



GINA FERAZZI Los Angeles Times

VETERAN L.A. attorney Carl Douglas, shown at a news conference in 2020, was disciplined by the California State Bar for allowing associates to sign three subpoenas on his behalf. “There is less rope Black lawyers are allowed before complaints are generated,” he says.

BLACK MEN GET BRUNT OF STATE BAR’S DISCIPLINE

As Tom Girardi skated by, agency focused aim at lawyers
without money or clout

By **Harriet Ryan and Matt Hamilton**

The case was not glamorous, and the clients — 16 homeless people evicted from an encampment — didn’t have money for a retainer, but that was how things went at Chima Anyanwu’s one-man law practice in Koreatown. He agreed to represent the group in 2016, and later that year secured a settlement of \$64,000 from the city of South Gate.

Anyanwu paid each client what they were owed, even accompanying one desperate woman to a bank branch on a Saturday to help her cash her settlement check, court records show.

Then the State Bar of California got involved. After receiving a complaint from one client, the agency responsible for policing the legal profession combed through Anyanwu's files and bank records. An investigator uncovered no evidence of misappropriation but found that Anyanwu, who had gone abroad shortly after the settlement, delayed by five weeks withdrawing from a client trust account \$4,000 that he was due in fees in the case.

For this and two other similarly minor violations, the State Bar suspended

Anyanwu's law license for 30 days, placed him on probation for two years, ordered him to retake a professional ethics exam and announced the punishment in a press release published on Facebook and in a legal newspaper.

"I was an easy target for them and an easy prey," said Anyanwu, who had maintained a spotless law license for 18 years.

The State Bar has repeatedly failed to police prominent and wealthy members of the legal community, most notably Tom Girardi, who misappropriated millions of dollars from clients over decades and racked up more than 150 complaints before the agency took public action. But there is a corollary inequality in the scandal: The bar has historically trained its firepower on individuals without the money, firm backing or political connections to put up a fight — and those lawyers are disproportionately Black men, like Anyanwu.

Between 1990 and 2018, Black male lawyers were nearly four times as likely to be disbarred or resign with charges pending, according to a study released by the bar three years ago. They were more than three times more likely to be placed on probation than their white counterparts.

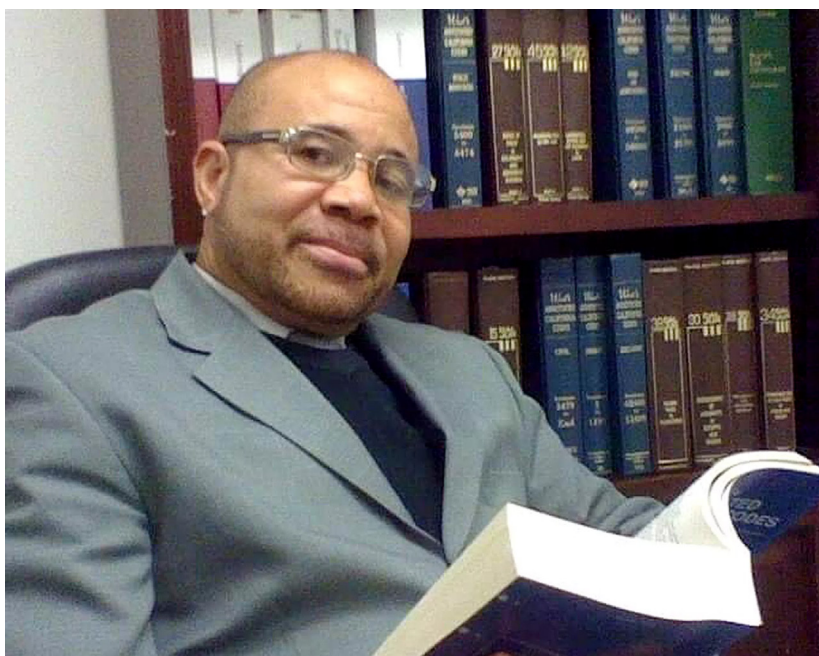
Black lawyers interviewed by The Times described practicing law in fear that small accounting errors could tarnish their license even as colleagues who were well-off, white or worked at big firms avoided scrutiny for serious misconduct. During years that the bar was investigating and prosecuting Anyanwu, for example, it closed without punishment seven cases in which Girardi was accused of misappropriation, fraud or other wrongdoing.

