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Funds Sue Pryor Cashman Over Embezzlement Scandal

Trustees to a union's benefit funds have sued Pryor Cashman for failing to provide legal advice that would have prevented the funds' third-party administrator from embezzling \$42 million. The trustees for the three funds filed the suit last week in Manhattan Supreme Court against the firm and partner Christopher J. Sues. The malpractice suit followed the December arrest of Melissa G. King, who was charged federally with misappropriating millions from the funds as the principal behind the administrator.

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Trustees to a union's benefit funds have sued [Pryor Cashman](#) for failing to provide legal advice that would have prevented the funds' third-party administrator from embezzling \$42 million. The trustees for the three Construction Workers Local 147 funds filed the suit last week in Manhattan Supreme Court against the firm and partner Christopher J. Sues. The malpractice suit followed the December arrest of Melissa G. King, who was charged federally with misappropriating millions from the funds as the principal behind administrator King Care LLC.

Pryor Cashman had advised the trustees and benefit funds for more than a decade. The trustees claim Pryor Cashman should have realized administrative expenses for the funds compared to contributions were "unusually high" and encouraged the trustees to ask why, the complaint said. Pryor Cashman also failed to recommend hiring an independent auditor or ensure the funds' accountants and auditors maintained proper and adequate books and records, the complaint said.

When the trustees in November 2008 came to suspect money had been stolen or misappropriated from the benefit funds, Sues advised against suing King Care since "the cost of litigation in such a case would far exceed the potential recovery," according to the complaint. Sues resigned as counsel in January 2009, the complaint said. The trustees are seeking \$42 million plus punitive damages.

Pryor Cashman in a statement said it would vigorously defend itself. "The fund trustees handed their apparently faithless administrator a rubber stamp, literally, so that they would not have to be bothered actually fulfilling their duties," the firm said. "Unlike the trustees, Pryor Cashman had no role in nor responsibility for monitoring the activities of the administrator and acted solely and properly as counsel, performing only those limited duties it was requested to perform." William J. Dealy, a lawyer for the trustees at Dealy & Silberstein, declined to comment on the case, *Fitzsimmons v. Pryor Cashman*, 651360/2010.

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