

# The Lawyers' Lawyer Newsletter - Recent Developments in Risk Management - July 2013 Edition

Lawyers' Lawyer Newsletter | 2 min read

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## The 'Unfinished Business' Rule – Fraudulent Transfers – Risks in Hiring Attorneys From Failing Law Firms

*In re Heller Ehrman LLP, Bankruptcy Case No. 08-32514DM; Heller Ehrman LLP, Liquidating Debtor, v. Jones Day, et al.*, Chapter 11 Adversary Proceeding No. 10-3221DM, Memorandum Decision on Motions and Cross-Motions for Summary Judgment (Bankr. N.D. Cal. Mar. 11, 2013)

Risk Management Issue: What are the special financial risks potentially faced by firms seeking to hire lawyers laterally from firms that dissolve? What is the meaning and scope of the “unfinished business” rule - at least under California law as viewed by the Bankruptcy Court for the Northern District of California? What can hiring firms do to manage the risks of the application of the rule in connection with lawyers whom they hire – and what can firms generally do to prevent the issue from arising? What are the implications of this case in the light of the two opposite decisions from the US District Court for the Southern District of New York (discussed in the November 2012 issue of the Lawyers' Lawyer) on the future of the unfinished business rule – and how should firms deal with the risks while the uncertainty continues?

## Statute of Limitations – Termination of Representation – Continuing Representation – The Need for Closing Letters

*Perkins v. American Transit Insurance Company*, 2013 WL 174426 (Jan. 15, 2013 S.D.N.Y.)

Risk Management Issue: What can lawyers do to avoid the risk that they will be found to have engaged in continuous representation that prevents the assertion of a statute of limitations defense against a client who later sues for malpractice?

### **Multijurisdiction Practice (MJP) – Compliance With Local Ethics Rules – Contingency Fee Agreements Containing Invalid Provisions**

*Forbes v. St. Martin, et al.*, 2013 WL 791847 (Miss. App. 2013)

Risk Management Issue: What ethics rules apply when lawyers undertake representation of clients in jurisdictions where they are not admitted? Which jurisdictions' ethics rules apply, and what are the effects of failure to comply with the applicable rules?

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