

= Center for Class Action Fairness =

The Center for Class Action Fairness ( CCAF ) is a Washington , D.C.-based public @-@ interest law firm , founded by Ted Frank in June 2009 to represent consumers dissatisfied with their counsel in class actions and class action settlements . It is a 501 ( c ) ( 3 ) organization .

According to The American Lawyer , as of March 2011 , the CCAF had filed objections to 17 settlements , with eight objections pending in federal district courts , and had been successful on six of them . The CCAF has objected to settlements throughout the United States , particularly in cases where class action lawyers receive cash payments but the plaintiff class receives only discount coupons for further products and services from the defendant company . It has distanced itself from other firms that make money by holding up class action settlements until they themselves are paid off . The CCAF has raised objections to class action settlements involving the Grand Theft Auto " Hot Coffee " minigame , Honda Civic Hybrids , Apple backdating , A.G. Edwards , Bluetooth headsets , and the Cobell Indian Trust .

= = Background = =

Ted Frank was inspired to establish the Center from his success in objecting to the class action settlement in the Grand Theft Auto consumer fraud case where class members would have received under \$ 30 @, @ 000 while the attorneys were asking for \$ 1 million .

In June 2009 , Frank founded the public @-@ interest non @-@ profit law firm Center for Class Action Fairness ( CCAF ) to represent consumers dissatisfied with their counsel in class actions and class action settlements . The firm is described by Frank as " a " guerrilla " operation with a shoestring budget " . CCAF was initially a project of Donors Trust , a nonprofit donor @-@ advised fund , which paid him as an independent contractor to manage the project , relying on donors from charitable foundations and independent individuals to fund it . To date , the CCAF has accepted only about 40 percent of the requests it has received to object to a settlement and Frank has said that if it is a good settlement or close enough to the line , he wouldn ' t " risk creating bad precedent . " As of 2010 , the CCAF has three staff attorneys , including Frank .

The CCAF has distanced itself from other firms , sometimes called " professional objectors " , that make money by holding up class action settlements until they themselves are paid off , Whereas that practice has been criticized as doing to class action lawyers what class action lawyers are doing to companies , one commentator said that CCAF appears to be doing so as a matter of principle . According to The American Lawyer , as of March 2011 , the CCAF had filed objections to 17 settlements , with eight objections pending in federal district courts , and had been successful on six of them .

= = Cause = =

Founder Ted Frank has said that " the whole reason I started this is because there is a high probability of district courts rubber @-@ stamping settlements . I think these are very bad settlements that the [ 9th U.S. Circuit Court of Appeals ] will provide guidance for when judges should or shouldn ' t approve settlements . ? He has also said " the class action landscape has long included some ? professional settlement objectors ? who target large cases in hopes of extracting a percentage of the attorney fees as a reward . But that doesn ' t solve the problem . The niche isn ' t being filled unless you find somebody crazy like me who is willing to spend dozens of hours of his own time and hundreds of dollars of his own money to make a claim he can ' t benefit from . " Frank said in an objection in a case at the Court of the United States District Court Northern District of Ohio of the CCAF , " while the Center focuses on bringing objections to unfair class action settlements , it makes no effort to engage in quid pro quo settlements to extort attorneys , and has never settled an objection . The Center analyses complaints from consumers aggrieved by class actions settlement notices to determine whether a settlement is objectionable under the law because it favors attorneys over class members . "

Among CCAFs cases are those challenging an emerging trend known as cy @-@ près . Created by American courts in the 1970s as a mechanism to distribute funds to stand @-@ in organizations and causes in cases in which it would be impractical to distribute class action settlement funds directly to the entire class of plaintiffs , the practice has been criticized from time to time for redirecting funds that would otherwise go to the parties to the case . In one case , CCAF challenged a settlement that would have directed \$ 2 @.@ 5 million out of a total \$ 16 @.@ 5 million settlement Apple Inc. was to pay to shareholders for backdating employee stock option grants , to unrelated law school programs on corporate governance . According to Frank , in March 2010 , two attorneys from the Kabateck Brown Kellner firm published an op ed in the Los Angeles Daily Journal attacking the litigation against impermissible cy pres awards as part of a " corporate " campaign . Frank firmly stated on the Manhattan Institute run website Point of Law.com that the " Center for Class Action Fairness has never taken a dollar of for @-@ profit corporate money . "

CCAF has objected to settlements throughout the United States , in cases where class action lawyers receive cash payments but the plaintiff class receives only discount coupons for further products and services from the defendant company . CCAF argues in those cases that few of the coupons are ever used , so the actual payment to plaintiffs is much lower than the stated amounts . In 2010 , CCAF successfully objected to a coupon settlement in a Central District of California class action alleging consumer fraud in the sale of Honda Civic Hybrids ; the settlement would have provided \$ 2 @.@ 95 million in attorneys ' fees , but only coupons to the class . Frank and the CCAF 's position against coupon settlements was expressed in his written objection to the case in which he stated that they often do not provide meaningful compensation to class members , they often fail to disgorge ill @-@ gotten gains from the defendant , and they often require class members to do future business with the defendant in order to receive compensation .

= = Notable cases = =

The CCAF recently lost its appeal in the Online @-@ DVD Rental Antitrust Litigation case , initially filed in the Northern District of California and appealed to the United States Court of Appeals for the Ninth Circuit . The CCAF had objected to the amount of attorneys ' fees awarded by the district court , but the district court judge overruled the objections and awarded the attorneys ' fees requested . The appeal to the circuit court was met with disfavor and the award of attorneys ' fees was affirmed . Theodore H. Frank et al. v. Netflix Inc. et al . , case number 12 @-@ 15705 , in the U.S. Court of Appeals for the Ninth Circuit .

