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Vague Fee and Expense Entries Result in Reduction to Attorneys' Fees by 15%

In *Klebe v. University of Texas Health Science Center*, the plaintiff requested to be reimbursed for legal fees amounting to \$422,604.04 and expenses totaling over \$22,000. After conducting a review of the billing records submitted by plaintiff's attorneys, the court deducted 15% of the time due to the attorneys' failure to adequately describe tasks. Moreover, the court also deducted over \$1,700 from the plaintiff's request for expenses incurred during the litigation.

In evaluating the billing records, the court found that not one entry was "longer than a line of type" and many of the entries inadequately described the work performed. Although the court could determine the type of work being performed by the attorney, the subject matter of the work being performed was absent from the time records, making it difficult for the court to determine the reasonableness of the work being performed.

In awarding costs under federal law, the court must determine the reasonableness of the expenses. Expenses, in order to be recoverable, must be "reasonably necessary" and may be disallowed for "vagueness, inadequate documentation, or the failure to substantiate the necessity of such charges." The court found numerous instances of unspecified and unreasonable expenses. In particular, the court disallowed \$642.81 listed under the category "meals." The meals were not specified in the billing records nor did they indicate why such meals were necessary. In addition, the court refused to reimburse plaintiff's counsel for expenses for unspecified gas costs, travel costs and parking citations.

Implications for Legal Billing: Billing entries that lack detail prevent the client from adequately determining whether the attorney's fee is reasonable. Without sufficient detail, it cannot be determined which tasks the attorney completed or whether the time billed is excessive for the task performed. As demonstrated by this decision, where vague billing entries exist, courts are reluctant to compensate an attorney for the hours expended. This notion also applies to expenses. In order to be reimbursed for costs and expenses, an attorney must identify each cost separately with a corresponding charge. Without enough detail, it is impossible for a client to determine whether the expense was reasonable and necessary. Merely

EXPENSES FOR “PHOTOCOPIES, TRAVEL, LONG DISTANCE, POSTAGE, AND MESSENGERS MAKE UP THE OVERHEAD OF A LAW PRACTICE”

listing a lump sum charge for each category is not sufficient. Put simply, each expense should be adequately detailed and separately itemized.

It is important to note that some expenses are not reimbursable at all. Clearly, parking citations fall into this category. Such expenses should never be the responsibility of the client. Meal charges may also be included in this category and should be scrutinized by the client. As stated by the court, “[s]imply because an attorney is working through lunch, or has dinner brought in, does not mean the expense is reasonable or necessary to the case.” Additionally, it is the general rule that expenses for “photocopies, travel, long distance, postage, and messengers make up the overhead of a law practice, and are considered in setting hourly billing rates.”

Therefore, since these expenses should be contemplated by a law firm in fixing its hourly rates, they should not be passed on to the client.

*Klebe v. University of Texas Health Science Center, 2010 WL 1544394 (W.D. Tex. 2010). Full copies of court decisions may be available through counsel or through various Internet links or paid services.

By Laura R. Bugdin

Sterling Analytics is a consulting and advisory firm that helps companies reduce their legal expenses. Our proven methodologies are based on legal precedent, guidelines and ethical standards that compel law firms to significantly modify improper billing practices. Although our clients come from a broad range of industries with different legal budgets, they share a concern about their legal expenses and are looking for solutions to manage outside counsel while maintaining the highest service level standards. We are able to audit legal fees based on our extensive database of proprietary benchmark data and our solid understanding of traditional legal practices. Our process is fair, independent, cost effective and maintains attorney-client privilege. We are able to measure the extent to which our clients' legal expenses exceed industry standards, and will manage the negotiation and recovery of excessive fees. To institutionalize cost controls, we assist clients by installing systems and protocols that monitor billing activity and catch improper practices.

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