

Sheppard Mullin Flubbed Sibling Trust Row, \$13M Suit Says

By **Aebra Coe**

Law360, New York (January 12, 2015, 1:26 PM ET) -- Sheppard Mullin Richter & Hampton LLP has been hit with a \$13 million professional negligence suit in California superior court by a former client who claims the firm failed to properly advise him to sue his sister after she allegedly looted the family trust and invested its assets in a Ponzi scheme.

Ronald Karsin claims in the complaint filed Thursday that Sheppard Mullin partners Paul Malingagio and Nancy Baldwin Reimann lost him his chance to pursue claims against his sister, Holly Getlin, after they concluded a settlement agreement barred further litigation.

But Karsin says he entered into the agreement under “emotional duress” in the midst of a manic episode after he learned his sister had lost their family’s fortune, more than \$20 million, by selling off real estate and oil and gas assets and investing them in Namco Financial Exchange Corp. a company that was later liquidated after its owner was convicted of wire fraud.

Getlin did all this while posing as the family trusts’ trustee, yet had no legal authority to actually be the trustee, Karsin said.

He claims Sheppard Mullin’s failure to advise to him to sue his sister amounts to professional negligence and breach of fiduciary duty. His suit asks for at least \$13 million in damages, including exemplary and punitive damages, prejudgment interest, costs and attorneys’ fees.

According to the suit, Karsin, along with his two siblings, was the one-third beneficiary of three family trusts created by his parents.

Their parents’ lawyer, Morton C. Devor, created the trusts in the mid-70s and was responsible for handling their assets for the next 25 years. The assets included numerous parcels of land in California and Texas, some with oil and gas rights, according to the complaint.

Getlin, Devor and Devor’s real estate business partner, Neils Sorenson, “systematically looted” assets belonging to the family trust and Getlin, as the “fictional trustee,” began to sell off those real estate assets, despite “strenuous” objections by her brothers, the complaint said.

She reportedly deposited the money with Namco and all but \$2.5 million was lost.

Karsin said he had a “complete mental breakdown” as a result of the loss of his inheritance. Soon after,

in 2009, Karsin and his brother entered into a settlement agreement with their sister, crafted by Devor. It closed out the trusts and released Getlin and Devor of all claims related to their actions over the previous years, the complaint said. Karsin said his mental state at the time made him “incapacitated” and unable to understand the terms of the agreement.

He said that when his mental state began to improve in 2011, he hired Sheppard Mullin to evaluate potential claims against Devor and Getlin. Karsin said he was told the settlement agreement could not be set aside and, as a result, he could not pursue claims against Getlin.

But, as Namco’s bankruptcy got underway, more information began to surface.

The firm agreed to file a \$20 million malpractice lawsuit against Devor, but refused to join Getlin because of the terms of the settlement agreement, according to the complaint. It did so despite the fact that its partners knew the settlement agreement was a product of “fraud and duress,” according to Karsin.

Sheppard Mullin did not immediately respond to a request for comment on the suit.

Counsel information for the law firm was not available Monday.

Karsin is represented by Ellyn S. Garofalo, Larry R. Feldman and Amir Kaltgrad of Liner LLP.

The case is Karsin et al. v. Sheppard Mullin Richter & Hampton LLP et al., case number BC568807, in the Superior Court of the State of California County of Los Angeles.

— Editing by Ben Guilfooy.

All Content © 2003-2016, Portfolio Media, Inc.