The bar's study, the only known examination of a California regulatory agency and the first of its kind for any state's attorney discipline system, was the brainchild of the bar's executive director, Leah Wilson, who is Black. In a recent interview, she said the data validated long-standing suspicions in the Black community. "The bar hates us. Why do you want to work there?" she recalled hearing from peers.

"For us, we can't make a mistake," said Gregory Harper, a Black attorney in Contra Costa County fighting disbarment for issues related to a dispute with a client over \$21,000, the third time he has faced discipline since becoming a lawyer 32 years ago. "Why didn't Girardi get this kind of attention? It would have protected the public. You have zero dollars missing on my end and at least \$14 million missing on his end."

Being sanctioned by the State Bar, even if it is short of disbarment, can be destructive.

Public reprimands remain on lawyers' records permanently and are visible in the agency's online directory. Attorneys can lose existing and prospective clients, pay more



COURTESY Chima Anyanwu

KOREATOWN LAWYER Chima Anyanwu had his law license suspended for 30 days and was placed on probation for two years by the California State Bar for minor violations.

for malpractice insurance, and lose out on lucrative court-appointed positions in class-action and other cases. Discipline can also hinder their certification for a legal specialty, such as family law, and make becoming a judge all but impossible. Sanctioned attorneys are also at greater risk for disbarment since agency guidelines call for increasing the severity of punishment for subsequent infractions.

“Any public discipline can be devastating for a licensed attorney,” said Jean Cha, a former State Bar prosecutor who now assists lawyers and firms with ethics and disciplinary matters.

Why the bar concentrates its resources on cases that are viewed as low-hanging fruit is related to its funding, *The Times* found. Instead of drawing on taxpayer money, the agency relies almost entirely on the yearly fees paid by the state’s 266,000 attorneys to fund its discipline system. But the bar cannot impose those fees without the permission of lawmakers in Sacramento.

When deciding whether to pass the fee bill each year, legislators historically have evaluated the bar with a focus on what is known as “the backlog” — the number of complaints from the public, judges and others against lawyers that have yet to be fully investigated and resolved.

Sacramento zeroed in on these pending cases as a barometer of agency performance rather than as a sign that the bar was in need of more resources. The higher the number, the more difficult it was for the State Bar to get funded. Over time, top bar officials became fixated on this metric and passed it on to employees who came to see their jobs as completing as many cases as possible as quickly as possible.

But as the Girardi scandal demonstrated, efficient closures did not translate into effective policing of the profession. With bosses pressing prosecutors and investigators to keep the backlog low, they had little incentive to take on complex cases or those involving the rich and well-connected.

How often the State Bar looked the other way on high-profile attorneys is unclear. In the wake of the Girardi fiasco, the bar tapped University of San Diego School of Law professor Robert Fellmeth to review the files of other attorneys who had eluded discipline despite repeated complaints. The records of these lawyers, whose names have not been released, took up 28 boxes, Fellmeth recalled, and left him convinced bar employees “tend not to go after anyone, not just Girardi, who has a long-standing reputation, lots of friends, and resources to battle the crap out of them.”

“There is not just one Girardi,” Fellmeth said, adding, “They got 50 who worry the hell out of me.”

The Times identified two attorneys who went uncharged by the bar for years despite numerous accusations of wrongdoing. Mark Geragos, the L.A. criminal defense specialist and former CNN pundit, has been the subject of at least 56 complaints since 1986, according to a database of confidential bar complaints briefly published online this year.

