

Former Client Files Lawsuit Alleging Negligence by Paul Hastings Attorneys



Paul Hastings, a prominent law firm, is facing a lawsuit alleging malpractice by a California biotechnology company. The company, Redwood Liquidating Co., claims that the firm's lawyers mishandled their efforts to remove the company's founder from the board, resulting in significant financial losses and ultimately leading to bankruptcy.

According to a complaint filed on June 30 in Los Angeles, Redwood Liquidating Co. asserts that it hired Paul Hastings in early 2021 with the objective of implementing corporate governance reforms that would sideline the company's founder, Hesaam Esfandarypour, and allow for new leadership to guide the company's commercialization efforts. This plan included appointing a new CEO and three independent directors to the board, as per consent drafted by Paul Hastings.

However, complications arose when the Delaware Chancery Court deemed the consents invalid after Esfandarypour filed a lawsuit. Consequently, the newly appointed directors were found to have not been validly appointed. The litigation surrounding the invalid consents drained Redwood's remaining cash reserves, creating investor concerns about the board's legitimacy and disrupting financing opportunities. These unfavorable circumstances eventually led to the company's closure and subsequent bankruptcy filing in July 2022, necessitating the liquidation of its assets.

In response to the lawsuit, Paul Hastings issued a statement via email asserting that the claims are baseless. The firm firmly rejects Redwood's attempt to attribute blame for the company's bankruptcy and failure onto its former legal counsel. Paul Hastings expresses its readiness to defend itself in court against the allegations.

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Redwood is being represented by California-based law firms Lesnick Prince & Pappas and Binder & Schwartz in the lawsuit against Paul Hastings. In the ongoing bankruptcy proceedings in Delaware, Redwood is represented by Willkie Farr & Gallagher and Richards, Layton & Finger.

This is the case of Redwood Liquidating Co. vs Paul Hastings, Cal. Super. Ct., No. 23ST-CV-15242, complaint filed 6/30/23.

Don't be a silent ninja! Let us know your thoughts in the comment section below.