



Lawsuit Reform Alliance of New York

www.LRANY.org

OPPOSE

BILL: S.6334A (HOYLMAN) / A.8034 (Dinowitz)
SUBJECT: Expansion of Class Actions
DATE: July 16, 2020
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Summary:

This legislation would eliminate the restrictions on class actions involving a minimum recovery, eliminate deadlines for class action certification, and expressly permit class actions against municipal entities.

Why we strongly oppose this legislation:

Would Shift Burden to State Courts

- Most class actions are currently filed in federal court, and many are of dubious public benefit. For example, over 80 class actions have been filed in 2019 and 2020 on the use of imitation vanilla. If this proposal were to move forward, many of those cases would move to state courts, creating a burden on court resources and increasing wait times for other cases.¹

Increase in Meritless Class Actions

- This legislation would replace the current 60-day timeline to certify a class with an amorphous “practicable” timeline. This would vastly increase the time to certify a class, leading to far more class actions. According to an empirical study of class actions by Mayer Brown, a “vast majority of cases produced no benefits to most members of the putative class.”²

Create More Litigation Against State and Local Governments

- Expressly permitting class actions against governmental entities would significantly increase the already massive litigation costs on New York state and local governments. Upstate governments already pay \$1b in litigation costs annually,³ and New York City spends over \$700m – more than the next nineteen largest US cities combined.⁴

1. <https://www.truthinadvertising.org/by-the-numbers-vanilla-flavor-class-action-lawsuits/#:~:text=That's%20when%20a%20lawsuit%20was,vanilla%20lawsuits%20peaked%20late%20last>

2. https://www.instituteforlegalreform.com/uploads/sites/1/Class_Action_Study.pdf

3. Creswell et al., “Assessing the Fiscal Impact of Lawsuits Against Municipalities”, Rockefeller College of Public Policy, Albany, NY, 2011

4. <https://www.governing.com/topics/finance/gov-government-lawsuits-settlements.html>

The Lawsuit Reform Alliance of New York is a not-for-profit association of businesses, healthcare providers, membership organizations, and concerned citizens dedicated to reform of the legal system in order to foster a better business climate, promote job growth and address the growing cost of lawsuit abuse.