Geragos has a clean public record, though following a *Times* report this year, the bar announced that he was under investigation in connection with a class-action case on behalf of Armenian genocide victims and their descendants. Geragos did not respond to questions



MARK BOSTER *Los Angeles Times*

LOS ANGELES attorney Mark Geragos, the subject of at least 56 complaints since 1986, has a clean public record.



MEL MELCON Los Angeles Times

VETERAN ATTORNEY Rickey Ivie, photographed outside his Leimert Park office, serves on the state’s Commission on Judicial Performance. “When they look for people to prosecute — and that’s what the State Bar does, it looks for people to prosecute — they take the path of least resistance,” he says.

about the complaints against him, but wrote in an email that “it is a complete travesty that the State Bar has targeted Black lawyers and Solo Lawyers.”

Former San Diego corporate executive and attorney Luke Zouvas was the subject of 87 complaints over 20 years, all of which were closed by the agency without public discipline. Only after Zouvas was indicted on money laundering charges in 2018 in what federal prosecutors described as a global stock manipulation scheme did the bar take public action against his law license. He was disbarred in 2020. The state auditor cited him as an example of investigative failures in an audit this year describing the agency’s shortcomings. Though Zouvas was not named, he is identifiable from bar court records.

Wilson, the bar’s executive director, acknowledged that there were “some significant challenges in our system that have resulted in it being geared towards addressing what we can do quickly. And those are the simpler cases.”

In perhaps the starkest example, the bar appears to have disbarred a dead man. Marcelo Reyes, a solo practitioner in La Habra, had previously informed the bar he was in “extreme ill health” and in and out of the hospital, but after letters about his failure to complete a probation form were returned unopened, the bar moved in June 2020 to revoke his law license. A death certificate reviewed by The Times shows he had died the previous month at Whittier Hospital. By the time the state Supreme Court formally disbarred him the next year, he had been dead for nine months.

“A stat is a stat,” said Rickey Ivie, an L.A.-based attorney who serves on the state’s Commission on Judicial Performance. “When they look for people to prosecute — and that’s what the State Bar does, it looks for people to prosecute — they take the path of least resistance.”

Frequently that path takes the agency to lawyers who are too cash-strapped to hire a defense attorney for bar court. People familiar with the bar’s disciplinary proceedings said the first thing a prosecutor generally asks when assigned to a case is whether the accused has a lawyer and if so, who it is.



ALLEN J. SCHABEN Los Angeles Times

LEAH WILSON, executive director of the California State Bar, said she is not persuaded by assurances from big law firms that they take care of problems internally and do not require as much regulatory scrutiny.

A small cadre of veteran defense attorneys regularly work in the bar’s court, and when they are retained, experts said, cases are often dismissed or settled privately before charges are even filed. A prosecutor who decides to take an attorney with defense counsel to trial can expect lengthy proceedings that contribute to the backlog, more work and reduced chances of success.

“Often we get calls from people who started out representing themselves and they realize they are in over their heads and need some help,” said Arthur Margolis, who specializes in defending attorneys in State Bar court. “They don’t understand it’s a whole byzantine set of rules,” with a “whole psychology and culture” unfamiliar to most lawyers, Margolis said.

He said his preliminary fees, before formal charges, can run to \$5,000, and “if it goes to trial, it will cost a lot more.”

Black attorneys facing discipline are significantly less likely to have a defense attorney than white peers, according to the bar’s 2019 racial disparity study. While about 92% of white lawyers and 90% of Latinos under investigation had legal counsel, less than 85% of Black lawyers did.

L.A. attorney Freddie Fletcher represented himself in 2017 when the bar brought charges against him for violating court orders to pay discovery sanctions totaling about \$5,500. The underlying lawsuit settled with terms that included payment of the sanctions, but the State Bar sought a public reprimand anyway.

