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Professional Liability

For decades, Steptoe has represented major law firms and accounting firms on challenging and sensitive issues of professional liability. The firm is regularly selected to defend law firms and accounting firms facing claims alleging that they violated professional or ethical standards or engaged in criminal conduct. We have also represented other major US firms in connection with internal investigations and collateral ethical and client-related obligations, including those arising from alleged billing improprieties. A significant number of AmLaw 100 firms have turned to Steptoe to handle these important matters.

Legal Malpractice

Legal malpractice claims typically present unique and complex legal, ethical, and reputational issues. Understanding the intersection between ethical standards, conflict of interest and disciplinary rules, and professional negligence is essential. Though mastery of the law of legal malpractice is a prerequisite to practice in this area, malpractice attorneys must also understand the substantive law of the practice area at issue in the particular claim. Thus, Steptoe attorneys regularly draw on the experience and judgment of colleagues in intellectual property, class actions, products liability, corporate, international law, tax, ERISA, and other subject matter areas.

This work often extends beyond civil litigation to congressional, administrative, and grand jury investigations. Our cases have included claims arising from a wide array of fields, including patent prosecution and litigation, tax shelter opinions and litigation, political corruption, corporate advice and deal structuring, financial fraud, and regulatory advice and compliance. Steptoe also represents law firms in disputes with departed partners, frequently resolved in binding arbitration.

[View Representative Matters here.](#)

Accounting Malpractice

Steptoe has handled individual, multiparty, and class action cases and license proceedings alleging accounting malpractice arising from auditing work, tax advice, and IT consulting. These cases are often shareholder class actions alleging securities fraud as well as common law fraud, negligent misrepresentation, and breach of fiduciary duty claims. The firm has represented accounting firms and their partners and employees in litigation brought by corporations or bankruptcy trustees involving securities or common law claims, as well as in Section 2(e) proceedings at the US Securities and Exchange Commission (involving their continued right to practice at the SEC) and in license suspension and revocation proceedings at State Boards of Accountancy.

Professional Liability

View Representative Matters here.

Representative Matters

Representative Matters Defending Attorneys and Law Firms

- Lead trial counsel for a large national law firm in defense of malpractice, breach of fiduciary duty, and civil RICO in federal court. After formally invoking Rule 11, plaintiff's counsel agreed to voluntarily dismiss our client without the payment of any consideration.
- More than 75 legal malpractice claims seeking millions of dollars in damages and related civil and criminal enforcement actions pertaining to tax shelter structuring work performed by a national law firm.
- Representation of an AmLaw 50 law firm in defense of legal malpractice claim arising out of the law firm's provision of patent prosecution services. Obtained summary judgment in client's favor on one of two claims and reached favorable settlement on remaining claim.
- Lead trial counsel for a former partner of a large national law firm in defense of a malpractice/partnership dispute in Los Angeles Superior Court. Complaint dismissed on first day of trial after court granted our motion *in limine* to strike plaintiff's damages expert and related proof of damages; action settled on appeal with plaintiff paying significant amount of defendants' cost.
- Legal malpractice claim seeking \$100 million in damages brought by an entrepreneur against a national law firm that assisted in the structuring of the sale of his company to an entity that ultimately went bankrupt. Case involved complex issues of bankruptcy, patent law, and secured property law in addition to professional standard of care issues.
- Professional malpractice claim brought by a US insurance company against its former lawyers alleging defendants aided and abetted corporate officers in executing self-dealing transactions and excessive executive compensation scheme.
- Congressional investigation of a major national law firm relating to lobbying activities of client's former partners and related civil claims and grand jury investigations.

Professional Liability

- Representation of an AmLaw 50 law firm in connection with internal investigation of potential billing irregularities and associated ethical and client issues.

Read more

Representative Matters Defending Accounting Firms

- Class action securities and professional malpractice litigation arising from the bankruptcy of a major national homebuilder. Alleging errors in accounting for net realizable value write-offs and deferred tax asset estimates among other issues, plaintiffs sought \$95 million in actual damages and \$1 billion in punitive damages. After a 66-day jury trial, the matter ended in a defense verdict. Steptoe also represented the firm and two of its partners in related State Board of Accountancy proceedings.
- Lead counsel for former partner of a large accounting firm in defense of claims for fraud and malpractice brought by a former client involving alleged tax shelters. All claims were dismissed “with prejudice” by the San Francisco Superior Court.
- Civil counsel for an indicted former partner of KPMG in the criminal action in the Southern District of New York based upon the court’s ancillary jurisdiction over related civil claims. After the circuit court reversed the trial court’s assertion of ancillary civil jurisdiction, all related civil claims were successfully resolved in a different forum based upon a confidential settlement.
- Lead counsel for a former partner of a large national accounting firm in defense of malpractice and fraud claims in the Los Angeles Superior Court. This action was successfully settled on the eve of trial.

Other Matters

- National counsel to financial services firm against class action and individual lawsuits involving RICO, fraud, and other state law claims brought by clients who participated in alleged tax shelters.
- Professional malpractice stockholder lawsuit arising out of the failure of a life insurance company and an associated insurance service agency involving alleged failures in accounting for life insurance premiums and calculating required reserves.

Professional Liability

- Professional malpractice action brought by foreign investors in British Virgin Islands corporations that owned US real estate, alleging professional negligence, breach of fiduciary duty, fraud, and racketeering arising from alleged improper disclosures regarding asset sales, erroneous financial statements, and erroneous tax planning and advice.
- Professional malpractice action filed by a bankruptcy trustee of a NASDAQ-listed national distributor of personal care products. Plaintiff sought more than \$100 million in damages, alleging the improper auditing and application of revenue recognition criteria and errors in the installation of a major ERP system impacting financial statements, customer relationship management, and supply chain management.