



STERLING ANALYTICS

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District Court Finds that Overstaffing Leads to Excessive Hours and Reduces Fee Request by Over \$68,000

Last year, a federal district court in New York reduced a plaintiff's request for attorneys' fees in the amount of \$102,762.00 to \$34,254.00. The court based this reduction on the excessive number of hours that were billed by the plaintiff's attorneys. Noting that "[c]ourts are given broad discretion to evaluate the reasonableness of the number of hours expended," the court found that the 580 hours spent on a straightforward, routine case was "staggering."

Courts have the authority to eliminate unnecessary hours where it finds that the hours expended are excessive in relation to the task performed. In this case, the court found it relatively easy to determine that the number of hours spent by the plaintiff's attorneys were unreasonably excessive. The court emphasized that overstaffing played a large role in its evaluation of the reasonableness of the fees requested. In particular, the fees requested contained hours spent by 10 different staff members. Furthermore, three different attorneys spent over 100 hours solely on the preparation of the complaint. The time spent on this fairly "routine" complaint, the court stated, resulted in inefficiency and an unreasonable fee request.

Implications for Legal Billing: As indicated by this recent decision, courts are scrutinizing requests for legal fees for excessive and unnecessary hours spent on particular tasks. As the court noted, overstaffing is one of the billing practices that results in excessive hours. More often than not, especially on noncomplex, routine matters, no more than a few attorneys are necessary to complete a matter. To avoid overstaffing, law firms must be more sensible in delegating tasks. Furthermore, law firms should review not only the total number of hours spent on the matter prior to sending a

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statement to a client, but should also carefully evaluate the hours spent on each individual task.

Though unethical, law firms still engage in this type of billing practice. As a result, it is important for consumers of legal services to scrutinize every task for which they are billed. It is not difficult to recognize when a matter is overstaffed. For instance, a matter is typically overstaffed where more than one attorney is working on the same task, such as researching for and drafting the same motion or pleading. Of course, in certain circumstances, it may be necessary for a firm to assign a number of attorneys and other legal staff to a particular matter, especially where

the case involves complex legal matters. However, in all other situations, it is improper and unethical to assign more staff members than is necessary to complete the matter.

*Shim v. Millennium Group, 2010 WL 2772493 (E.D.N.Y. 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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