

SUPREME COURT FOR THE STATE OF NEW YORK  
COUNTY OF NEW YORK

\_\_\_\_\_<sup>x</sup>  
KRISTINA M. ARMSTRONG

Index No.

Plaintiff,

v.

BLANK ROME LLP, NORMAN S. HELLER,  
DYLAN S. MITCHELL,

Defendants.  
\_\_\_\_\_x

KRISTINA M. ARMSTRONG, through undersigned counsel, alleges for her Complaint against Blank Rome LLP, Norman S. Heller and Dylan S. Mitchell as follows:

**NATURE OF ACTION**

1. This action is brought by Kristina M. Armstrong against Defendants to recover monies owed to her as a result of Defendants' egregious misrepresentation and malpractice in the mishandling of her divorce proceedings with her former husband, R. Michael Armstrong.
2. Although duly demanded both orally and in writing, Defendants have failed to pay to Plaintiff the sums of money due her for their wrongful actions.

**PARTIES**

3. Kristina M. Armstrong (sometimes "Ms. Armstrong" or "Plaintiff") is an individual residing in Rye, New York.
4. Blank Rome, LLP ("Blank Rome") is a limited liability partnership formed under the laws of Pennsylvania involved in the practice of law. Blank Rome has a large office in New York City with an address at The Chrysler Building, 405 Lexington Avenue, New York, N.Y. 10174.

5. Norman S. Heller ("Attorney Heller") is a lawyer licensed under the laws of New York and Connecticut and a Partner practicing mainly from Blank Rome's New York offices. Heller and Blank Rome represent and hold Heller out to the public as specializing and concentrating in matrimonial matters, particularly complex divorces involving high net worth individuals, such as those working in New York's financial industry or as commonly referred to "on Wall Street."

6. Dylan S. Mitchell ("Attorney Mitchell") is a lawyer licensed under the laws of New York and works in Blank Rome's matrimonial department. For all times relevant hereto, Attorney Mitchell assisted Attorney Heller with Ms. Armstrong's matter.

#### **VENUE – JURISDICTION**

7. Venue is derived by virtue of the fact that Defendants maintain their principal place of business in New York County, and the transactions and events which give rise to this Complaint occurred out of the operation of Defendants' business and Plaintiff's retention in New York County.

8. This Court has personal jurisdiction over Defendants due to proper service being made upon them; they do business in New York County; all of the Defendants conduct business and/or are employed in New York County.

#### **FACTS**

9. In 1986, Ms. Armstrong met R. Michael Armstrong who at the time was at Harvard Business School, obtaining a M.B.A. and working as a summer associate at Morgan Stanley in New York City.

10. In 1989, Ms. Armstrong and Mr. Armstrong were married while Mr. Armstrong was starting his career at Morgan Stanley, as a salesman in the Sales and Trading Division.

11. At the time, Ms. Armstrong had a career in her own right, as she had a successful modeling career, had worked in television, had worked in advertising and at the time was working for Macy's. In the early parts of their marriage, Ms. Armstrong also obtained her real estate license and acted as a real estate agent selling residential real estate in Manhattan.

12. Over the next 18 years, Ms. Armstrong put her career on hold to support Mr. Armstrong in his endeavors as he was becoming a rising star at Morgan Stanley. Over the next 18 years, in furtherance of Mr. Armstrong's career at Morgan Stanley, the Armstrongs relocated and/or moved 10 times both domestically and internationally including Hong Kong, London (where their two children were born), Chicago, and New York.

13. By January 2007, the Armstrongs had moved to Rye, New York. By this time, Mr. Armstrong had essentially "risen to the top" as he was a "Managing Director" of Morgan Stanley, and held the position of Head of Global and U.S. Private Wealth Management, managing \$734 billion in assets and overseeing 8,000 financial advisors in approximately 500 different offices. Most important, Mr. Armstrong had ascended to the Firm's Management Committee, which controlled the operations of Morgan Stanley and set out its policies.

14. Restated, Mr. Armstrong was not just an employee, or even just a "Managing Director" - he was part of the "control group" at Morgan Stanley, as he sat on the "Management Committee." This point cannot be overstated. The Management Committee wields more power and is more responsible for the day to day operations of Morgan Stanley than the outside Board of Directors, including the assignment to outside counsel for legal work. Mr. Armstrong was at the same time, Global Head of Morgan Stanley Capital Markets and Global and Domestic head of Private Wealth Management, reporting directly to James Gorman and/or John Mack.