Frank , at his own expense , traveled to New York and filed a successful objection to the proposed class action settlement in the Grand Theft Auto consumer fraud case where class members who had bought a Grand Theft Auto computer game with a hidden , sexually explicit easter egg would have received less than \$ 30 @,@ 000 , while the plaintiffs ' attorneys would have received \$ 1 million in legal fees . Spurred by complaints about excessive sexual content in the game , class action attorneys sued its makers , Take Two Interactive Software . Although the software giant had received only \$ 27 @,@ 000 in claims from irate consumers , it agreed to a settlement in which the plaintiffs ' lawyers themselves would collect \$ 1 million . The CCAF 's case succeeded and the settlement was halted .

In January 2010 , the CCAF , representing its client Dan Greenberg , successfully filed an objection to the original settlement in the Lonardo v. Travelers Indemnity case in the U.S. District Court for the Northern District of Ohio , which reduced the \$ 6 @.@ 6 million attorneys ' fee request by \$ 2 million , with the class members receiving \$ 4 @.@ 8 million instead of \$ 2 @.@ 8 million . In February 2010 , CCAF successfully objected to a coupon settlement in a Central District of California class action alleging consumer fraud in the sale of Honda Civic Hybrids ; the settlement would have provided \$ 2 @.@ 95 million in attorneys ' fees , but only coupons to the class . Frank was reported to have said " coupons are nearly worthless because so few of the intended beneficiaries will find it worthwhile to fill in all the necessary paperwork . " The CCAF has also been involved in the case surrounding the allegations of email spamming by Ameritrade in 2009 . The case brought Frank before Northern District of California Chief Judge Vaughn Walker , where he

challenged the fairness of a TD Ameritrade settlement , which consists of coupons for antivirus software . Frank " argued that the court should not award , or should at least limit , the requested \$ 1 @. @ 87 million in attorney fees . " Judge Walker rejected the Ameritrade settlement in October 2009 .

Later in 2010 , Frank and the CCAF , citing American Law Institute guidelines on cy @- @ près , objected to Apple 's settlement of a securities class action over their backdating , arguing that giving money to third parties affiliated with the class counsel instead of to the class was a breach of fiduciary duty . Frank stated that " the magnitude of the settlement compared to the original claims demonstrates that it is an extortionate nuisance settlement , being made because it would cost more to defend the suit than to pay the attorneys to go away . " In response to CCAF 's objection , the parties amended the settlement by reallocating the \$ 2 @. @ 5 million originally proposed as cy @- @ près to class members ; the court awarded CCAF attorneys ' fees for their role in winning \$ 2 @. @ 5 million for the class .

In April 2011 , Frank and the CCAF filed an objection to the \$ 3 @. @ 4 billion taxpayer funded Cobell Indian Trust settlement , which the federal government had agreed to in December 2009 , which had established a \$ 1 @. @ 5 billion Trust Accounting and Administration Fund and a \$ 1 @. @ 9 billion Trust Land Consolidation Fund to buy fractionated land interests . Under the agreed settlement , a maximum of \$ 99 @. @ 9 million had been allocated for the lawyers fees but they had demanded \$ 223 million . Acting on behalf of Kimberly Craven , a Sisseton @- @ Wahpeton Ojibwe tribe member , Frank argued that the case was about pure greed , stating that it included " an outrageous fee request that has resulted in bipartisan criticism " and that the Class Counsel were " more interested in maximizing their personal recovery than the interests of the class . "

The CCAF filed a lengthy brief in Missouri in May 2011 challenging a settlement which gave lawyers who sued A.G. Edwards \$ 21 million in fees for negotiating an agreement that provided a total of \$ 6 million for some customers and three annual coupons valued at \$ 8 @. @ 22 apiece for the rest . St. Louis Judge Angela T. Quigley of the Missouri Court of Appeals rejected the case , ruling that ? in cases involving complex litigation or in the class action context , a one @- @ third contingent fee award is not unreasonable . ?

In August 2011 , the CCAF won a case at a federal appeals court in California in which they objected to class action settlements and attorneys ' fees in litigation regarding Bluetooth headsets . The original case over the headsets had been filed when lawyers had noticed news articles about potential hearing loss and headsets and filed suits on behalf of millions of Motorola and Plantronics customers . The prior settlement would have effectively paid consumers nothing but given the lawyers who negotiated the pact \$ 850 @, @ 000 in fees , amended by Frank and his firm . Frank regards the case as a milestone in his fight to prevent abuses . Frank also unsuccessfully filed an objection to a settlement in an antitrust case against Sirius XM Radio , which provided nothing for the plaintiffs , but a 100 percent payout of \$ 13 million for the attorneys . Judge Harold Baer , Jr. ruled on 24 August that the settlement terms " demonstrate sufficient fairness , adequacy and reasonableness " and rejected Frank 's claims . Frank vowed to appeal , saying " you don 't like to lose , but it 's a good case to take to the appellate court . " In June 2010 , the CCAF filed an objection on behalf of four class members to the Dewey v. Volkswagen , Water Ingress Settlement where attorneys were asking for over \$ 23 million for recovering an \$ 8 million reimbursement fund for a small subset of the class . The case is still pending .