

## When Good Lawyers Turn Bad (Legal Malpractice and Fraud Recovery blog post)

by Brian Mahany

Lawyers are not held in high regard by many people. That is unfortunate since 99% of them do great work. Most lawyers get themselves in trouble when they get in over their heads and fail to seek help. Unfortunately a few are simply corrupt. The U.S. Securities and Exchange Commission charged one Minnesota lawyer with helping to mastermind a \$21,000,000 Ponzi scheme.

This week the SEC charged Minnesota lawyer Todd Duckson and two real estate promoters in a massive fraud. According to the feds, the promoters raised approximately \$74 million from hundreds of investors between 2004 and August 2009. The stated purpose of the investment was to make real estate loans to a single borrower. What they failed to tell investors, however, was that the borrower defaulted in 2008.

If that isn't bad enough, after the borrower defaulted, attorney Duckson took over management of the fund. Prior to that date, Duckson acted as counsel to the fund. Did Duckson and his partners disclose the default to investors? According to the SEC, no. Instead, they continued to raise another \$21 million. By this point, the funds from the new investors were simply being used to pay existing investors. A classic Ponzi scheme.

Investment fund managers have a duty to disclose all relevant facts - good and bad - to investors. Concealing the default of the fund's sole business partner and claiming fictitious income is illegal. When a licensed professional gets involved in that conduct it is both fraud and professional malpractice.

Lawyers, CPA's and investment advisors have high ethical standards that they are required to maintain. If the SEC is right, Duckson violated those obligations.

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MahanyLaw and its team of asset recovery lawyers get money back for victims of fraud. Whether it is a Ponzi scheme, professional malpractice or some other type of fraud, we work hard to make our victims whole and to punish the offenders.

Successful fraud recovery and asset recovery requires skilled lawyers, investigators and professionals. Our team brings years of legal and law enforcement experience to every case. From our offices in Milwaukee and Portland, we help people and businesses across the United States and internationally recover their hard earned money. Contact attorney Brian Mahany directly at (414) 704-6731 or [brian@mahanylaw.com](mailto:brian@mahanylaw.com) for a confidential, no-nonsense evaluation of your case.

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