

Legal reform

New watchdogs are costing us plenty

By Rick Maier

Don't worry about the additives in your cereal, the late charges for your video rental or the type of parts your insurance company uses to repair your car. We helpless, naive consumers are under the vigilant care of a group of people who protect us from the evil corporations, mutual funds and churches.

Who are these watchdogs you ask - a consumer group, state or federal regulators? No, they are part of one of the fastest growing industries in America –class action law firms.

In the Cheerios case, the lawyers fought hard to win us coupons for more cereal and all they received in return was \$2 million. Blockbusters customers who paid a lot of late fees got free rentals, and the lawyers were paid a mere \$9 million. These are just a couple examples of how these eager battlers protect us, without our even asking.

Here are a few personal experiences with class action lawsuits:

- A former employer was sued for tens of millions of dollars in Alabama for not fully explaining the billing terms. Despite the fact that we followed standard industry practice and the only customer who complained was the attorney's client, we settled by sending out form letters to customers and paying the attorney what probably amounted to thousands of dollars per hour.
- The same employer was sued for mismanagement when its stock price plummeted. I never sensed any fraud, but they settled the case. Shareholders received pennies per hundreds of dollars of loss. One New York law firm received \$111 million.
- I spent a long time in the attic searching for documents and filling out pages of paperwork to join other investors in a claim against a well known corporation whose stock had fallen. The case was settled back in December, the attorneys got \$98 million, but I haven't seen a penny.
- As a student, I worked in a service station where the air was thick with asbestos dust from brake repairs (brake shoes used to be made with asbestos). According to www.asbestoscrisis.com, \$60 billion has been sucked out of the American economy over asbestos litigation, most going to trial lawyers and attorneys defending the manufacturers. No one has ever contacted me about my exposure, and I'll bet few of the funds ever go to anyone who has actually suffered any injury. Furthermore, I believe an informed friend who says that casual exposure to asbestos is about as harmful as breathing air near the sand on a beach.

Like other areas of legal abuse, a few crafty trial lawyers have taken a worthwhile legal process and twisted it for their own benefit. They shop state or county courts in remote parts of the country who will rule in their favor. They evade federal jurisdiction to allow

a “single judge to override the consumer protection and tort laws of the other 49 states” (www.legalreformnow.com).

Corporations are coerced to settle when faced with claims that could involve millions of customers. On the other hand, companies are all too anxious to limit their exposure to a single legal action. Insurance companies cover the claims by spreading the costs to us all.

The attorneys say they’re protecting the weak, but in reality they are redistributing resources from consumers to themselves, money that could be used for jobs, raises, lower prices and more choices.

The mainstream press continually harps on the pay and perks of corporate executives, but where is the outrage over the ridiculous compensation of these class action lawyers?

We have a huge government bureaucracy to protect us from abuse; we don’t need more piling on by these self-appointed opportunists. Let’s elect representatives who support legal reform.

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