15. In January 2007, Ms. Armstrong discovered that Mr. Armstrong had been engaging in an extramarital affair and for this reason and others related to "irreconcilable differences" in their relationship, after a period of attempted reconciliation, Ms. Armstrong filed for a divorce in the Supreme Court of Westchester County in 2009.

16. Needless to say, given Mr. Armstrong's infidelity, and his emotional, financial and physical abusiveness in the past and over the following months and years, Ms. Armstrong's world was "rocked" as she struggled to cope with all that was going on. Mr. Armstrong, who was physically imposing as he had played football at Duke, refused to move from the marital residence and kept Ms. Armstrong on emotional edge and under duress and siege for the next 2 years.

17. On or about October or November 2009, Ms. Armstrong interviewed Attorney Heller of Blank Rome to act as her counsel.<sup>1</sup> Mr. Armstrong had already retained the New York City firm of Teitler & Teitler. Given that Mr. Armstrong was treating the matter as all out corporate war fare, much like a hostile takeover with a scorched earth, take no prisoners attitude, Ms. Armstrong believed in Attorney Heller and Blank Rome, who were represented to be the leaders in high profile high complex divorces. In fact, Attorney Heller is described on Blank Rome's website as follows:

“Attorney Heller is Blank Rome’s matrimonial practice group leader. He represents high net worth individuals in negotiations and through trial in complex divorce, custody, support and equitable distribution matters in New York and Connecticut.”

18. Ms. Armstrong was a lay person starting the process of a high complex divorce with a husband who was used to the trench warfare and “eat what you kill” attitude common on Wall Street. Blank Rome misled and took advantage of Ms. Armstrong by first charging exorbitant

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<sup>1</sup> For all purposes herein, all allegations made herein against Blank Rome are also made against Attorney Heller and Attorney Mitchell and vice versa.

fees not reasonably related to the services they rendered and then ultimately as will be shown below, by throwing her “under the bus” and committing malpractice and breaching their fiduciary duties.

19. At the inception Blank Rome, Attorney Heller and Attorney Mitchell should have never represented Ms. Armstrong in the first place, and thus the entire relationship is shrouded under a veil of conflict, fraud and breach of fiduciary duties owed to a client.

20. Ms. Armstrong signed her retainer agreement with Blank Rome on November 9, 2009. At no point either prior to or even after her engagement of Blank Rome, did Blank Rome ever disclose to Ms. Armstrong that they had an actual debilitating conflict of interest in that they were simultaneously Mr. Armstrong’s employer, Morgan Stanley, in a \$400,000,000 financing. (See Ex. A hereto)

21. This fraudulent non-disclosure, which Blank Rome was ethically obligated to make, deprived Ms. Armstrong of the ability to make an informed decision about whether to retain Blank Rome, which she would not have done.

22. Blank Rome, as are all attorneys, are under an ethical obligation to disclose to their clients, here Ms. Armstrong, at the earliest possible time, any conflicting interests that might cloud their representation. Disclosure alone is not enough. The lawyer may not act for the client unless the client has given her informed consent to further representation.

23. The timing related to Blank Rome’s non-disclosure is incredibly inexplicable. The Retainer Agreement with Ms. Armstrong was dated November 9, 2009, which had attached thereto Blank Rome’s boilerplate “Statement of Client’s Rights and Responsibilities.” It is undisputed that nowhere in these documents, nor any other written communication nor in any conversation Ms. Armstrong had with anyone at Blank Rome, did Blank Rome ever disclose to

her that at the very same time, Blank Rome was representing Morgan Stanley, whose books, records and compensation packages were hopefully going to be a major focal point of Blank Rome's supposed investigation and offer of proofs related to the divorce. (See Ex. B hereto)

24. Unbeknownst to Ms. Armstrong, on almost the same day Ms. Armstrong signed the Retainer Agreement, and gave them a \$25,000 up front retainer, Blank Rome made the following admission to their Wall Street clients, to wit that they had just acted:

