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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

June 16, 2025

VIA ELECTRONIC TRANSMISSION

The Honorable John G. Roberts, Jr.
 Chief Justice
 Supreme Court of the United States

The Honorable Robert J. Conrad, Jr.
 Director
 Administrative Office of the United States Courts

Dear Chief Justice Roberts and Judge Conrad, Jr.,

According to recent reports, Class Action Claims Administrators, which are companies selected by federal courts to handle the class action settlement process, are receiving “kickbacks” from certain Financial Technology Companies (“FinTechs”) for hiring them to distribute class action settlement payouts.¹ These payouts are done through prepaid digital cards. According to these reports, FinTechs are charging injured class members high inactivity fees, in some instances after only six months, and deducting this fee from the balance on the prepaid settlement cards.² This effectively takes financial compensation amounts from the injured party and gives it back to the Claims Administrator. Reports say that FinTechs, in turn, will give Claims Administrators “rebates and discounts” on how much they charge for their services based on how much the FinTechs collect from these inactivity fees.³ Some reports estimate that FinTechs and Claims Administrators have collected roughly \$300 to \$400 million of unspent settlement money through rebates, discounts, and inactivity fees that was meant to compensate injured class members.⁴

Reports have noted that in some cases, the inactivity fees charged by FinTechs are so high and reoccur so often that they will subsume the entire balance of class action settlement loaded on the prepaid digital card within months.⁵ For example, in one case, the inactivity fee was \$5.95 per month for a prepaid card that only had \$7.44 on it.⁶ While this may seem minimal, these inactivity fees in large class action settlements can result in tens of millions of dollars being collected by FinTechs rather than compensating injured class members.⁷

These reports raise concerns that there appears to be very little oversight by the federal courts on Claims Administrators using digital prepaid cards to facilitate class action settlement payouts.⁸ Reporting also shows that the vast majority of federal courts do not require Claims Administrators to tell the court how much of the settlement actually ended up in the hands of the injured class members.⁹

¹ Amanda Bronstad, *Lawsuit: Claims Administrators Get Kickbacks for Digital Payments*, LAW.COM (April 25, 2025) <https://www.law.com/2025/04/25/lawsuit-claims-administrators-get-kickbacks-for-digital-payments/?slreturn=20250602163759>; Jeff Kauflin, *How Private Equity-Owned Companies Quietly Pocket Class Action Payouts*, FORBES (May 21, 2025, 6:30 a.m.) <https://www.forbes.com/sites/jeffkauflin/2025/05/21/how-private-equity-owned-companies-quietly-pocket-class-action-payouts>.

² Bronstad *supra* note 1; Kauflin, *supra* note 1.

³ Bronstad *supra* note 1; Kauflin, *supra* note 1.

⁴ Bronstad *supra* note 1.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ Kauflin, *supra* note 1.

⁸ *Ibid.*

⁹ *Ibid.*

So that Congress may conduct objective and independent oversight on this matter, please provide answers to the following no later than June 30, 2025:

1. Has the Administrative Office of the United States Courts (AO) or Judicial Conference of the United States (JCUS) been made aware of the issues surrounding the use of digital prepaid cards in distributing class action settlements? If so, what steps have the courts taken to address them?
2. In light of these reports, will the AO or JCUS limit the use of digital prepaid cards in class actions settlements, as well as the “rebates and discounts” that Claims Administrators are receiving from FinTechs or other sources?
3. What is the current policy on the use of Claims Administrators in class action settlements? Has the AO or JCUS taken any steps to review or study that policy to ensure that Claims Administrators are fulfilling their duties and adequately and accurately reporting information to the courts?
4. Under the current policy, what happens to unspent class action settlement payments?
5. Do courts generally track how much in unspent class action settlement money is outstanding? If so, how much is recouped and where does it go?

Thank you for your prompt review and response. If you have any questions, please contact Tucker Akin of my Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Chairman
Committee on the Judiciary