

# Top 5 Ways

## a CPA can invite a malpractice lawsuit

Are you doing any of these things that put you at risk?

01

### Suing your client for fees

This almost always results in a cross-complaint for malpractice. A good practice before going this route is to consult with your attorney or risk advisor for advice and guidance.



02

### Advising both parties to a dispute or a transaction

Disputes between owners, spouses, or partners often result in advice that is perceived by one or more of them as favoring one party to the detriment of another and can lead to a malpractice claim. Make sure to watch for conflicts of interest.



03

### Participating in business deals with clients

Investing in business deals with clients is often a mistake, especially when the CPA also provides professional services to the business. When the deal has a severe downturn, the CPA is portrayed as the financial expert who sacrificed the best interests of his client to benefit himself.



04

### Failing to communicate in writing

Failing to document client communication can come back to haunt you should a lawsuit arise. If it is not in writing, it may be presumed later in a court of law that it didn't happen. For example, use engagement letters to set clear expectations and define scope of services.



05

### Following standards instead of "getting it right"

You are not required to verify certain types of information. However, if something looks irregular, it probably is. Investigate it, document it, communicate it, and get it right — juries often hold CPAs to higher standards than merely professional standards.



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