Russell Shapiro partner in the firm's Corporate Group, recently published their article, "Managing Professional Liability Litigation Against Accounting Firms (Part 2)," the second in a three-part series discussing the basic components of a professional liability lawsuit brought against an accounting firm and its partners, and the factors a firm's managing partner should consider before and during this type of litigation for utilizing applicable insurance coverage, maximizing effectiveness of defense and, where possible, bringing the controversy to conclusion by settlement. Part 2 was published in the October 2013 edition of CPA Practice Management Forum and focuses on the differences between litigation in state and federal courts and in private arbitration, initial assessment of a professional liability claim, development of defense strategy, and the stages of litigation from the initial pleadings through discovery.

From the article:

As seen in Part 1 of this series, a number of pre-suit measures and decisions can
significantly affect whether and how an accounting firm is positioned for defending a professional malpractice suit. Your firm's preparedness to defend a malpractice claim is put to the test, of course, only upon failure to resolve a controversy with a former client or one or more of its creditors through alternative dispute resolution efforts. At that point, in addition to complying with reporting obligations to primary and any excess insurers, a careful assessment must be made of any procedural options that are available only if invoked at the outset of a lawsuit, electronic and printed document preservation obligations, and substantive defense strategies that are implemented through pre-trial motion practice and discovery. Since most professional liability suits are settled before trial, the pre-trial stages of litigation discussed below ordinarily will drive the outcome of a lawsuit against your firm.

See the full article here.

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