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BANKRUPTCY

'Real Housewives' Star Can't Oust Tweeting Lawyer From Law Firm Bankruptcy Probe

A judge refused to disqualify a lawyer from suing Erika Girardi after he made public comments on the chapter 7 of her estranged husband's law firm



Erika Girardi at an awards ceremony in 2018. A bankruptcy judge said her standing to disqualify a lawyer for a trustee of the dissolved Girardi Keese firm was 'questionable at best.'

PHOTO: CHRIS PIZZELLO/ASSOCIATED PRESS

By <u>Alexander Gladstone</u>

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A bankruptcy judge has blocked "The Real Housewives of Beverly Hills" cast member Erika Girardi from ousting a lawyer investigating her dealings with her estranged husband's bankrupt law firm, ruling that allegedly inflammatory social media posts don't warrant disqualification.

Ms. Girardi had requested a court ruling to disqualify Ronald Richards, a special litigation counsel in the bankruptcy case of Thomas Girardi's now-defunct law firm Girardi Keese, for "false and inflammatory social media posts and public statements" he made on YouTube and Twitter.

Judge Barry Russell of the U.S. Bankruptcy Court in Los Angeles said on Wednesday the disqualification request "appears to be nothing more than a blatant attempt by Ms. Girardi to impede Mr. Richards' efforts ... to investigate allegedly fraudulent transfers."

Mr. Richards, on behalf of the law firm's bankruptcy trustee, alleged in a July complaint in bankruptcy court that Girardi Keese was owed more than \$25 million by companies controlled by Ms. Girardi, and is seeking to recover the money for the law firm's creditors.

"I'm glad that the First Amendment is still alive and well, and that we can now focus on the merits exclusively," Mr. Richards said in an interview. "I hope that now this is behind us we can move forward and complete our investigation."

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- Ronald Richards, lawyer for Girardi Keese bankruptcy trustee

An attorney for Ms. Girardi didn't immediately respond to a request for comment. She hasn't formally responded to the trustee's complaint.

While conducting his investigation, Mr. Richards has made public comments on Twitter and in YouTube appearances regarding both the bankruptcy case and the Girardis themselves, and often punctuates his tweets with the hashtag #GirardiFraud.

Ms. Girardi's lawyers argued in June court papers that Mr. Richards' statements were in "complete disregard of his ethical duties as a member of the California bar," which he has denied.

The judge's written ruling on Wednesday said Mr. Richards' conduct "failed to constitute any ethical violations that would disqualify him" from efforts to dig up funds for Girardi Keese's creditors.

Girardi Keese, long a prominent player in mass-tort litigation nationwide, unraveled in December after Mr. Girardi told a federal court in Chicago that he couldn't account for \$2 million that should have been paid from a settlement fund to family members of the victims of a 2018 plane crash off Indonesia.



Thomas Girardi.
PHOTO: JOE SCARNICI/GETTY IMAGES

A group of the law firm's creditors petitioned to place Girardi Keese into bankruptcy, where a trustee took over its affairs. In November, Ms. Girardi filed to divorce Mr. Girardi, who entered personal bankruptcy in January, pausing the divorce proceedings.

The bankruptcy trustee and Mr. Richards have argued that since Ms. Girardi isn't a creditor of the law firm, she lacks standing to bring the motion to oust Mr. Richards. In his Wednesday ruling, Judge Russell said that he agreed Ms. Girardi's standing to bring the motion was "questionable at best."

Mr. Richards tweeted in June that evidence shows Ms. Girardi "is more than just an innocent spouse." Mr. Richards also sat for interviews for a documentary about Girardi Keese, Mr. Girardi and Ms. Girardi, according to Ms. Girardi's motion seeking to disqualify him. The ABC News documentary, titled "The Housewife and the Hustler," was released on Hulu in June and featured multiple creditors in the bankruptcy case.

When it collapsed, Girardi Keese had "limited cash and significant debt," according to a trustee's report filed in April that found creditors have asserted roughly \$43.5 million in secured claims against the firm. The trustee's report said it also found evidence that many of the firm's cases had been settled without paying its clients anything.

Mr. Girardi's brother, Robert Girardi, said in January court papers that Thomas Girardi, who is 82 years old, has suffered memory loss and isn't competent to participate in the bankruptcy of

his former firm. On Tuesday, Thomas Girardi submitted an affidavit to the Chicago court saying that if called as a witness in proceedings involving two former Girardi Keese lawyers, he would invoke his constitutional right to refuse to testify.

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