“[A]s Underwriters' Counsel in connection with the issuance by the Commonwealth Financing Authority of its \$400,000,000 Revenue Bonds, Series D of 2009 (Federally Taxable-Build America Bonds), which closed on November 12, 2009.” (Ex. A)

25. It is beyond comprehension that Blank Rome could accept millions of dollars in fees from Morgan Stanley, which obviously had the potential to be a highly lucrative and repeat client, which it ended up being during their representation of Ms. Armstrong, and fail to disclose this to a woman whose husband was part of the Management Committee at Morgan Stanley. Again, this point cannot be overstated. Mr. Armstrong sat at the controls of Morgan Stanley, which employed and paid Blank Rome millions of dollars in fees, thus allowing Blank Rome to be the ultimate “puppet master,” as Blank Rome could control Ms. Armstrong's divorce litigation in a manner designed to protect Morgan Stanley and Mr. Armstrong. he

26. Blank Rome's failure to disclose this conflict of interest, while separately actionable, appears to be closely related its complete and utter malpractice in turning against their putative client, Ms. Armstrong, lying to her, negotiating away her rights behind her back and deceiving her into signing a Stipulation in the divorce proceedings dated September 21, 2010 (the “Stipulation”), wherein she unwittingly and based on Blank Rome's fraud and deception, signed the following statement:

“10. The parties agree that they are not going to value the Defendant’s (Mr. Armstrong) securities licenses.” (See Ex. C hereto)

27. As Blank Rome was or should have been aware, Mr. Armstrong’s securities licenses were the single largest asset of the martial estate and given either a distribution of their value, or their use as bargaining tool, were the single most important economic asset at play in the divorce proceedings.

28. Restated, Blank Rome was or should have been aware, that the value of Mr. Armstrong’s securities licenses was between \$12,605,000 and \$16,167,000.

29. It was therefore equally repugnant that Blank Rome caused to have the following included in the Stipulation, which was presented to Ms. Armstrong for her signature (really, more like “jammed down her throat”) for the first time in the hallway on the 10<sup>th</sup> floor of the Westchester County Courthouse, in the middle of a hearing:

“7. The parties agree that the universe of assets in dispute is reflected accurately on the parties’ joint Statement of Proposed Disposition dated September 21, 2010.” (Ex. C)

30. Importantly, and it is undisputed that the “Joint Statement of Proposed Disposition dated September 21, 2010” which was signed by Ms. Armstrong and Mr. Armstrong, after being prepared by counsel, namely Blank Rome and Teitler and Teitler, did not contain any valuation of Mr. Armstrong’s securities licenses. (See Ex. D. hereto)

31. Blank Rome’s covert actions leading up to the preparation of the Stipulation - - without once advising Ms. Armstrong that it was negotiating away her rights and/or discussing it with Ms. Armstrong in full, prior to its presentation on September 21, 2010, is incredible but not surprising considering it is clear that Blank Rome was more interested in protecting Mr.

Armstrong and its relationship with Morgan Stanley, than it was with being a zealous advocate for Ms. Armstrong.

32. It is, as are most of the events underlying Ms. Armstrong's claims and this Complaint, undisputed that the value of the Mr. Armstrong's securities licenses, were recognized by the impartial in the divorce proceedings matter, namely the Court and of course Ms. Armstrong, to be a highly valuable asset and important for purposes a valuing the marital estate. On September 9, 2009, the Court issued a Preliminary Conference Stipulation/Order and at Section G (Experts) (5) it was stipulated that Mr. Armstrong's "License/degree" would be valued. Section D (Financial) also made reference to valuing Mr. Armstrong's "professional licenses." Zero value was not an option. At the hearing held on that day, Judge Martin also held on the record, "And there needs to be evaluations done on the license, degree...." (See Ex. E hereto)

33. The requirement and necessity for valuing Mr. Armstrong's licenses, or "Enhanced Earnings Capacity" came as no surprise to Blank Rome, since Blank Rome had retained the services of a well-respected expert, Martin I. Blaustein, CPA/ABV, MBA, a partner at the firm of Eisner Amper for this specific purpose. Not only did Blank Rome retain Mr. Blaustein to value the EEC/licenses, Blank Rome had Ms. Armstrong pay Eisner Amper approximately \$30,000 in fees for this service. Mr. Blaustein started his analysis as early as May 2010, and Blank Rome must have or should have been aware of his valuations given Blank Rome's constant contact and meetings with him.

