

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**AN ACT TO PROVIDE FOR THE DISTRIBUTION OF UNPAID RESIDUALS IN
CLASS ACTION LITIGATION.**

SECTION 1. Subchapter VIII of Chapter 1 of the General Statutes is amended by adding a new Article to read:

"Article 26B.

"Distribution of Unpaid Residuals in Class Action Litigation.

"§ 1-267.10. Distribution of unpaid residuals in class action litigation.

(a) It is the intent of the General Assembly to ensure that the unpaid residuals in class action litigation are distributed, to the extent possible, in a manner designed either to further the purposes of the underlying causes of action or to promote justice for all citizens of this State. The General Assembly finds that the use of funds collected by the State courts pursuant to this section for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes.

(b) Prior to the entry of any judgment or order approving settlement in a class action established pursuant to Rule 23 of the Rules of Civil Procedure, the court shall determine the total amount that will be payable to all class members, if all class members are paid the amount to which they are entitled pursuant to the judgment or settlement. The court shall also set a date when the parties shall report to the court the total amount that was actually paid to the class members. After the report is received, the court, unless it orders otherwise consistent with its obligations under Rule 23 of the Rules of Civil Procedure, shall direct the defendant to pay the sum of the unpaid residue, to be divided and credited equally, to the Indigent Person's Attorney Fund and to the North Carolina State Bar for the provision of civil legal services for indigents.

SECTION 3. This act becomes effective October 1, 2005, and applies to causes of action that arise on or after that date.

In the General Assembly read three times and ratified this the 24th day of August, 2005.

s/ Governor Michael F. Easley

Approved 1:54 p.m. this 22nd day of September, 2005