



---

Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Edelson Sues 'Housewives' Couple, Claims Girardi Debt Spiral

By **Nick Muscavage**

Law360 (December 2, 2020, 9:43 PM EST) -- A star from the "Real Housewives of Beverly Hills" and her husband, a partner at Girardi Keese, have been sued by Chicago law firm Edelson PC, which claims the attorney's firm is "on the verge of financial collapse" and that the pair have been embezzling settlement money from nearly a dozen cases involving victims of a Boeing 737 Max crash.



Erika Girardi, known as Erika Jayne, and her husband, Thomas Girardi of the Los Angeles law firm Girardi Keese, are accused in a lawsuit of embezzling settlement money. (AP Photo/Chris Pizzello)

Edelson said in a suit filed Wednesday in Illinois federal court that Erika Girardi, known as Erika Jayne, and her husband, Thomas Girardi of the Los Angeles law firm Girardi Keese, have been using proceeds of settlements that should have gone to the widows and orphans who lost family members in the 2018 crash of Lion Air Flight 610, which killed 189 people.

Much of the suit concerns the alleged financial woes of Girardi Keese.

Girardi and his law firm are "on the verge of financial collapse and locked in a downward spiral of mounting debts and dwindling funds," according to Edelson, which represented the families of the victims of the Lion Air crash along with Girardi Keese in suits brought against Boeing. Just before filing the suit, Edelson was pointed to an apparent receiver for Girardi Keese, the complaint said.

"Tom's downward spiral appears to have finally bottomed out," the complaint said. "On information and belief, Tom's mounting loans and debt have piled up to such an extent that GK can no longer meet its financial obligations and it is likely that GK will soon not be a going concern."

Edelson claims Girardi's firm owes "tens of millions of dollars" to clients, lenders, co-counsel and settlement administrators, and that Girardi, a prominent personal injury attorney, resorted to embezzlement to fund his wife's opulent lifestyle and keep up their celebrity status.

Jayne recently announced she has filed for divorce, but Edelson contends that the divorce filing is "simply a sham" to fraudulently protect the couple's money from those who seek to collect on their debts.

A phone call to Girardi's firm seeking comment was not immediately returned Wednesday.

Following the Lion Air crash, more than a dozen families retained Girardi Keese and, with the assistance of Edelson, a series of mediation sessions ensued, leading to individual settlements from Boeing, according to the complaint.

Girardi Keese oversaw the communication with the clients and Edelson, in turn, began preparing motions seeking court approval for each settlement providing for an allocation of settlement proceeds to children of the deceased, the first of which was filed in February.

Girardi, however, with the help of attorney Keith Griffin and his former partner David Lira, "prevented a significant portion of that money, and potentially all of it, from ever reaching the victims of this horrific crash," according to the complaint.

Instead, Girardi kept the money for his own purposes, doling it out to his friends and family, Edelson alleged.

Edelson began following up with Griffin and Lira on a nearly weekly basis inquiring about the settlements and when the clients could expect their payments, but the two attorneys would only respond "periodically with little more than a statement" and claimed they couldn't get the clients their settlements because Boeing wanted to wait until all of the clients had signed agreements.

Griffin and Lira could not be reached for comment. Edelson declined to comment.

After even more follow-ups, Edelson in July was told that even though Boeing had fully funded the settlements, "clients had not received the full amount owed to them and were still owed about half of what was due to them," according to the complaint.

By September, Edelson thought those settlement proceeds had finally been paid out but its suspicions were again raised last month when it received a letter from Lira, who had since moved to the law firm Johnston Hutchinson & Lira, indicating that Girardi had transferred a chunk of his firm's interest in attorney fees from the Lion Air cases to litigation funder California Attorney Lending.

Knowing its own fees were wrapped up in Girardi Keese's interest, Edelson again reached out to the other firm and learned from Griffin that clients were still owed settlement money.

"Griffin further stated that he was skeptical that Girardi or GK had the financial means to satisfy GK's obligations to those certain Lion Air clients that are still owed settlement proceeds and Edelson," the complaint said.

Before filing the present lawsuit, Edelson attorneys again spoke with Griffin, who pointed them to Robert Finnerty. Finnerty, Griffin told them, "would be serving as a receiver charged with overseeing the wind up of defendant GK," according to the complaint. Finnerty, who is also named as a defendant, was a decades-long partner at the firm who had departed in May, the complaint said.

As part of the suit, Edelson claims that Girardi, in "a Madoff-inspired attempt," tried to protect his own wealth by using client settlement funds to pay down loans. Two of those lenders, California Attorney Lending and Stillwell Madison, are named as defendants in the complaint.

To stave off collection efforts, Girardi entered into multiple inter-creditor agreements, which allowed lenders and creditors to access and withdraw funds from Girardi Keese's bank accounts.

Edelson alleged that those lenders should have been aware of Girardi's financial troubles and that the funds in the bank accounts were "likely embezzled client funds and co-counsel fees," according to the complaint.

Edelson is represented by Jay Edelson, Benjamin H. Richman, Alexander Tievsky and Rafey S. Balabanian of Edelson PC.

Counsel information for the defendants was not available.

The case is Edelson PC v. Girardi et al., case number 1:20-cv-07115, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Lauren Berg. Editing by Bruce Goldman.

*Correction: An earlier version of this story misstated the date of the complaint and the model of the plane. The errors have been corrected.*