34. What happened next is beyond description. While some would call it incredulous, calling it fraud, breach of fiduciary duty and malpractice is more accurate. Unbeknownst to Ms. Armstrong, on Tuesday, September 7, 2010, Attorney Mitchell, Esq. of Blank Rome apparently had a conversation(s) with Jamie Weiss, Esq. of Teitler and Teitler, Esq., attorneys for Mr.

Armstrong, wherein Attorney Mitchell with no authority, without having discussed the matter with Ms. Armstrong and in direct contravention of Ms. Armstrong's rights, agreed that Ms. Armstrong:

“is not going to seek to value Mr. Armstrong's securities licenses and will not prepare any expert analyses associated therewith.” (See Ex. F hereto, Teitler letter dated September 9, 2010.)

35. Jamie Weiss then closed the letter by stating “Please confirm this agreement in writing and we will prepare a confirming stipulation.” Upon information and believe, Attorney Mitchell did confirm the agreement in writing and that drafts of the Stipulation were passed back and forth between Blank Rome and Teitler's office, as what was presented to Ms. Armstrong for signature on September 21, 2010, in the corridor of the Westchester County Courthouse, was a final of the Stipulation. At no point between September 7 and September 21, 2010 did anyone from Blank Rome provide Ms. Armstrong with a draft of the Stipulation or explain that Blank Rome had just given away Ms. Armstrong's rights to the most valuable marital asset, Mr. Armstrong's securities licenses.

36. Upon information and belief, the only mention in any communication between Blank Rome and Ms. Armstrong regarding the forfeiture of a right to claim against \$16,000,000 in assets, is a terse email from Attorney Mitchell to Ms. Armstrong (whose nickname is “Kicki”) dated September 9, 2010 at 6:19 pm wherein Attorney Mitchell wrote as follows:

“Kicki:

It is important that we notify Jamie by tomorrow that we will not be valuing the pension, private equity interests and the licenses for the reasons we discussed. Please confirm.” (See Exhibit G, hereto)

37. Upon information and belief, there is no other writing regarding the licenses at all, much less a writing setting out and explaining to Ms. Armstrong that for some reason - - a reason that has never been articulated - - she was waiving her right to value and then claim against the licenses. In fact, and apparently, the only “reason” that was ever discussed verbally were Blank Rome’s fraudulent, misleading and incorrect statements that “Marty (Blaustein) (Blank Rome/Ms. Armstrong’s valuation expert) has determined that the licenses have no value.” Of course this statement is not substantiated in writing and in fact, is contradictory to Mr. Blaustein his actual findings that the licenses had a value of between \$12,605,000 and \$16,167,000 depending on which discount rate he applied. (See Ex. H., hereto)

38. The events on the day of September 21, 2010, are equally abhorrent. After receiving a number of emails from Ms. Armstrong requesting that Blank Rome obtain a continuance of the hearing so Blank Rome, and of equal importance Ms. Armstrong, would be in a position to understand all of the issues, Blank Rome refused to meet with Ms. Armstrong and instead, handed her the Stipulation and counseled/directed her to sign it in the Courthouse hallway. Ms. Armstrong had no comprehension or understanding of what she was signing as she asked Attorney Heller where it came from and what was she doing. Attorney Heller then forced her to sign it while standing in a hallway. When Ms. Armstrong asked Attorney Heller at some point prior about the valuation of the EEC, and then again in the days following as she desperately tried to get Attorney Heller to send her a copy of the Stipulation, Attorney Heller stated in no uncertain terms, as he had stated on prior occasions, “Marty (Blaustein) says there is no value to the licenses.”

39. It can only be described as prudent practice that before Blank Rome and Attorney Heller counseled/directed Ms. Armstrong to sign away her right to valuing the EEC,

Blank Rome/Attorney Heller would have obtained either a verbal or written report from Mr. Blaustein, the expert Blank Rome retained and that Ms. Armstrong had been paying.

