NEWS RELEASE

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AG STRANGE PRAISES UNANIMOUS U.S. SUPREME COURT RULING AS A VICTORY FOR CLASS ACTION FAIRNESS AND FREE ENTERPRISE

(MONTGOMERY)—Attorney General Luther Strange called a ruling today by the U.S. Supreme Court "a tremendously important victory for class action fairness and free enterprise."

In a unanimous decision in *Standard Fire Insurance Co. v. Knowles*, No. 11-1450, the U.S. Supreme Court ruled that a class action filed by plaintiffs in Arkansas state court belonged, instead, in federal court under the Class Action Fairness Act of 2005. Lawyers for the plaintiffs filed the class action in an Arkansas county with a history of abusing the class action system, approving high awards for class attorneys, and providing little meaningful relief for consumers. The plaintiffs' lawyers sought to keep the case in state court by filing a "stipulation" that promised not to seek damages of over $5 million, even though the plaintiffs' claims might be worth more than that.

The State of Alabama authored and filed an amicus brief to the U.S. Supreme Court in the case, which argued that the case should be in federal court, not state court. The brief argued that the "stipulation procedure," if approved, would "subvert the interests of absent class members to the interests of the class's lawyers." The brief noted that the only "logical explanation for the procedure is that counsel wish to avoid important reforms that have been incorporated into federal law, including the requirement that state officers be given an opportunity to challenge the fairness of any proposed settlement," which "raises serious concerns about efficiency, fairness, notice, and adequacy of representation."

Attorney General Strange praised the Court's ruling: "Alabama is an excellent place to live and do business; our Legislature has passed laws to protect defendants and consumers from collusive class action settlements and unfair procedures. Although Alabama is no longer 'tort hell,' abusive lawsuits and unfair procedures in other state courts can still harm Alabama businesses and consumers. Thankfully, the Supreme Court unanimously agreed with our position that there should be universally accepted minimum safeguards for the most significant interstate class actions."

The State of Alabama's brief in *Standard Fire Insurance Co. v. Knowles* was joined by Arizona, Colorado, Connecticut, Florida, Georgia, Indiana, Kansas, Michigan, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, Washington and West Virginia.

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