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Girardi Co-Attys Say 'Diabolical' Scheme Cost Them Millions

By **Ryan Boysen and Brandon Lowrey**

Law360 (February 18, 2021, 4:47 PM EST) -- In early December, California personal injury lawyer Philip R. Sheldon got a call from his former business partner Thomas V. Girardi, the legendary plaintiffs attorney whose world was falling apart as accusations that he'd stolen client funds bore down on him.



Lawyer Thomas Girardi speaks at a 2014 news conference. Besides facing claims from clients, Girardi has been repeatedly accused of failing to pay fellow lawyers and legal service providers over the years. (Robyn Beck/AFP via Getty Images)

Girardi, who'd been promising to pay Sheldon nearly \$1 million he'd owed him in co-counsel fees since 2016, didn't sound all there.

"Did I send you the money I said I was going to?" Girardi asked.

Sheldon was incredulous. He'd been hounding Girardi about that money for years, after investing countless hours and hundreds of thousands of dollars in the case. Girardi's refusal to pay had caused him to file for personal bankruptcy in 2018. His head was spinning.

"No, you didn't," Sheldon responded, seething. "When can I expect some?"

Girardi mumbled something and hung up.

A few days later, Sheldon finally sued him, joining a long list of ex-clients, lenders, co-counsel and vendors who claim Girardi owes them collectively tens of millions of dollars.

Sheldon said in a recent interview that he used to respect Girardi. He remembers listening to Girardi's Los Angeles talk-radio show "Champions of Justice" on the weekends. But now 68 and in the "twilight years of his career," as his lawsuit puts it, Sheldon said he doubts he'll ever see any of that money.

"I guess I drank the Kool-Aid," Sheldon said. "I'm ashamed of myself that I let somebody like this fuck me over."

Girardi's firm Girardi Keese went into bankruptcy a few days after Sheldon filed his suit, and now prosecutors are looking into **allegations that Girardi stole \$2 million** from settlement funds owed to the families of plane crash victims.

Girardi has been dogged by **troubling lawsuits** claiming he brazenly stole client funds for decades, but a review of other cases shows he also allegedly made a habit in recent years of stiffing fellow lawyers and legal service providers, to the tune of more than \$20 million.

"I know a lot of plaintiffs lawyers," said Shook Hardy & Bacon LLP partner John Barkett, who has served on several professional ethics committees of the American Bar Association. "I've never seen somebody operate like this before."

Many of the suits against Girardi have strikingly similar allegations, claiming Girardi took money from settlements, hid the details of those deals from clients and co-counsel, and then responded to demands for payment with excuses and empty promises sweetened with a spoonful of his trademark charm.

"He has this warmth and glow about him that allows him to deceive people," said James Spertus of Spertus Landes & Umhofer LLP, who represents Sheldon.

Spertus sued Girardi in 2016 on behalf of two other law firms over unpaid co-counsel fees, and even in that case he remembers Girardi coming off as charismatic and likable.

He said he didn't fully grasp the bigger picture at the time, but Spertus now thinks Girardi was operating a sort of Ponzi scheme, skimming more than he was entitled to off every settlement and then waiting until funds came in from future deals to settle the lawsuits filed by the clients and co-counsel left in his wake.

"I didn't realize how diabolical Tom Girardi really is," Spertus said. "The audacity of Tom Girardi to perpetrate this scheme even on fellow lawyers is just shocking in its arrogance."

Attorneys for Girardi did not respond to requests for comment.

'Modus Operandi'

For a long time, about 90% of Girardi Keese's cases were referrals from attorneys across the U.S., the firm once said on its website.

Many of the suits accusing Girardi of stealing money, from clients and co-counsel alike, stemmed from mass torts, complex clusters of lawsuits that usually target a corporate wrongdoer and can involve thousands of plaintiffs and hundreds of attorneys.

In one such case, Girardi Keese settled about 4,000 California state court cases alleging GlaxoSmithKline's diabetes drug Avandia caused heart attacks and liver failure. The terms of the 2012 settlement were confidential, but other attorneys involved in the litigation said they believed Girardi Keese ultimately received as much as \$100 million in fees.

Before long, Girardi's Avandia co-counsel began to sue for their share of those fees.

Kansas-based Hutton & Hutton Law Firm LLC filed a lawsuit in 2013 claiming Girardi not only refused to give them an undisclosed sum of money owed in fees but defamed Hutton & Hutton attorneys to their 54 mutual clients.

"Hutton & Hutton did nothing," Girardi told the clients, according to the complaint. "I doubt if they can even spell the word Avandia."

That suit settled a few months after it was filed.

California law firm Gruber & Gruber **sued Girardi over \$6 million** in allegedly unpaid Avandia fees in 2016, represented by Spertus. Later that year, Texas attorney Steven M. Johnson also sued Girardi for an undisclosed sum of Avandia fees.

In his suit, Johnson said Girardi had refused to provide him with a copy of the GlaxoSmithKline settlement agreement, a move he claimed was part and parcel of Girardi's "modus operandi," citing the Gruber suit and suits by clients alleging the same thing.

