the woman 14 percent at fault, her fiancée 85 percent at fault and Disney, one percent liable. At trial, Florida’s spousal tort immunity law prevented the woman from seeking any award from her—now—husband. Thus, although Disney was deemed one percent at fault, it had to pay 86 percent of the judgment.
- ▶ In a case involving faulty pipes, lawyers for a group of Alabama plaintiffs received \$38.4 million, while attorneys for a class from Tennessee got \$45 million—or, about \$2,000 an hour. In contrast, homeowners only received an eight-percent rebate toward new plumbing. To get them, they had to first prove they suffered leaks and then go out and buy a new system.
- ▶ Lawyers brought a class action lawsuit against Nintendo, complaining that the company was engaged in “racketeering activity” by selling the popular “Pokemon” trading cards. These lawyers claimed that by placing rare cards in selected packages, Nintendo was turning children into gamblers. At least nine similar cases have already been filed against sports-card manufacturers.
- ▶ In a Texas class action, two of the state’s largest auto insurers were accused of over-billing policyholders by \$100 million between 1985-1986. The lawsuit was filed despite the fact that the companies’ practice of rounding their twice-annual premiums to the next dollar was declared legal by state insurance regulators. Both companies settled the suit. Policyholders got \$5.50 apiece. The lawyer who filed the suit got \$8 million.