40. Blank Rome and Attorney Heller knew or should have known what Mr. Blaustein's valuation was, but given their subservience to Morgan Stanley and Mr. Armstrong, Blank Rome, Attorney Heller and Attorney Mitchell "threw Ms. Armstrong under the bus" as a sacrifice to their more lucrative master and undisclosed client - - Morgan Stanley.

41. As evidence of the aforesaid, right after Ms. Armstrong signed the Stipulation, Blank Rome informed Ms. Armstrong that Mr. Armstrong had sent Blank Rome a check in the amount of \$111,580.19, supposedly for a portion of Ms. Armstrong's bills. It was unknown to Ms. Armstrong that Blank Rome had even discussed her statements with the Teitler firm or with Mr. Armstrong directly. Clearly, Mr. Armstrong was paying for the service that Blank Rome had just rendered to him and Morgan Stanley, as this was the only time in the proceeding that Mr. Armstrong paid any of Ms. Armstrong's legal bills. Up to this point, Ms. Armstrong had always paid Blank Rome's invoices, in full, and on time. In fact, and again in furtherance of advocating for Mr. and not Ms. Armstrong, Attorney Mitchell then told Ms. Armstrong that "Michael wants you to empty the kids' UTMA accounts (\$510,000 in total) into joint accounts so he can have access to the cash."

42. Moreover, the timing of the Stipulation and Mr. Armstrong's payment to Blank Rome suspiciously coincides with Blank Rome's announcement in October 2010 of yet another multi-million dollar deal with Morgan Stanley:

"Blank Rome served as counsel to the underwriters (led by Citi and Morgan Stanley), in connection with the issuance of \$325,526,000 Pennsylvania State Public School Building Authority, Federally Taxable Revenue Bonds, Series A of 2010 (Qualified School Construction Bonds-Direct Subsidy). This issue, the largest Qualified School Construction Bond issue brought to market...." (See Ex. I hereto)

43. It was also during this time that after an incident in March 2010 where Mr. Armstrong had been verbally abusive to and threatened to kill Ms. Armstrong, Blank Rome counseled Ms. Armstrong not to call the Police since it would not reflect well with Mr. Armstrong's superiors at Morgan Stanley. Attorney Heller stated specifically, "Do not have him arrested, he could lose his job." Blank Rome should have been more concerned with Ms. Armstrong's physical safety and well-being than with protecting Mr. Armstrong's reputation, especially if according to them the "licenses had no value" since there would have been nothing economic to protect. Blank Rome clearly was more subservient to and interested in protecting Mr. Armstrong and Morgan Stanley than their putative client, Ms. Armstrong.

44. In furtherance of their subservience to Mr. Armstrong and Morgan Stanley, upon information and belief, Blank Rome, Attorney Heller and Attorney Mitchell never served any independent discovery requests, such a Document Demand or Interrogatories on Morgan Stanley to ascertain/verify whether there were assets, accounts or earnings that were not disclosed by Mr. Armstrong. Additionally, Blank Rome, Attorney Heller and Attorney Mitchell failed to engage in a detailed investigation of Mr. Armstrong's finances. While Blank Rome, Attorney Heller and Attorney Mitchell were tasked with tracing, locating and valuing martial assets, they failed miserably in this respect. They also appeared not to understand or comprehend some of the nuances of Mr. Armstrong's compensation and vesting packages, which was odd as they worked out of Blank Rome's New York offices and claimed to be familiar with the Wall Street financial firms and how they operated and compensated senior executives.

45. One of the most telling examples of Blank Rome, Attorney Heller and Attorney Mitchell's subservience to Mr. Armstrong and Morgan Stanley and failure to advocate for their

putative client, Ms. Armstrong, was their conduct during a mediation in June 2010, wherein they acceded to almost every request made by Mr. Armstrong, as if he was simply scripting the mediation/settlement to the point where Ms. Armstrong had to write to Attorney Heller and Attorney Mitchell and advise them of their lack of meaningful representation and then made the decision, by herself, to cancel the mediation, since Attorney Heller and Attorney Mitchell were doing such a substandard and inferior job. During the mediation session, Mr. Armstrong, in recognition of Mr. Heller's service to Mr. (not Ms.) Armstrong, turned to him and said in sum and substance, "Norm, I have some colleagues who I will recommend your services to." They might as well have "chest bumped" each other in celebration.

