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California Class Actions and PAGA ("Prettymuch All is Going to the Attorneys") Claims Continue to Overwhelm the State

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We have reported before about the [huge jury verdicts](#) that get handed out in California with alarming regularity and California's sustained #1 ranking as the ["Top Judicial Hellhole"](#) in the nation. A corollary problem continues unabated: The prevalence of class actions and lawsuits under the Private Attorneys General Act (PAGA).

Though California accounts for 12% of the population of the United States (yes, one in eight Americans lives in the Golden State), currently more than 50% of all class actions in the country are filed here. Further, PAGA claims, which operate essentially like sloppy class actions with far fewer procedural hurdles for the plaintiff and far less oversight by judges, have flooded the courts since PAGA was enacted in 2004 – since then, more than 35,000 PAGA lawsuits have been filed and thousands more are filed each year against employers great and small.

Like most litigated claims, PAGA actions usually get settled – and that's when the mischief really kicks in. Once a settlement amount is agreed upon, it's a relatively common practice for the plaintiff's attorney to allocate as little as possible to the PAGA claim because, after all, 75% of that amount must be paid to the California Labor and Workforce Development Agency (LWDA). No one wants that!

So, in reality, "PAGA" stands for "Prettymuch All is Going to the Attorneys."

Not surprisingly, plaintiffs' attorneys really like PAGA because they can have it both ways: Use the threat of outsize costs, penalties and attorney's fees to drive up the settlement value, then once a settlement amount has been extracted, allocate as little as possible to that pesky PAGA claim, which requires the 75% payment to the state.

We've blogged previously about how even small businesses are hurt by PAGA – [read more here.](#)

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