

CLAIM SCENARIOS

EMPLOYED LAWYERS LIABILITY

The Securities and Exchange Commission charged a General Counsel with violations of federal securities laws, including Sarbanes-Oxley. It is alleged that the employed lawyer participated in the filing of public documents that were untrue. It is alleged that certain loans and stock options, in an amount alleged to be material, were made to a Director of the company but not disclosed to the public in the company's quarterly or annual report as required by law. The attorney faces up to \$1,000,000 in fines and disbarment from the SEC for the Sarbanes-Oxley violation, alone.

An in-house attorney for a company drafted a contract between the company and client. Years later, the attorney was sued by the client. The client alleged that the attorney did not advise them that he was a corporate lawyer representing the company and, therefore, he had a conflict of interest when the contract was drafted. Client demanded nearly \$2 million in damages.

A corporate attorney prepared certain required SEC filings, as well as a press release to the general public concerning the financial condition of the corporation. Two separate class actions were brought against the corporation and several of its officers, including the corporate attorney, alleging the documents were misleading and deceptive and in violation of federal securities law. Subsequently, the SEC brought a separate action against the corporate attorney proposing charges against him relating to the same SEC filings and the press release.

The general counsel of a company handled the CEO's divorce. The ex-spouse discovered that the CEO had concealed assets during the divorce proceedings and sued the CEO and the general counsel for over \$1,000,000 for conspiring to conceal the assets.

A New Jersey in-house transaction attorney defended a domestic violence case under the mandatory pro bono requirement. The defendant was convicted. He sued the attorney for \$5,000,000 for malpractice, alleging ineffective assistance of counsel.

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