46. On or about the same time, Blank Rome started to communicate and attempt to direct Ms. Armstrong as if they were taking instructions from Mr. Armstrong and/or acting to protect his interests or Morgan Stanley's over hers. On more than one occasion Blank Rome and specifically Attorney Mitchell told Ms. Armstrong that "Michael wants you to empty the kids' UTMA accounts (\$510,000 in total) into joint accounts so he can have access to the cash." When Ms. Armstrong protested, Attorney Mitchell responded "Michael wants it done!" This was shocking because this was not the first time the issue had arisen and Attorney Mitchell knew that Blank Rome's own Tax Partner, Susan Witkin, Esq., had advised Ms. Armstrong that she had no legal right to empty the accounts. When Ms. Armstrong reminded Attorney Mitchell of Attorney Witkin's advice, he retorted, "Well, it doesn't really matter. Michael wants it done. You can go ahead and do it. "

47. Similarly after one of the June 2010 mediation sessions, Attorney Heller tried to force Ms. Armstrong to give up her right to a \$600,000 interest in a Morgan Stanley private equity investment by stating " Michael's thinking is that if you can't make the capital calls, he

keeps the assets and you forfeit your right.” (See Ex. J hereto) Blank Rome, Attorney Heller and Attorney Mitchell should have been more concerned with protecting Ms. Armstrong’s interest in this investment than in assisting Mr. Armstrong in designing a mechanism to take over in his own name a significant joint marital asset.

48. Additionally, Messrs. Heller and Mitchell were constantly demeaning to Ms. Armstrong and often treated her disrespectfully and with scorn. They would often say things like “You are smarter than you look.” and “Funny, we represent you but you went to a better school than us.” These were snide references to the fact that Ms. Armstrong is of Swedish heritage and graduated from the University of Virginia. They scoffed at her contributions and substantial sacrifices to the marriage, all made to accommodate and support Mr. Armstrong’s career aspirations, but to the detriment of her own career aspirations. Instead of fighting for a fair and equitable distribution for Ms. Armstrong and the Children, they consistently tried to frighten her by stating that the Judge would order the family home to be sold and she would get no maintenance at all. Attorneys Heller and Mitchell consistently attempted to have Ms. Armstrong accept Mr. Armstrong’s very low settlement offers which would have forced her to leave marital home, and the Children’s schools and lifestyle. Blank Rome refused to file a pendent lite on Ms. Armstrong’s behalf, even though she requested that they file one multiple times and allowed Mr. Armstrong to continue his default of the Judge’s orders by draining marital assets for his living expenses, including maintaining his paramour in an apartment in Manhattan. As the financial abuse continued, Blank Rome refused to file a motion or default for pendente lite, which forced Ms. Armstrong continue to pay household expenses out of her savings.

49. While still believing Blank Rome/Attorney Heller's statements that Mr. Blaustein had found that the licenses had no value, but having become otherwise dissatisfied with Blank Rome and Attorney Heller, Ms. Armstrong terminated her relationship with Blank Rome on October 5, 2010.

50. On October 5, 2010, Ms. Armstrong retained replacement counsel, Kramer Kozek.

51. Ms. Armstrong showed Kramer Kozek the Stipulation that Blank Rome/Heller had convinced her to sign and they were aghast.

52. Kramer Kozek contacted Mr. Blaustein who was also doing a "lifestyle" analysis as part of the divorce proceedings. Mr. Blaustein was asked if he had ever valued the licenses and what he had told Blank Rome. He advised that he had never had any discussions with Blank Rome where he said or indicated in any manner that the licenses had no value and in fact Mr. Blaustein had been working on the valuation's preliminary numbers and was in a position to complete his written valuation shortly. Kramer Kozek/ Ms. Armstrong asked him to continue his work and complete his written valuation.

