

SETTLEMENT PRELIMINARILY APPROVED BY JUDGE IN SKECHERS LAWSUIT



A \$40 million settlement between consumers and Skechers USA Inc. has been preliminarily approved by a federal judge. The settlement comes from a case against the shoemaker and its toning shoes after ads by Skechers made unfounded claims that the shoes would be able to help consumers lose weight. Consumers will be able to receive reimbursement for their purchases, no more than \$80 per pair of Shape-Ups; no more than \$54 per pair of Podded Sole Shoes; \$84 per pair of Resistance Runner shoes and \$40 per pair of Tone-Ups. The settlement arrives just three months after Skechers, which is based in California, reached an agreement about the ads with the Federal Trade Commission. The settlement with the FTC was brought on by an investigation led by attorneys general from Tennessee and Ohio and over 40 states in the country. The states named in that settlement will receive \$5 million to split. The settlement between Skechers and the consumers encompasses 70 lawsuits from across the United States. All of the lawsuits have been consolidated in Louisville, Kentucky in federal court. The company continues to deny the claims made against it but said it settled in order to avoid lengthy litigation. An attorney who represented the class in the lawsuit, Tim Blood, said that both of the settlements were reached together. "This is the other piece of the settlement process," Blood said. "By combining the cases, we're able to get much more value for class members." A fairness hearing has been scheduled by U.S. District Judge Thomas B. Russell, which will help finalize the settlement. The hearing will not be held until the settlement is made public and consumers have the chance to object to its terms and opt out of the settlement if they so wish. The ads in question featured celebrities Brooke Burke and Kim Kardashian with claims that consumers could lose weight and strengthen buttocks, leg and stomach muscles when wearing the shoes. A pair of Shape-Ups costs roughly \$100 and was advertised as a tool of fitness. Judge Russell said that the attorneys working on the case have to be paid from a fund of \$5 million and not from the \$40 million settlement fund for the consumers. The amount of people in the lawsuit class is still not known because people might have purchased more than one pair of shoes. "Not only is this agreement in the range of possible solutions, it is likely the best resolution that class members could receive absent receipt of the product actually marketed to them," Russell wrote.