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Blank Rome ▾ Hit With \$25M Malpractice Suit

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Summary

Blank Rome LLP ▾ was hit with a \$25 million malpractice suit in New York state court Friday by a former client who claims the firm represented her in divorce proceedings while simultaneously representing her husband's employer, **Morgan Stanley**, leading to a conflict and a mishandling of the divorce.

Body

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Kristina M. **Armstrong** filed for divorce from R. Michael **Armstrong** in 2009 and hired Blank Rome ▾ matrimonial practice group leader Norman S. Heller to represent her. Neither Heller nor Blank Rome ▾ informed Kristina **Armstrong** that the firm was simultaneously representing **Morgan Stanley** in a \$400 million financing, according to the complaint.

Kristina **Armstrong** brought suit against Blank ▾ **Rome**, Heller and another attorney to recover monies owed to her as a result of the defendants' "egregious misrepresentation and malpractice" in the mishandling of her divorce proceedings, the suit said.

"This fraudulent nondisclosure, which Blank Rome ▾ was ethically obligated to make, deprived Ms. **Armstrong** of the ability to make an informed decision about whether to retain Blank Rome ▾, which she would not have done," the complaint said. "Blank Rome ▾, as are all attorneys, are under an ethical obligation to disclose to their clients, here Ms. **Armstrong**, at the earliest possible time, any conflicting interests that might cloud their representation."

Kristina **Armstrong** filed for a divorce in the Supreme Court of Westchester County in 2009 after her husband allegedly engaged in an extramarital affair, according to the complaint.

R. Michael **Armstrong** was a managing director of **Morgan Stanley**, held the position of head of global and U.S. Private Wealth Management and was a member of the firm's management committee, which controlled the operations of **Morgan Stanley** and set out its policies, according to Kristina **Armstrong**.

In November 2009, Kristina **Armstrong** signed a retainer agreement and gave **Blank Rome** ▼ a \$25,000 up-front retainer. Shortly thereafter, the firm announced to Wall Street clients that it was representing **Morgan Stanley** in a \$400 million financing, but failed to inform Kristina **Armstrong**.

Blank Rome ▼'s failure to disclose the conflict of interest, while separately actionable, appears to be closely related to its "complete and utter malpractice," the complaint said. Kristina **Armstrong** said the firm lied to her, negotiated away her rights behind her back and tricked her into signing a stipulation in the divorce proceedings wherein she unwittingly agreed not to value her husband's securities licenses.

Jonathan Sack of Sack & Sack Esqs. ▼, who represents Kristina **Armstrong**, said lawyers are held to a higher ethical standard.

"Selling out a client's interests in favor of promises of fees down the road from an adversary is shameful and violates our oath to the profession and the the clients we represent," Sack told Law360 on Friday. "I fully intend to demonstrate that **Blank Rome** ▼'s behavior in this instance transcends conflict of interest and, worse, puts their own interests ahead of the client."

Kristina **Armstrong**, suing for legal malpractice, violation of state laws and equitable relief, seeks judgment against **Blank** ▼ **Rome**, Heller and attorney Dylan S. Mitchell ▼ jointly and severally, seeking actual, treble and punitive damages, attorneys' fees and interest and costs.

Representatives for **Blank Rome** ▼ didn't immediately return requests for comment on Friday.

Kristina **Armstrong** is represented by Jonathan Sack of Sack & Sack ▼ Esqs.

Counsel information for the defendants wasn't immediately available.

The case is Kristina M. **Armstrong** v. Blank Rome LLP ▼ et al., case No. 651881/2013, in the Supreme Court for the State of New York, County of New York.

--Editing by Chris Yates.