53. On or about October 27, 2010, Mr. Blaustein issued his written report, approximately one month after Blank Rome caused Ms. Armstrong to sign away her rights. Contrary to Blank Rome/Heller's fraudulent misrepresentations, Mr. Blaustein calculated the value of Mr. Armstrong's EEC/licenses at \$16,167,000 using a 3% discount rate or \$12,605,000 using a 7% discount rate. (See Ex H., Blaustein Report attached hereto.) Clearly, while telling Ms. Armstrong that Mr. Blaustein had purportedly informed them that the "licenses have no value," Blank Rome/Heller knew or should have known the opposite was true - - the licenses

had a value of \$16,167,000 and that Mr. Blaustein had arrived at such a valuation supporting this number.

54. Owing to Blank Rome's actions in forcing Ms. Armstrong to sign the Stipulation, Ms. Armstrong was precluded from making a claim or receiving any value for Mr. Armstrong's licenses in the divorce proceedings.

55. But for Blank Rome, Attorney Heller and Attorney Mitchell's egregious misrepresentation, fraud and malpractice, Ms. Armstrong would have received the amount of \$8,083,500, over and above anything else she received as part of the divorce proceedings.

56. Based on their egregious misrepresentation, fraud and malpractice therefore, Blank Rome, Attorney Heller and Attorney Mitchell jointly and severally are liable to Ms. Armstrong in the amount of \$8,083,500, which is 50% of the value of the licenses using a 3% discount rate.

57. In addition to the \$8,083,500, Blank Rome owes Ms. Armstrong a refund of all of the legal fees paid to Blank Rome, believed is in the amount of \$239,323.26.

58. Finally, Ms. Armstrong is entitled to an Order that Blank Rome release to her immediately \$98,000 being held in escrow for their claim for services rendered in September 2010. A review of the time on that bill alone calls into question Blank Rome's billing techniques, not only for September 2010, but for all prior work. In that bill, Blank Rome billed Ms. Armstrong 206.40 hours for defrauding her into waiving her rights to receiving the value of Mr. Armstrong's licenses. (See Ex K. hereto)

**First Cause of Action - - Legal Malpractice**

59. Plaintiff repeats and realleges the allegations of paragraphs 1-58 as if set out here in full.

60. By (i) failing to disclose their debilitating conflicts of interest, (ii) forcing and/or recommending that Ms. Armstrong sign the Stipulation and thus waive her rights (a) to value and then (b) include \$16,167,000 as the value of Mr. Armstrong's security licenses as part of the marital estate, (iii) accepting money from Mr. Armstrong to advocate his positions over those of Ms. Armstrong, their putative client, and (iv) advocating so as to protect their relationship with Morgan Stanley to the detriment of Ms. Armstrong, their putative client, as well as the other acts described in Paragraphs 1-58 above, Blank Rome, Attorney Heller and Attorney Mitchell, jointly and severally, failed to exercise that degree of care, skill and diligence commonly possessed by a member of the legal profession involved in similar matrimonial cases.

61. Blank Rome, Attorney Heller and Attorney Mitchell's joint and several failure to exercise that degree of care, skill and diligence commonly possessed by a member of the legal profession involved in similar matrimonial cases, caused Ms. Armstrong damages in the amount of \$8,083,500, which is 50% of the value of the licenses using a 3% discount rate.

62. In addition, Blank Rome, Attorney Heller and Attorney Mitchell's joint and several failure to exercise that degree of care, skill and diligence commonly possessed by a member of the legal profession involved in similar matrimonial cases, caused Ms. Armstrong additional damages in the amount of \$239,323.26, which is the amount Ms. Armstrong paid Blank Rome for their substandard and inferior supposed "legal services."

63. Based on the foregoing, Blank Rome, Attorney Heller and Attorney Mitchell are jointly and severally liable to Ms. Armstrong in the amount of \$8,322,823.25.

**Second Cause of Action - - Violation of Judiciary Law 487**

64. Plaintiff repeats and realleges the allegations of paragraphs 1-63 as if set out here in full.

65. By (i) failing to disclose their debilitating conflicts of interest, (ii) forcing and/or recommending that Ms. Armstrong sign the Stipulation and thus waive her rights (a) to value and then (b) include \$16,167,000 as the value of Mr. Armstrong's security licenses as part of the marital estate, (iii) accepting money from Mr. Armstrong to advocate his positions over those of Ms. Armstrong, their putative client, and (iv) advocating so as to protect their relationship with Morgan Stanley to the detriment of Ms. Armstrong, their putative client, as well as the other acts described in Paragraphs 1-58 above, Blank Rome, Attorney Heller and Attorney Mitchell, jointly and severally acted with deceit and with collusion, so as to cause Ms. Armstrong damages.

