

# From Objection to Intervention: Rethinking Class Settlement Fairness in the Age of Reverse Auctions

By Geri Green, Esq.

Class and collective action settlements are now a mainstay of wage-and-hour and consumer litigation. Yet California law offers surprisingly little guidance on how courts should evaluate them. As the Court of Appeal noted in *Amaro v. Anaheim Arena Mgmt., LLC*:

“Considering how often trial courts review and approve class action settlements... there are few published California cases providing guidance on this process. Parties seeking approval must generally rely on federal authority.”

At the same time, intervention has become increasingly significant as overlapping class actions compete for resolution. These collisions raise the stakes for fairness, representation, and judicial economy. Three recent California decisions—*Edwards v. Heartland Payment Systems, Inc.*, *Amaro v. Anaheim Arena Mgmt.*, and *Hamilton v. Vail Corp.*—demonstrate an important shift in how courts are addressing fairness concerns, especially the specter of “reverse auctions.”

## The Reverse Auction Problem

In class practice, a reverse auction occurs when a defendant settles with the most cooperative set of plaintiffs’ lawyers, often those willing to accept a lower payout or broader release. The result? A cheaper deal for the defendant, but often at the expense of stronger or earlier-filed cases.

This concern is particularly acute in wage-and-hour, consumer fraud, and PAGA claims, where overlapping suits are common and settlement pressure is intense. And courts are now being pushed to decide when

they should step in to police settlement dynamics and how intervention fits into that oversight.

## Edwards: Deference to Process

In *Edwards*, absent class members tried to intervene, arguing the settlement undervalued their claims. The court said no. Objection and opt-out rights, it held, were adequate protections where class counsel had acted diligently and no collusion was shown.

The decision reaffirmed the traditional view that intervention under Code of Civil Procedure section 387 is an “exceptional remedy,” not something to be routinely granted. Courts should generally trust the process—unless there’s a concrete showing of misconduct.

## Amaro: Narrower Releases, Sharper Review

*Amaro* marked a turning point, strengthening the judiciary’s role as gatekeeper. There, the court acknowledged concerns about a reverse auction but found no collusion, noting the settlement followed meaningful discovery and arms-length mediation. Crucially, however, it allowed a related plaintiff to intervene, ensuring overlapping claims received a full airing. The court also stressed that settlement releases must be tied to the facts alleged in the complaint and cannot sweep in every claim arising from the employment relationship. Overly broad releases risk extinguishing valid rights without proper consideration.

## Hamilton: Scrutiny in Multi-Jurisdictional Battles

If *Amaro* sharpened oversight, *Hamilton* pushed it further. There, California plaintiffs negotiated a nationwide settlement that would have extinguished claims in an earlier Colorado case. The trial court approved the deal, applying a presumption of fairness.

The appellate court reversed. Pre-certification settlements, it explained, carry heightened risks of collusion and deserve close review, not deference. Denying intervention was in error, especially given the potential for a reverse auction—where defendants exploit competing lawsuits to minimize exposure.

*Hamilton*, while unpublished, illustrates the particular dangers of multi-jurisdictional litigation, where differences in timing, venue, and even personal jurisdiction can create incentives for weaker settlements. Courts, the opinion made clear, must guard against those structural risks.

## The Emerging Continuum

Taken together, these cases paint a novel continuum in California law:

- *Edwards* reflects a traditional reliance on objection rights and judicial oversight.
- *Amaro* expands scrutiny, particularly of release scope, and welcomes intervention where competing claims exist.
- *Hamilton* underscores the need for rigorous review and broad access to intervention in overlapping, nationwide cases.

The trend is clear – courts are moving from process-oriented deference toward more muscular oversight, particularly where

reverse auction dynamics threaten absent class members.

## Strategic Takeaways

California courts are no longer content to rubber-stamp class settlements. The trajectory is toward deeper scrutiny, narrower releases, and greater openness to intervention. The takeaways for litigators are:

- **Plaintiffs' counsel** should track and coordinate parallel cases, and be prepared to intervene early to protect viable claims.
- **Defendants** should recognize that aggressive forum-shopping or reverse auction tactics may backfire, prompting intervention and closer judicial review.
- **Mediators** should be attuned to imbalances or signs of reverse auction dynamics, and flag them to preserve both the integrity of the process and the enforceability of the deal.

The age of the reverse auction has put settlement fairness front and center. Navigating that landscape requires vigilance, coordination, and a willingness to adapt strategies as courts continue to refine the rules of the game.

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