

Press Release

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For Immediate Release

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OBJECTIONS TO \$24 MILLION IN ATTORNEYS' FEES FILED IN COSMETIC CLASS ACTION CASE (*Azizian v. Federated Dept. Stores, Inc.*)

The Washington Legal Foundation (WLF) filed preliminary objections on behalf of a group of objectors to a proposed settlement in a nationwide class action case that would award attorneys' fees of up to \$24 million to class action attorneys, but offers only a chance to consumers to get a "free" item of cosmetics allegedly valued between \$18-\$25 if they purchased so-called "high end" cosmetics or fragrances over the last 10 years.

In *Azizian v. Federated Department Stores*, a nationwide class action was filed five years ago in California against a group of department stores such as Lord & Taylor's, Nordstrom's, Saks Fifth Avenue, and Target, for antitrust violations with respect to the sale of cosmetics manufactured by companies such as Estee Lauder, L'Oreal, Christian Dior, and Chanel. The complaint claims that the defendants unlawfully agreed not to sell the cosmetics and fragrances at discount prices and to limit gift with purchase offers.

The companies and stores denied any liability, but recently agreed to pay up to \$24 million to class counsel to settle the case, and to give away \$175 million in unspecified products to class members. In its preliminary objections filed on behalf of 33 class members, WLF argued that notice about the proposed settlement was neither sufficient nor timely in reaching class members; notices were buried in fine print in the March 2004 issues of certain magazines and recent newspapers. Several objectors contacted Washington, D.C., area stores, only to learn that virtually all of the cosmetic salespersons were not even aware of the lawsuit. WLF called upon the federal court in Oakland to order the parties to provide a new and more effective notice to the class about the case.

WLF also argued that the settlement, which provides that unspecified "free" products would be given away, was vague, did not afford consumer choice of products, and would lead to long lines at stores. Indeed, WLF attached several news articles quoting one of the class attorneys who predicted that there would be huge problems with the distribution. WLF argued that consumers should receive either cash or a coupon to redeem for products instead, and that the attorneys fees' should be reduced and a portion withheld until after the distribution. A hearing in the case is scheduled for June 8, 2004.

WLF filed the objections as part of its Investor Protection Program (IPP) which includes opposing certain class actions and the award of excessive attorneys' fees.

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