“I had to learn as I went,” recalled Fletcher, who wrote in one filing that he could not afford \$450 to \$500 an hour for an attorney. In one email exchange in which Fletcher pressed a prosecutor to explain the legal basis for the charges, the prosecutor appeared to grow exasperated and urged him to seek help from a defense lawyer, even pro bono.

“I imagine many would be willing to answer a question or two without billing you,” the prosecutor told Fletcher.

Fletcher lost his bid to avoid public reprimand, though a bar review panel described his misconduct as “aberrational and unlikely to recur.”

Black men like Fletcher are more likely than other lawyers to be accused of wrongdoing in the first place. The bar study found that 46% of Black male attorneys were the subject



IRFAN KHAN LOS ANGELES TIMES

ATTORNEY TOM Girardi, shown in court in 2014, misappropriated millions of dollars from clients over decades and racked up more than 150 complaints before the California State Bar took public action.

of at least one complaint. In other demographic groups, the rates range from 44% for Latino men to 17% for Asian females. The rate for white men is 32%. In what the study's author called "a particularly striking statistic," 12% of Black male lawyers have received 10 or more complaints.

The study does not explain why Black men receive more complaints. There are various hypotheses in the legal community, including racism on the part of banks that make reports to the bar and a preference for practice areas, such as family law and criminal defense, where there is more direct contact with clients and emotions run high.

Some Black attorneys said the discrepancy had to do with how clients, opposing counsel and even judges view Black men and their vulnerability to law enforcement or other authorities.

"It's a perception that people have and it's born out of experience," Fletcher said. "They know the police and the authorities have tendencies towards Blacks, so if you do something they don't like, they will report you because they know [the bar] will be on their side because you are Black."

Veteran L.A. lawyer Carl Douglas, who is Black and was given a public reproof in 1997 for allowing his secretary and investigator to sign three subpoenas on his behalf while he worked on O.J. Simpson's defense team, said, "There is less rope Black lawyers are allowed before complaints are generated."

One undisputed factor is that Black lawyers are more likely to work alone and solo practitioners are disproportionately disciplined. Those practicing alone do not have the resources of a big firm — more experienced colleagues to offer guidance and soothe frustrated clients, robust support staff, a dedicated accounting department and cash reserves.

"There are slimmer financial margins that Black lawyers have. Regrettably, it leads to difficult choices that aren't always consistent with the State Bar rules," said Douglas.

Ben Pavone, a white lawyer who practices alone in San Diego, launched his own study of bar data after being charged in 2020 with violating a requirement that lawyers "maintain the respect due to" judges when he criticized a ruling. His analysis, outlined in court



NELVIN C. CEPEDA San Diego Union-Tribune

SAN DIEGO attorney Ben Pavone, after being the subject of an investigation himself, wrote of the bar. “Unable or unwilling to fight real crime, settles to pick on small fish for their misdemeanors, infractions and political offenses.”

filings, found that 99% of the cases the bar brings are against solo practitioners and small firms, even though they make up only 55% of the profession.

“Unable or unwilling to fight real crime, [the bar] settles to pick on small fish for their misdemeanors, infractions and political offenses,” Pavone wrote in a pending appeal of his punishment, a 30-day suspension.

He told *The Times* that the “real problem” is the agency is “a law firm composed of 100 Karens.”

“Which might be OK, if they were actually tackling Girardis, but as Karens do, they’re complaining about trivia while exempting the Girardis,” Pavone said in an email to *The Times*.

Wilson, the executive director, acknowledged that the bar needs “more visibility into what is happening in law firms.” She said she is not persuaded by assurances from big firms that they take care of problems internally and do not require as much regulatory scrutiny: “I don’t think that leads us to a fair attorney discipline system.”

Wilson stepped down from the bar in 2020, after the racial disparity study came out, but she was rehired in 2021 in the wake of the Girardi scandal to help reform the agency. The bar is now considering measures to address the racial disparity and its effects, such as a pilot program that would provide free legal representation to low-income attorneys facing potential discipline. Another proposal is to remove some disciplinary records from the public directory after a period of years, as the regulatory agency for California doctors does.

