

Court Affirms \$10 Million Judgment For Sheppard Mullin Client

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Los Angeles, CA, June 12, 2003— Sheppard, Mullin, Richter & Hampton is proud to announce that the Court of Appeal for the Second Appellate District affirmed in full the \$10 million judgment the Firm's trial team, headed by Andre Cronthall and with Mary Gram, obtained for client, Wolfe Air Aviation, against its broker, Andreini and Co., for breach of fiduciary duty, breach of contract and professional negligence in permitting Wolfe's aviation insurance policy to lapse.

The lawsuit arose out of a helicopter crash near the Hollywood Bowl which occurred just twenty hours after the insurance policy covering the owner, Wolfe, cancelled. The helicopter crash killed the pilot and one passenger and injured two others, exposing Wolfe to liability. Also, notices of the cancellation of insurance were sent to all of Wolfe's clients, which harmed Wolfe financially.

Sheppard Mullin substituted for Wolfe's prior attorneys to handle the trial against Andreini. Wolfe's complaint against Andreini and Bartling was tried over several weeks, after which the jury returned a nearly \$10,000,000 verdict, one of the largest verdicts in California that year, on all Wolfe's causes of action. Defendants appealed the ensuing judgment, asserting that the award should have been reduced by Wolfe's comparative fault and that there was no breach of fiduciary duty. Cronthall and Gram represented Wolfe on the appeal. The Court of Appeal rejected all of defendants' claims and affirmed the judgment.

The appellate panel agreed with every major argument made by Wolfe and stated in its opinion: "...The crucial nature of this insurance was one of the reasons Wolfe contracted with [the broker] to assure uninterrupted coverage. Here, defendants unquestionably breached this fiduciary duty. They negotiated and executed the second [premium finance] contract without informing Wolfe of its terms. They applied Wolfe's payments to the amount owed [the premium finance company] without accounting for or explaining what they did to Wolfe...They repeatedly failed to respond to Wolfe's frantic requests for an accounting...Finally and perhaps worst of all, their only response to Wolfe, made without performing an accounting of Wolfe's accounts...was to tell Wolfe, in writing, that its accounts and policies were 'in order'. These facts provide substantial evidence that defendants breached a fiduciary duty to Wolfe, and committed professional negligence."

Lead trial lawyer, Cronthall, who usually represents insurers and brokers, stated "This opinion completely vindicates our client and will help compensate Wolfe Air for its financial loss so that it can continue to grow and service its clients. Although a major part of our practice is to represent insurers and brokers, it was an interesting and rewarding change of pace to represent the plaintiff in a case involving such complex and interesting legal issues. It demonstrates the depth and breadth of our business trial practice group's capabilities to successfully try such a case on very short notice, and then successfully handle the ensuing appeal."

Gram, who second chaired the trial, commented, "We substituted in as trial counsel in this matter just a few weeks before the trial. An enormous file containing everything generated during the previous eight years the matter had been in litigation was delivered in a truckload to our Los Angeles office. However, as a result of an extraordinary effort by the entire team, when we appeared for trial and were able to obtain a \$10 million verdict on a claim where the defendants' settlement offer never exceeded \$75,000."

Sheppard Mullin has more than **370 attorneys** among its **eight offices** in Los Angeles, San Francisco, Orange County, San Diego, Santa Barbara, West Los Angeles, Del Mar Heights, and Washington, D.C. The full-service firm provides counsel in Antitrust and Trade Regulation; White Collar and Civil Fraud Defense; Business Litigation; Construction, Environmental, Real Estate and Land Use Litigation; Corporate; Entertainment and Media; Finance and Bankruptcy; Financial Institutions; Government Contracts and Regulated Industries; Healthcare; Intellectual Property; Labor and Employment; Real Estate, Land Use, Natural Resources and Environment; and Tax, Employee Benefits, Trusts and Estates. **The Firm celebrated its 75th anniversary in 2002.**

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