



ADMINISTRATIVE OFFICE of PENNSYLVANIA COURTS

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Chief justice: \$4 million distribution will help fund civil legal services to low income Pennsylvanians

HARRISBURG — Chief Justice of Pennsylvania Ronald D. Castille said today that rules adopted by the Supreme Court of Pennsylvania in 2012 are again paying big dividends in helping provide legal services for low income Pennsylvanians.

A civil procedure rule that took effect July 1, 2012, directed how money left over from lawsuits after the plaintiffs, attorney fees and expenses have been paid is to be distributed.

Chief Justice Castille said the \$4.1 million distribution announced today involved a case that was initially heard in May 2005 in the Philadelphia Court of Common Pleas. It involved a class of purchasers of Kia Sephia vehicles which experienced premature brake wear as a result of the defective design of the braking system. The verdict was approximately \$5.6 million.

Following payment to members of the class who could be located, there were residual funds of more than \$4.1 million.

The Interest on Lawyers Trust Account (IOLTA) Board, which works to increase access to the civil courts for low income Pennsylvanians, was designated by the July 2012 rule to receive at least 50 percent of the unclaimed funds from civil class action settlements. Prior to the rule change, the disposition of residual funds was left to the discretion of the trial judge.

The remaining 50 percent may also be designated to the IOLTA Board or to another organization that has a relationship with or promotes the interests of the class action lawsuit's objectives. In this case the remaining 50 percent will be distributed to Community Legal Service of Philadelphia.

“Only one in five low income Pennsylvanians with a critical legal problem is likely to get legal help from any source,” Chief Justice of Pennsylvania Ronald D. Castille said. “While half of those who apply for legal aid are turned away, many others never even apply. And that’s because many legal aid organizations can only do so much because of resource restraints.

“The new rules adopted by the Supreme Court last year direct that unclaimed funds like those remaining in the Kia distribution will go to help low-income people tackle civil cases that

multiply in difficult economic times, such as foreclosure, domestic violence and the issues resulting from job loss.”

“These funds couldn’t come at a better time for IOLTA,” said IOLTA chair Jim Schwartzman. “With funding cuts, our ability to help those in need of civil legal assistance has been severely hampered. Although this is a one-time boost, it is a welcome boost, and we thank the Supreme Court and especially Chief Justice Castille for their leadership and creative solutions to help vulnerable Pennsylvanians with their legal matters.”

Class action lawsuits provide a way for large numbers of claimants to have their cases settled in a single proceeding. One of the most common ways to resolve a class action case is to create a fund to satisfy individual claims. Unclaimed or leftover funds are common because many times affected parties cannot be located or identified. Also, sometimes parties may be unable or unwilling to claim their shares of a settlement.

Several states — including Illinois, Massachusetts, North Carolina, Tennessee and Washington — have approved similar provisions that require or allow residual funds from class action settlements to go to charities, legal aid providers or other nonprofit organizations.

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