“I think that is one small step that we can affirmatively take and I think it would be impactful for many people,” Wilson said.

For Anyanwu, whose representation of the homeless clients ended with discipline, the mark on his record still stings. He lost potential clients and as part of his defense he had to inform friends, colleagues and even his Catholic parish priests about the charges and ask

them to act as witnesses to his good character.

“It was embarrassing,” Anyanwu recalled. He said the bar prosecutor, a man he grew to like personally, once reassured him, “You didn’t damage the legal profession. You didn’t hurt your clients. It was just a technicality.”



ROBERT CARTER For The Times

A TIMES investigation drawing on newly revealed law firm records found that Tom Girardi's practice often relied on private judges, who work in a secretive corner of the legal world.

TOM GIRARDI'S EPIC CORRUPTION AND A SHROUDED LEGAL SPECIALTY

Case of disgraced lawyer sheds light on world of private judges

By **Harriet Ryan and Matt Hamilton**

The settlement Tom Girardi reached with a drug company in 2005 was characteristically large and righteous: some \$66 million the famed Los Angeles trial attorney won on behalf of patients who said a diabetes medication caused liver failure and other maladies.

At Girardi's suggestion, a nationally renowned mediator was appointed to ensure proper distribution of the funds. For overseeing the settlement, retired California appellate Justice



TOM GIRARDI in court in 2014.

IRFAN KHAN Los Angeles Times

John K. Trotter Jr. and his private judging firm, JAMS (formerly known as Judicial Arbitration and Mediation Services), received a \$500,000 cut.

Yet in the years that followed, Girardi diverted money Trotter was hired to safeguard for purposes that were highly questionable and even, in the recent assessment of one federal judge, “a crime.”

Girardi sent \$750,000 to a jeweler for what Bankruptcy Court records show was the purchase of an enormous pair of diamond earrings for his wife, “The Real Housewives of Beverly Hills” star Erika Girardi. He dipped into the settlement account again and again for supposed case expenses, sometimes writing multiple seven-figure checks to his law firm in the same week, according to the records.

Ultimately, he took more than \$15 million — about 22% of the settlement — for what he described as “costs,” according to a check registry filed in court. Legal experts told The Times the pattern of withdrawals indicated fraud.

Girardi’s firm collapsed a year and a half ago amid evidence that one of the most respected lawyers in California had stolen from clients for decades — the largest legal scandal in state history.

A Times investigation drawing on newly released internal firm records found that his unethical practice depended on private judges, who occupy a secretive corner of the legal world. Girardi’s reliance on them raises questions about whether there are enough safeguards in this highly confidential and largely unregulated industry to protect the public from predatory attorneys.

Retired judges, including Trotter, played prominent roles in administering large settlements from which Girardi is accused of stealing money. Several worked for Irvine-based JAMS, the world’s largest private mediation and arbitration company.

Girardi paid private judges at JAMS and elsewhere up to \$1,500 an hour to work on mass tort settlements that often involved hundreds or thousands of clients and tens of millions of dollars, according to court records. When pressed about missing funds, he often invoked the jurists’ impressive credentials. The willingness of the former judges to stand by Girardi in court — and sometimes join him at his lavish junkets and boozy parties — enhanced his

aura of invincibility.

In some instances examined by The Times, it is not clear that the retired judges knew Girardi was using them as a shield to fend off scrutiny, such as a 2018 letter in which he blamed delays in paying clients on Trotter's heart problems. But in others, there is evidence the retired judges were aware of misconduct allegations and assisted him anyway.



JUDGE JOHN K. Trotter Jr.

COURTESY Daily Journal

In 2001, a former judge helped Girardi improperly siphon \$3.5 million from a settlement for workers of Lockheed Corp. (which later became Lockheed Martin Corp.) by signing a sham “order” to release the money to him, according to a copy of the document and correspondence from a bank executive filed in court.

