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Ex-Clients: Girardi Firm Took Boeing Deals Without Consent

By **Brandon Lowrey**

Law360 (December 17, 2020, 7:52 PM EST) -- Two Indonesian families who lost relatives in a 2018 Lion Air plane crash that killed 189 people are alleging the troubled plaintiffs firm Girardi Keese accepted a low-ball settlement from Boeing for them without their permission, according to a motion filed in Illinois federal court this week.

The families claim former Girardi Keese partner David Lira, who left the firm earlier this year, confidentially settled the cases during a mediation session with retired Illinois state Judge Donald O'Connell. Lira, the families say, claimed he had their express authority to settle the two cases, when he in fact did not. They said they fired the firm after learning about the agreement because they believed the settlements were too low and have not signed a release with Boeing to receive the funds.

In a motion filed Wednesday, the families said they "would have terminated Girardi Keese even sooner if they had known about the firm and its lawyers' finances and the conflicts of interest their lawyers' finances created." They're seeking an order forcing the law firm to produce any document showing they'd given it authority to settle.

The claims add yet another wrinkle to Girardi Keese's role in the Boeing litigation. Girardi Keese's co-counsel Edelson PC claimed this month that the firm and its founder, famed trial lawyer Tom Girardi, misappropriated at least \$2 million in settlement funds meant for at least four clients.

On Monday, the Illinois federal judge overseeing the case issued a **contempt order** against Girardi Keese and its founder, froze their assets, and issued a \$2 million judgment against them after they acknowledged the funds were missing from a client trust. Prosecutors are also exploring the case.

For his part, Tom Girardi has remained mostly silent since Edelson alleged the misconduct Dec. 2. His attorney, Los Angeles criminal defender Evan Jenness, has told the court that she believes her client is mentally incompetent and wants to get him evaluated by an expert.

The firm was declared insolvent earlier this year in an unpaid lender's state court case, and additional lawsuits over unpaid money are piling up by the day. Ex-Girardi Keese partners sued this week **over \$2.3 million** in unpaid profits. Court reporting agency Veritext LLC sued Wednesday in Los Angeles claiming it is owed over nearly \$550,000 in unpaid services.

Several creditors, including California Attorney Lending II Inc., are threatening an **involuntary bankruptcy petition** this week in the Northern District of California.

Girardi is known for his role in litigation against Pacific Gas and Electric over groundwater contamination in the town of Hinkley, California, that resulted in a \$333 million settlement and inspired the movie "Erin Brockovich." His wife, Erika Jayne, is a singer and a star of the reality television series "Real Housewives of Beverly Hills."

On Thursday, Peter Lubin of Lubin Austermuehle, who represents the families who claim Girardi Keese wrongfully settled their cases, said it was sad that they would have to come to court to get their own case information from their former firm. He offered praise to Edelson, which wasn't present

at the settlement negotiations in question. He said that firm founder Jay Edelson has been incredibly helpful to the families and their attorneys.

"Edelson is as clean as the driven snow," Lubin said. "I dealt with Jay Edelson for 25 years. He's as honorable a guy as there is in Chicago, and that you can quote me on."

The October 2018 Lion Air crash in the Java Sea was the first of two involving Boeing's 737 Max 8 aircraft that killed a total of 346 people. The pair of crashes led to an unprecedented grounding order of the aircraft — which the Federal Aviation Authority has since been rescinded — and sparked a **push to review aviation safety**.

Lira and his attorney did not immediately respond to a request for comment Thursday.

The families are represented by Peter S. Lubin and Patrick Austermuehle of Lubin Austermuehle PC and Monica Ribbeck Kelly of Ribbeck Law.

Girardi Keese is represented by Michael Monico of Monico & Spevack.

Tom Girardi is represented by Evan Jenness.

Boeing is represented by Mack Shultz of Perkins Coie LLP.

Lira is represented by Edith Matthai of Robie & Matthai PC.

The case is In re: Lion Air Flight JT 610 Crash, case number 1:18-cv-07686, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Lauren Berg and Lauraann Wood. Editing by Michael Watanabe.

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