Both of those suits ended in confidential settlements.

The estate of Ed Masry, the attorney who worked with Girardi on the case portrayed in the film "Erin Brockovich," recently filed a notice in Girardi Keese's bankruptcy proceedings saying it was never paid in full for Avandia cases either.

Sheldon's suit resulted from another mass tort case, this one against a cement manufacturer in Riverside, California, accused of releasing toxic chemicals into the air and sickening nearby residents.

Sheldon opened an office in Riverside to serve the hundreds of clients he signed up for the case, but says he was left holding the bag when Girardi never paid. A fellow Southern California litigator who joined Sheldon on that lawsuit, Robert P. Finn, claims Girardi never paid him roughly \$4 million in fees he was owed for the same case.

But it isn't just attorneys and clients who claim they've been stiffed by Girardi either.

In 2019 KCC Class Action Services, which does administrative work on large lawsuits, said Girardi ran up a huge bill between 2013 and 2019, then flatly refused to pay. The parties eventually reached a \$12 million settlement, but KCC later sued, saying Girardi stopped making payments with \$7.5 million still unpaid.

At the same time Girardi blamed the dispute for his inability to pay Sheldon, telling him "these idiots at KCC" were holding up the release of the attorney fee funds in the Riverside case, according to Sheldon's suit.

A decade earlier, in 2009, expert testimony and economic consulting firm Compass Lexecon sued Girardi, saying he brazenly stiffed it on a \$300,000 bill. That case settled the next year.

'With Kind Regards'

Other suits filed against Girardi by co-counsel were one-offs.

In 2007, Robert Simon was a young attorney at Lederer & Nojima LLP in Los Angeles when he took on a strange, only-in-Hollywood fee dispute.

An actress had successfully sued legendary B-movie director Roger Corman over a nude scene that violated her contract. She was represented by Girardi and another attorney, who then hired Simon to sue after Girardi allegedly refused to turn over his cut from the case.

As the dispute headed toward arbitration, a letter arrived at Simon's office.

Dear Simon:

You have 48 hours to dismiss this case or I will make sure you never work again in this town.

With kind regards,

THOMAS V. GIRARDI



GIRARDI | KEESE
LAWYERS

July 25, 2007

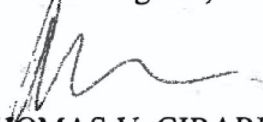
Robert T. Simon, Esq
Lederer & Nojima LLP
11755 Wilshire Blvd, Suite 1250
Los Angeles, CA 90025

RE: Obentsine v. Lintel, Girardi/Keese

Dear Simon:

You have 48 hours to dismiss this case or I will make sure you never work again in this town.

With kind regards,



THOMAS V. GIRARDI

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The 2007 letter from Girardi to Simon.

Girardi loved the power of typed letters on letterhead, shunning communication via email and phone to dictate missives to one of his two assistants, according to several people who knew him well.

References to those letters are sprinkled throughout many of the lawsuits against Girardi, showcasing how he used them to charm, delay and threaten.

In Simon's case, he was scared, but he pressed on. The case settled. For years afterward Girardi held a grudge, pretending not to know who Simon was every time they ran into each other in the courtroom halls, Simon said. Now that letter is framed and hangs on the wall of Simon's whiskey room.

Girardi was hit with another one-off suit last August, when Shawn Azizzadeh of Bedford Law Group sued Girardi, claiming he didn't over his cut of a joint suit against Uber that resulted in a \$1M settlement for a client who was injured in a car crash.

In his complaint, Azizzadeh said that when he requested his 25% cut, a Girardi Keese secretary informed him that "Girardi's offer to provide you with a 25% fee ... was withdrawn." The suit was withdrawn in December; it's unclear why.

Azizzadeh declined to discuss the episode. "My only comment is that I believe Girardi is a crook and deserves to be in jail," he wrote in an email.

Even Girardi Keese's own longtime attorneys now say Girardi took their money.

In a lawsuit filed Dec. 16, Robert Keese, Robert Finnerty and the widow of fellow Girardi Keese partner James O'Callahan claim Girardi gave them an interest in the entity that owns the Wilshire Boulevard land beneath the firm's offices, valued at about \$7.5 million.

As the firm neared collapse, however, the three said they discovered Girardi had taken out liens worth nearly the entire value of the property to secure loans, subordinating the \$450,000 they're owed to other creditors.

Keese has also filed a separate suit against Girardi and the firm, claiming he's still owed \$500,000 for a deal that let Girardi keep Keese's name on those offices after he retired in 2010.

"Keese practiced as an attorney with defendant Girardi for over 30 years" and Girardi profited off his "goodwill and name," the complaint says.

"Girardi's conversion of money belonging to Keese was done by Girardi without Keese's consent," the complaint continues, using a legal term that's essentially the civil equivalent of theft. "This conversion by Girardi was intentional."

--Editing by Brian Baresch.

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