

Legal Ethics Cases To Watch In 2018

By **Andrew Strickler**

Law360, New York (January 1, 2018, 3:04 PM EST) -- The upcoming year looks fruitful for professional liability lawyers and ethics experts, with two cases in New York promising to make new law around a tough attorney-deceit statute.

California is the scene of a hotly disputed trade secrets case generating questions about undisclosed evidence in the runup to a trial, as well as a key state Supreme Court look at a conflict waiver issue. Meanwhile, two federal judges who have faced past misconduct inquiries will again find themselves in the public spotlight.

Here are five legal ethics cases Law360 will be watching in 2018:

Blank Rome and the Morgan Stanley Executive Divorce

Now nearly five years old, a \$25 million, conflict-focused lawsuit against Blank Rome LLP in New York state court is approaching a key juncture and may actually get a trial date this year.

The case revolves around the divorce of Kristina Armstrong and R. Michael Armstrong, a onetime managing director at Morgan Stanley.

Kristina Armstrong hired the firm's matrimonial practice group leader, Norman Heller, to represent her. But Heller never told his client that Blank Rome also represented the financial giant in a \$400 million financing, according to her 2013 **malpractice suit**.

That constitutes fraud, she says, because Morgan Stanley's finances were to be a major focus of the divorce, during which Kristina Armstrong says she was led by her lawyer to agree not to value her estranged husband's securities licenses. Those proved to be worth between \$12.6 and \$16.1 million, according to the complaint.

Michael Armstrong "sat at the controls of Morgan Stanley, which employed and paid Blank Rome millions of dollars in fees, thus allowing Blank Rome to be the ultimate 'puppet master,' as Blank Rome could control Ms. Armstrong's divorce litigation in a manner designed to protect Morgan Stanley and Mr. Armstrong," she said.

In 2015, a New York appeals court said Armstrong had properly brought her so-called Section 487 claim, a statute exposing lawyers who commit deceit to treble damages. With discovery now complete, a final defense brief at the summary judgment stage is due in January.

Armstrong counsel Eric Grayson said the case is focused on "deceptive acts of rogue attorneys" and will "set the standard" for future Section 487 claims.

"This is a very serious case being handled in a very serious manner," he said. An attorney for Blank Rome declined to comment.

Armstrong is represented by Eric Grayson of Grayson & Associates PC and Eric Stern of Sack and Sack LLP.

Blank Rome is represented by Philip Touitou, Joseph Silver and Matthew Ferlazzo of Hinshaw &