

Lawyer in Dunkin' butter case: \$90,000 payout 'not actually profitable'

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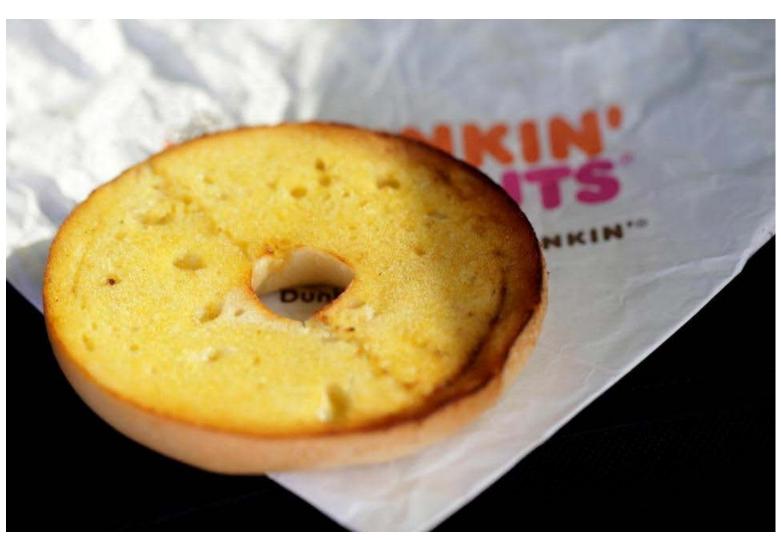
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By Matt Rocheleau

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On the surface, it seems, something doesn't taste quite right about the proposed settlement in <u>the</u> class-action case of a central Massachusetts man who has sued over having butter substitute —

instead of the real butter he'd ordered — on his Dunkin' Donuts bagels.

He would get \$500, and up to 1,400 other similarly-wronged customers would get a few free buttered baked goods.

Meanwhile, his legal representation in the case would get up to \$90,000, according to terms of a proposed settlement filed in court this week.

That's about 180 times the amount that would go to the man who brought the suit, or about the equivalent of roughly 90,000 buttered bagels from Dunkin' Donuts.



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But one of the man's attorneys said that the deal is not as unfair as it may appear.



Lawyer could pocket \$90k in Dunkin' case, leaving

\$500 for client

The plaintiff who sued Dunkin' Donuts for allegedly using margarine on his bagels would get \$500; his lawyer could receive up to \$90,000.

He couldn't believe it was butter. So he sued Dunkin' Donuts.

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For one, the money would not go to any one lawyer or individual, said the attorney, Thomas Shapiro.

"It's not like it all goes right into my pocket or any one person's pocket," he said by phone Wednesday.

Instead, it would be shared by the two law firms that backed the class-action suit and used not only to compensate attorneys and paralegals who worked on the case, but also to cover other overhead costs the firms incurred.

Shapiro said that three or four attorneys, along with several paralegals and other staff, helped on the case, which the firms have worked on for more than a year. And, Shapiro noted, their work won't be done once, and if, a judge



approves the proposed settlement; there will be more to do to help class members receive their free buttered baked goods.

"It's much more time consuming than one would imagine looking from the outside," Shapiro said. "When compared with the actual time we put into the case, this is not actually a profitable case for us."

"We did this because we thought it's an important principle," he added.

As part of the settlement, Dunkin' Donuts would agree to notify customers if they offer a butter substitute instead of the real stuff.

"That was the main issue of the lawsuit. And now there will be a notice there, so people will be alerted to the issue," Shapiro said. "I think a lot of people will really appreciate that. I think most people were not aware before — you don't think about it."

The difference between butter and margarine may seem small, even silly, but Shapiro said he's received emails from people thanking him who claim that eating the butter substitutes caused them to have an allergic reaction.

And the suit drives home a bigger point: that companies should advertise truthfully.

"A lot of products are being sold around the country as 'all natural' when they're not."

Such class-action cases "provide an important public service," he said. "The companies know they're going to be held accountable," he said.

Shapiro said the man who brought the case forward was happy with the settlement terms.

"I don't think he did this for the money," Shapiro said. "I think he did it because it was wrong and he felt it should be corrected."

Legal experts say that such scenarios — where attorneys get a huge payout but their clients get little or no money — are far from unusual in class action cases.

And some decry the practice as being unfair.

"In general, this is a systemic issue with class actions, where lawyers structure settlements to benefit themselves rather than the class," said Ted Frank, a lawyer and director of the Center for Class Action Fairness at the Competitive Enterprise Institute think tank in Washington D.C. "It's a consistent problem."

Frank said judges who must approve settlements in such cases sometimes approve seemingly lopsided agreements, despite laws designed to prevent attorneys from structuring settlements to

benefit themselves more than the class.

"Judges should be giving these settlements more scrutiny," Frank said.

Yet, others argue that class action lawsuits and settlements are an important and beneficial tool for consumers — even in cases in which lawyers wind up taking home substantially more money than their clients.

Besides financial payouts, there can be other benefits from such cases, said Ira Rheingold, executive director of the National Association of Consumer Advocates.

In the local bagel-toppings case, for example, "If the lawyers are making Dunkin' Donuts change their policies, there's a certain value to that," said Rheingold. "It's kind of silly, but nonetheless people do care if it's margarine versus butter."

"One individual making a complaint to a Dunkin' Donuts isn't going to get the company to change their policies, but a class action lawsuit can."

"Class actions are one of the ways to make sure that companies actually abide by the laws and tell the truth," he added. "It's one of the ways the market can regulate itself. We simply don't have enough public regulators to hold every company accountable."

Rheingold also noted that attorneys who take class-action cases are often taking on some risk because they typically only get paid for the work if they win or settle favorably.

He acknowledged, the system doesn't always work the way it should. There are cases where settlements clearly benefit lawyers much more so than the people they represent.

"Like everything it doesn't work perfectly," Rheingold said. "Do some judges approve class actions they probably shouldn't? Yes."

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