

Alston & Bird Settles Federal Lawsuit Over Regulatory Advice Amid COVID-19 Pandemic



Law firm **Alston & Bird** has successfully resolved a federal lawsuit concerning its regulatory counsel regarding the imports of hand sanitizing wipes during the COVID-19 pandemic. The lawsuit, brought by Ohio-based company Mark One Wipes, alleged legal malpractice by Alston & Bird, resulting in damages exceeding \$1 million.

The lawsuit, filed in February 2022, accused **Alston & Bird** of providing deficient legal advice that led to significant financial losses for Mark One Wipes. The case was presented in the U.S. District Court for the Northern District of Ohio. The central claim in the suit was that Alston & Bird's guidance concerning the appropriate labeling of hand sanitizing wipes was fundamentally incorrect, leading to the rejection of the wipes by U.S. Customs upon importation into the United States.

According to Mark One Wipes, the company engaged Alston & Bird to receive advice on adhering to FDA compliance regulations for product labeling. However, the advice provided proved to be erroneous, resulting in customs authorities denying entry of the hand sanitizing wipes. This, in turn, left Mark One Wipes with a substantial inventory of unsellable products, causing severe financial setbacks.

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The complaint highlighted the extensive financial ramifications for the company, including manufacturing costs, shipping expenses, storage fees, and other associated costs. The erroneous advice from Alston & Bird resulted in Mark One Wipes being compelled to purchase replacement wipes from the market to fulfill its contractual obligations. Unfortunately, the profits generated from these replacement wipes were far lower than what the company would have garnered had it received accurate advice initially.

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In response to the lawsuit, **Alston & Bird**, headquartered in Atlanta, issued a denial of the allegations presented by Mark One Wipes in May 2022. The law firm countered by asserting that the losses and damages cited by the plaintiff were at least partially attributable to the actions and conduct of Mark One Wipes itself. Additionally, **Alston & Bird** launched a counterclaim, alleging that the company breached its contract by failing to remit payment of over \$143,000 in accrued legal fees.

The firm's counterclaim emphasized Mark One Wipes' nonpayment for legal services rendered and argued that the company had unjustly benefited from these services without fulfilling its financial obligations. The legal dispute brought to light the complex legal and financial interplay between the parties involved.

Following a period of legal proceedings, U.S. District Judge Jeffrey Helmick, presiding over the Northern District of Ohio, announced the dismissal of the case. The resolution came after Alston & Bird and Mark One Wipes reached an agreement to settle their differences. However, specific details of the settlement were not disclosed, and both parties refrained from commenting on the matter, as reported by Reuters.

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The settlement marks a conclusion to a legal confrontation that underscored the critical importance of accurate legal guidance, particularly in matters involving regulatory compliance during extraordinary circumstances such as the COVID-19 pandemic. The case sheds light on the potential consequences for companies when they rely on legal advice that proves to be inadequate or incorrect, leading to significant financial losses.

This development could serve as a reminder for law firms and businesses alike to ensure the accuracy and reliability of legal counsel, especially when dealing with intricate regulatory matters. As legal disputes in the corporate world continue to evolve, a focus on rigorous and thorough legal guidance remains paramount to mitigating potential risks and safeguarding financial interests.

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