

United States Court of Appeals
for the Fifth Circuit

United States Court of Appeals
Fifth Circuit

FILED

March 7, 2024

Lyle W. Cayce
Clerk

No. 22-60264

JAMES ALDRIDGE, *Relator, on behalf of* UNITED STATES OF
AMERICA,

Plaintiff—Appellee,

UNITED STATES OF AMERICA,

Intervenor—Appellee,

versus

CORPORATE MANAGEMENT, INCORPORATED, *a Mississippi*
corporation (CMI); STONE COUNTY HOSPITAL, INCORPORATED;
H. TED CAIN, *professionally and in his individual capacity*; JULIE CAIN;
THOMAS KULUZ,

Defendants—Appellants.

Appeal from the United States District Court
for the Southern District of Mississippi
USDC No. 1:16-CV-369

No. 22-60264

Before JONES and DOUGLAS, *Circuit Judges*, and DOUGHTY, *Chief District Judge*.*

PER CURIAM:**

Relator James Aldridge filed a False Claims Act (FCA) lawsuit against several Defendants, who he accused of engaging in Medicare fraud. Among other acts, Aldridge alleged fake cost-reporting practices, “swing bed” manipulation, and improper waivers of copays and deductibles. Eight years after he filed the action, the Government gave notice of its intent to intervene and subsequently filed a complaint alleging several FCA allegations of its own. The case proceeded to trial, and after nine weeks, the jury returned a verdict, finding Defendants liable for nearly \$11 million in damages. That amount tripled to approximately \$32 million after applying the FCA’s trebling provision. After the verdict, Defendants moved for judgment as a matter of law and a new trial. The district court denied both motions, and Defendants quickly appealed those rulings alongside several other evidentiary and post-trial discovery orders.

In the meantime, Aldridge moved for attorneys’ fees, litigation expenses, and costs allowable under the FCA. *See* 31 U.S.C. § 3730(d)(1); Relying on declarations from his attorneys and experts, Aldridge sought an award of more than \$600,000. Defendants opposed the motion, arguing that such an amount was inappropriate given these circumstances. In their view, the claims advanced by Aldridge were based on different facts and legal theories than those brought by the Government and those on which the jury based its verdict. According to Defendants, Aldridge could not recover fees

* Chief United States District Judge for the Western District of Louisiana, sitting by designation.

** This opinion is not designated for publication. *See* 5TH CIR. R. 47.5.

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related to work on unsuccessful FCA claims. At best, Defendants believed that Aldridge should receive no more than \$195,787.75 based on the billing evidence he submitted to the court.

The district court disagreed. It concluded that the Government prevailed on the same claims as those Aldridge had alleged because Aldridge's pleadings referenced "cost report fraud." It alternatively concluded that even if the claims were different, the "accusations and claims were based on related legal theories," and it was unwilling "to require the Relator to separate attorneys' hours expended on individual claims." The court then assessed costs. It accepted the hourly rates Aldridge's attorneys requested as reasonable and credited most of their hours with few exceptions. After calculating the lodestar amount, the court granted a 15% upward adjustment to the baseline figure. In doing so, it stressed the Government's "degree of success" and the novelty of the approximately \$32 million award. In total, the district court approved attorneys' fees and litigation costs exceeding \$550,000. Though Defendants timely appealed that order, we held this case in abeyance, pending the outcome of the related case that considered the jury's underlying judgment.

A short time ago, we issued an opinion resolving that appeal. *See United States v. Corp. Mgmt., Inc.*, 78 F.4th 727, 753 (5th Cir. 2023), *cert. denied sub nom. Corp. Mgmt. v. U.S., ex rel. Aldridge*, No. 23-546, 2024 WL 218799 (U.S. Jan. 22, 2024). In *Corporate Management*, the "Government largely prevail[ed]." *Id.* 732. But while "Appellant's arguments failed to undercut the jury's verdict," *id.* at 731, we nevertheless modified the judgment, concluding that the FCA's six-year statute of limitations barred several of the Government's allegations against Defendants. *Id.* at 745. We specifically dismissed all claims accruing before September 2009. *Id.* A consequence of this holding was that the total judgment was reduced "by over half." *Id.* at 747. We accordingly affirmed in part, reversed in part, and

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remanded the matter back to the district court to remit the damages award. *Id.* at 745, 753.

With the benefit of that ruling, we now turn to the present challenge. When reviewing Aldridge’s motion for attorneys’ fees, the district court partly relied on the “significance of the overall relief,” which, in its view, could “hardly be overstated.” And when granting a 15% upward variance to the lodestar, the court largely focused on “the degree of success obtained,” explaining that “very few similar awards [could] be found.” But as mentioned, we reversed that judgment in part. And because the district court based its decision on a judgment we have since modified, we must vacate the district court’s ruling and remand for proceedings consistent with our holding in *Corporate Management. See Flowers v. S. Reg’l Physician Servs., Inc.*, 286 F.3d 798, 801 (5th Cir. 2002) (finding it appropriate to vacate attorneys’ fees award where underlying judgment was vacated in part).

VACATED and REMANDED.