



See how Stuart Maue, with over 29 years of experience, assisted a big box retailer in reviewing legal fees and expenses in a Class Action/ Consumer Protection lawsuit.



STUART MAUE
PREMIER COST MANAGEMENT

Legal Auditing Services Case Study

Overview

This case study examines how a U.S.-based big box retailer used Stuart Maue's Legal Auditing Services to analyze over \$48 million in legal fees and expenses resulting from a settlement in a class action/ consumer protection lawsuit.

Background

In 2009, several class action lawsuits accused dozens of companies, from oil giants to fuel-station chains, of being involved in the practice of selling "hot fuel"—gasoline and diesel sold without adjusting the volume for temperature. An issue occurs when the temperature rises—the volume of the fuel increases but the energy in the fuel remains the same. Consumers could leave with less gas in their tank than they paid for if the impact the temperature has on motor fuel isn't taken into account by the retailer.

A big box retailer was one of the many companies involved in the hot fuel class

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

- Block billings
- Vague entries
- Double billing
- Large time increment billing
- Missing timekeepers

action suits. The retailer was able to reach a settlement by agreeing to convert gas pumps in some states to automatically compensate for the fuel expansion due to changing temperatures. In addition to the settlement however, the plaintiff's lawyers requested attorney fees. The retailer wanted a review of the plaintiff's attorney fees before making the pay-out.

Solution

The counsel to the retailer retained Stuart Maue's Legal Auditing Services to analyze the plaintiff's legal fees and expenses. The plaintiff's attorneys had sent the retailer their invoices at the beginning of the year. The retailer turned the billing records over to Stuart Maue for review. Many of the records contained block billing entries that did not indicate the specificity of hours, the allocation of activities, or sufficient descriptions of activities. Double billing was prevalent, along with billing in minimum one quarter hour versus the

industry standard of tenths of an hour.

The following year, the retailer's attorneys received a second set of time records from the plaintiff's attorneys. These bills covered the same time period as the first set of

invoices. When Stuart Maue compared the second set of invoices to the first set, Stuart Maue found significant differences between the two sets. For example, the second set of time records contained an additional 23,000 hours. This amounted to a \$7 million increase in fees. Additionally, the second set of invoices had many of the tasks unblocked, task descriptions were changed and detail was added, some tasks were removed and others were added. In total, Stuart Maue reviewed 20 law firms, 188 timekeepers, and approximately \$48 million in legal fees for the retailer.

The discrepancies between the two sets of billing records suggested that the plaintiff's attorneys did not maintain the time records contemporaneously and the reliability of the records was questionable. Stuart Maue produced a detailed report outlining the issues with both sets of invoices for the retailer for use in their negotiation with the plaintiff's law firms. The report gave the retailer a detailed understanding of the fees and expenses requested.

Contact us:

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