66. By acting with deceit and with collusion as described above, Blank Rome, Attorney Heller and Attorney Mitchell, jointly and severally violated Judiciary Law 487.

67. Based on the foregoing, Blank Rome, Attorney Heller and Attorney Mitchell are jointly and severally liable to Ms. Armstrong for treble damages in the amount of \$24,968,469.78.

**Third Cause of Action - - Violation of the NY General Business Law Sec. 349**

68. Plaintiff repeats and realleges the allegations of paragraphs 1-67 as if set out in full here.

69. Blank Rome, Attorney Heller and Attorney Mitchell are in a business and have a trade practice of providing legal services to consumers and the public generally, including Ms. Armstrong.

70. The actions of Blank Rome, Attorney Heller and Attorney Mitchell by (i) failing to disclose their debilitating conflicts of interest, (ii) forcing and/or recommending that Ms. Armstrong sign the Stipulation and thus waive her rights (a) to value and then (b) include \$16,167,000 as the value of Mr. Armstrong's security licenses as part of the martial estate, (iii) accepting money from Mr. Armstrong to advocate his positions over those of Ms. Armstrong, their putative client, and (iv) advocating so as to protect their relationship with Morgan Stanley to the detriment of Ms. Armstrong, their putative client, as well as the other acts described in Paragraphs 1-58 above, were misleading in a material way.

71. Also and as alleged herein, Blank Rome, Attorney Heller and Attorney Mitchell over-charged Ms. Armstrong \$239,323.26 for substandard and inferior legal services.

72. Moreover, Blank Rome, Attorney Heller and Attorney Mitchell sent Ms. Armstrong a bill/invoice for services for September 2010, in the amount of \$98,000 wherein they claim they worked 206.40 hours for defrauding Ms. Armstrong into waiving her rights to receiving the value of Mr. Armstrong's licenses. A review of the time on that bill alone calls into question Blank Rome, Attorney Heller and Attorney Mitchell's billing techniques, not only for September 2010, but for all prior work.

73. Under NY Gen. Business Law Sec. 349, , Blank Rome, Attorney Heller and Attorney Mitchell are jointly and severally liable to Ms. Armstrong for all actual and punitive damages, together with attorneys' fees, interests and costs.

#### **Fourth Cause of Action - - Equitable Relief**

74. Plaintiff repeats and realleges the allegations of paragraphs 1-68 as if set out in full here.

75. Blank Rome, Attorney Heller and Attorney Mitchell sent Ms. Armstrong a bill/invoice for services for September 2010, in the amount of \$98,000 wherein they claim they worked 206.40 hours for defrauding Ms. Armstrong into waiving her rights to receiving the value of Mr. Armstrong's licenses. A review of the time on that bill alone calls into question Blank Rome's billing techniques, not only for September 2010, but for all prior work.

76. When Ms. Armstrong protested and refused to pay such bill, Blank Rome had Ms. Armstrong and Mr. Armstrong place the amount of \$98,000 in escrow with Henry Berman of White Plains, New York until she resolved her billing dispute with Blank Rome.

77. As the bill for \$98,000 is based on fraud, deceit and substandard and inferior legal services, Ms. Armstrong is entitled to an Order from this Honorable Court, directing Henry Berman to immediately release the \$98,000 to Ms. Armstrong.

WHEREFORE, Plaintiff prays for Judgment against Blank Rome, Norman S. Heller and Dylan S. Mitchell jointly and severally as follows:

1. Actual damages under all appropriate counts in the amount of \$8,322,823.25.
2. Treble damages under all appropriate counts in the amount of \$24,968,469.78.
3. Punitive damages under all appropriate counts in the amount of \$24,968,469.78.
4. Attorneys' fees under all appropriate counts.
5. Interest and costs.
6. An Order from this Honorable Court, directing Henry Berman to immediately release the \$98,000 to Ms. Armstrong.
7. Any further equitable and different relief that this Court finds just and proper.

May 24, 2013  
New York, New York

**SACK & SACK, ESQS.**

*/s/ Jonathan Sack*

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