



See how Stuart Maue, with over 29 years of experience, assisted an insurer in reviewing fees and expenses in a Product Liability Litigation/Environmental Litigation



**STUART MAUE**  
PREMIER COST MANAGEMENT

## Legal Auditing Services Case Study

### Overview

This case study examines how a multinational insurance company used Stuart Maue's Legal Auditing Services to analyze \$63,000,000.00 in fees and expenses resulting from groundwater contamination litigation. Later, the insurer hired Stuart Maue to audit the \$1,100,000.00 in fees charged by litigation counsel in the fee litigation.

### Background

Since the 1970s, the oil industry used Methyl Tertiary-Butyl Ether, or MTBE, as a gasoline additive to replace lead, increase octane, and reduce smog-causing emissions. Although MTBE was known to cut air pollution, in the late 1990s it was found to contaminate drinking water to a higher degree than non-treated gasoline when it seeped into groundwater. This led to a wave of litigation in several states purporting contamination of water supplies by MTBE. The lawsuits alleged

that an international petrochemical corporation produced and distributed gasoline containing MTBE. The plaintiffs in the cases claimed that MTBE was a defective product and that refiners failed to adequately warn customers and the public about the risks associated with the use of MTBE in gasoline.

When the insurance company for the petrochemical company was presented with a request for reimbursement of legal fees incurred by the petrochemical company, the insurer wanted to review the legal invoices for any fees and expenses that were excessive, duplicative, or unnecessary. Retained by the insurer, Stuart Maue reviewed in excess of \$63,000,000.00 in legal fees and expenses billed by 124 timekeepers in over 100 groundwater contamination claims.

In the review, Stuart Maue used the methodology derived from the rules of professional responsibility, case law, other applicable precedent bearing upon the

reasonableness of attorneys' fees, and custom and practice within the legal community. The billing guidelines that the petrochemical company supplied to all retained counsel were used as well.

Once Stuart Maue received the law firm invoices, they were loaded into a proprietary computer database where fees and expenses were quantified and reconciled. Stuart Maue attorneys performed a detailed examination of the fees generated by the various litigation phases, identified billing issues, and questioned charges.

The review resulted in the questioning of approximately 30% of the total fees and expenses. Later, the insurer hired Stuart Maue to review \$1,100,000.00 in fees and expenses incurred in the fee dispute litigation. Stuart Maue found approximately 45% of the fees and expenses as excessive, duplicative, or unnecessary in the \$1,100,000.00 review.

### A few of the significant billing issues identified by Stuart Maue in the audit were:

- Double billings
- Administrative and clerical overhead charges
- Unsubstantiated vague tasks
- Inappropriate large time increment billing
- Excessive in-firm conferencing
- Overhead expenses

### Contact us:

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