

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLUMBIA

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<b>IN RE:</b>		)	
		)	
<b>CAPITOL HILL GROUP,</b>		)	<b>Case No. 02-0359</b>
		)	<b>Chapter 11</b>
<b>Debtor.</b>		)	
_____		)	
		)	
<b>PILLSBURY WINTHROP SHAW PITTMAN, LLP,</b>		)	
		)	
<b>Plaintiff,</b>		)	
		)	<b>Adv. Proc. No. _____</b>
<b>v.</b>		)	
		)	
<b>CAPITOL HILL GROUP,</b>		)	
		)	
<b>Defendant.</b>		)	
_____		)	

**COMPLAINT**

Pillsbury Winthrop Shaw Pittman LLP, as successor by merger to Shaw Pittman (“Shaw Pittman”) respectfully submits this Complaint against Capitol Hill Group (“CHG”).

1. From approximately February 21, 2002 until approximately January 7, 2004, Shaw Pittman provided legal services to CHG pursuant to an engagement (the “Engagement”) approved by this Court in the chapter 11 bankruptcy case of In re Capitol Hill Group, Case Number 02-359.

2. The terms of the Engagement were governed by, inter alia, Shaw Pittman’s employment application and 11 U.S.C. §§ 327, 330, and 1129.

3. Pursuant to 11 U.S.C. § 1129, Shaw Pittman was entitled to be paid in full on or about December 15, 2003 for services rendered under the Engagement.

4. However, Shaw Pittman agreed, inter alia, that CHG could pay a portion of Shaw Pittman’s fees on or about December 15, 2003, and the remainder by a later date. In exchange, CHG agreed, inter alia, it would not object to Shaw Pittman’s services and that if CHG did raise

any such objections it would pay Shaw Pittman's fees and expenses incurred for defending such objections (the "No Objection Term").

5. The terms of the No Objection Term were litigated and determined by this Court and the United States District Court for the District of Columbia ("District Court") in Capitol Hill Group v. Shaw Pittman LLP, 313 B.R. 344 (D.D.C. 2004).

6. In violation of the No Objection Term, CHG filed pleadings objecting to Shaw Pittman's services and alleging various fiduciary-duty and malpractice breaches by Shaw Pittman arising from the services rendered by Shaw Pittman to CHG during the Engagement (CHG's "Prior Malpractice Allegations"). Those allegations were rejected by this Court and the District Court.

7. Pursuant to the No Objection Term and the remand instructions of the District Court, the Bankruptcy Court entered judgments against CHG awarding Shaw Pittman all of its legal fees and expenses incurred in connection with litigating CHG's Prior Malpractice Allegations.

8. On September 7, 2007, three months after representing to this Court that it would not sue Shaw Pittman and thereby convincing this Court that the chapter 11 case should be closed, CHG filed a complaint in the District Court (Case No. 07-1936) alleging additional fiduciary-duty breaches and malpractice by Shaw Pittman arising from the services rendered by Shaw Pittman to CHG during the Engagement (CHG's "Subsequent Malpractice Allegations").

9. On September 5, 2008, the District Court dismissed CHG's complaint.

10. CHG appealed and on June 26, 2009, the United State Court of Appeals for the District of Columbia affirmed the District Court. Additionally, the Court of Appeals denied CHG's petition for rehearing *en banc*.<sup>1</sup>

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<sup>1</sup> CHG did not seek U.S. Supreme Court review and the time for doing so has expired.

Count 1 – Breach of Contract

11. Paragraphs 1 through 10 above are incorporated by reference as if fully set forth herein.

12. Pursuant to the Engagement's No Objection Term, CHG is contractually prohibited from suing Shaw Pittman on services rendered pursuant to the Engagement.

13. By bringing the Subsequent Malpractice Allegations against Shaw Pittman, CHG breached the Engagement's No Objection Term.

14. Shaw Pittman has suffered damages, and continues to suffer damages as a direct and proximate result of CHG's breach of the Engagement's No Objection Term.

Request for Relief

Shaw Pittman hereby demands judgment against CHG for breach-of-contract damages equal to all of the legal fees and expenses that have been and will be incurred defending against CHG's Subsequent Malpractice Allegations (including, but not limited to, defending CHG's appeal and its request for *en banc* review), together with all of the legal fees and expenses that Shaw Pittman will continue to incur prosecuting this Complaint, in amounts to be determined by the Court, plus post-judgment interest as permitted by law.

Dated: April 21, 2010

Respectfully submitted,

PILLSBURY WINTHROP SHAW PITTMAN, LLP

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