

Bilzin Sumberg Settles \$50M Property Tax Malpractice Suit

By [Carolina Bolado](#)

Law360, Miami (November 19, 2013, 1:17 PM ET) -- A Miami Beach private beach club settled a malpractice suit accusing [Bilzin Sumberg Baena Price & Axelrod LLP](#) of costing the club \$50 million in a botched attempt to reduce its property taxes, the parties said Tuesday.

The law firm agreed to pay The Surf Club Inc. \$250,000 to end the suit, according to a joint statement from Bilzin Sumberg and from the Surf Club's attorney Robert Zarco of [Zarco Einhorn Salkowski & Brito PA](#).

“Robert Zarco and the Surf Club are pleased to have resolved the matter with Bilzin Sumberg,” the statement reads. “Further investigation has shown that Bilzin Sumberg has done nothing wrong and that [it] effectively represented the Surf Club at all times in obtaining the tax relief the Surf Club requested. Bilzin Sumberg is pleased to have this recognized.”

The parties declined to comment further on the deal.

In the suit, The Surf Club, which dates to 1930 and has hosted guests such as Winston Churchill and Tony Bennett, said its attorneys didn't sufficiently warn the club's board members that their pursuit of historic designation from the Miami-Dade County Historic Preservation Board would result in the devaluation of the oceanfront property.

When the preservation board designated the club as a historic site in May 2010, the property's fair market value plummeted by between \$30 million and \$50 million because of the developmental restrictions placed on it, according to the suit.

In addition to Bilzin Sumberg, the suit also originally targeted [Gray Robinson PA](#) and [White & Case LLP](#). The two firms were later dropped from the case.

The process began in 2009 when The Surf Club asked its longtime attorney, Charles C. Kline of White & Case, about possibly getting the historic designation to reduce property taxes. Kline prepared a report warning about the “disastrous long-term financial and developmental impact of encumbering the property with a permanent historic preservation designation,” according to court documents.

Despite the warning, the board decided to proceed and in January 2010 hired Stanley Price of Bilzin

Sumberg, according to court documents. The site received historic designation a few months later, cutting the tax bill in half, according to court documents.

Bilzin Sumberg said that the town of Surfside, where the club is located, had specifically identified the property as a historic site subject to development restrictions in January 2010, several months before the county's historic designation. Even if The Surf Club had not applied for official historic designation, the town of Surfside likely would have prevented any attempted redevelopment, Bilzin Sumberg said.

In August, Circuit Judge Jennifer Bailey denied **the firm's motion to dismiss** the suit, but narrowed discovery and the scope of the case to whether the malpractice claims could be assigned by former club members to The Surf Club.

The Surf Club is represented by Robert Zarco, Robert Salkowski and Andre Dreyfuss of Zarco Einhorn Salkowski & Brito PA.

Price and Bilzin Sumberg are represented by Harley S. Tropin, Thomas A. Tucker Ronzetti and Chauncey D. Cole IV of [Kozyak Tropin & Throckmorton PA](#).

The case is The Surf Club Inc. v. Bilzin Sumberg Baena Price & Axelrod LLP et al., case No. 2012-47396-CA-22, in the 11th Judicial Circuit Court of Florida.

--Editing by Stephen Berg.