

Professional Malpractice – Legal

SERVICES

Professional Liability

August 24, 2018

An attorney in a legal malpractice lawsuit filed in the business litigation section of the Suffolk Superior Court was successfully defended.

In the lawsuit, the plaintiff, a real estate investor, sued the client alleging that the attorney committed professional malpractice by failing to conduct due diligence in a series of real estate transactions causing the plaintiff to lose millions of dollars. The plaintiff claimed that the defendant attorney was acting as his attorney for all aspects of the real estate deals. In the transactions, the plaintiff was a “hard money” lender for several residential and commercial properties. The plaintiff had loaned millions of dollars to another defendant in the lawsuit to purchase, develop, and sell the properties. After the loans went into default, the plaintiff realized that the properties did not have sufficient equity to satisfy the loan amounts.

During the lawsuit, the plaintiff real estate developer contended that the defendant attorney should have taken all steps necessary to ensure that the properties had sufficient equity in the event of default. The defense attorney, however, testified that he was acting as a closing agent only and was not obligated to ensure that the properties had sufficient equity to satisfy the loans in the event of default. Although the defendant attorney did not have a professional services agreement, the defense was successful in establishing that although some errors had been made in the paperwork for the real estate loans that no errors by the defendant attorney caused multi million dollar losses when the loans went bad.

After a month long trial a jury returned a verdict in favor of the defendant attorney. The co-defendant, however, was found liable for damages in excess of \$5 million.