In 2014, a retired state Supreme Court justice then at JAMS was drawn into an attempt to mislead cancer survivors about more than \$1 million missing from their settlement. Girardi's firm, Girardi Keese, told clients that the former justice had instructed the firm to “hold back” the money. The claim was false, but the jurist did not inform the clients or the trial court and fought a subpoena for months before finally being forced to testify under oath. Only then did he disclose that Girardi was lying.

Despite the wide power of private judges in the legal system, no government agency specifically monitors or polices their conduct. Retired jurists often agree to abide by provisions of the Code of Judicial Ethics when working as a referee, special master or similar position, but they do not fall under the purview of the Commission on Judicial Performance, the state agency that investigates the conduct of active judges, an agency attorney said.

Some of the retired jurists who worked with Girardi have died. None still living who were approached by The Times agreed to be interviewed. Trotter, 88, has continued to wield influence. Until recently, he was the sole trustee overseeing the \$13.5-billion trust for tens of thousands of victims of wildfires in Paradise and other Northern California communities.

“I believe I performed my assigned tasks in an appropriate and timely manner,” Trotter said in a written response to questions about his relationship with Girardi. In a second statement, he added that he did “not know when, how or why [Girardi] morphed from an apparent capable, ethical lawyer to what he is today.”

“The problem isn't mass torts or private judging, it is Mr. Girardi,” he wrote.

Girardi is not in a position to provide answers. He was diagnosed with Alzheimer's disease last year and is in a court-ordered conservatorship overseen by his younger brother. His court-appointed lawyer, Rudy Cosio, declined to comment.

Once cosseted in a sprawling Pasadena mansion, the 83-year-old Girardi now resides in a Burbank nursing home, dependent on family for financial support. In a court filing, his brother, Robert, wrote that Girardi takes medication for dementia and that his “care needs are such that he needs to be at a skilled nursing facility.”

The state Supreme Court stripped Girardi of his law license in June, and he and his firm are the subject of ongoing bankruptcy proceedings.



The Lockheed litigation cemented Girardi's reputation as an attorney willing to take on



JASON ARMOND LOS ANGELES TIMES

FORMER LOCKHEED worker Danny Barnes at his home in Los Angeles. Barnes says Girardi stole money from him and other Lockheed workers in the 1990s in a series of suits that resulted in settlements of at least \$120 million.

big corporations.

Beginning in the early 1990s, he represented hundreds of Lockheed employees who claimed they had been poisoned at the aerospace giant's Burbank plant. The litigation was complex, with clusters of workers suing Lockheed and a host of chemical companies over a decade. Records from the litigation show that Girardi wrested more than \$128 million from the companies.

"His [legal] skills were phenomenal," said Danny Barnes, a Girardi client who started working at Lockheed as a teenager and developed cancer at 27. "The bad part was he didn't do the money right."

Though the law firm was called Girardi Keese, it was owned and controlled by Girardi alone. He brought on retired judges affiliated with JAMS, with the assignment of fairly allocating the money among Lockheed workers. To avoid perceived ethical conflicts, it is common for plaintiffs' lawyers to hire outsiders to decide how much of a lump settlement each client should receive.

One retired judge working on Lockheed was the late Jack Tenner, who had spent 10 years on the L.A. Superior Court bench and was widely admired for his civil rights activism. Tenner, who was white, worked to integrate firehouses and end discriminatory real estate practices. When Black friends, including future L.A. Mayor Tom Bradley and baseball legend Frank Robinson, wanted to buy homes in white neighborhoods with racist deed covenants, Tenner posed as the buyer and transferred ownership once the sale went through.

He was close to Girardi, officiating at his second marriage in 1993, and was one of three JAMS judges, including Trotter, who helped arbitrate Girardi's most famous case: the \$333-million settlement he won in 1996 for residents of the Mojave Desert town of Hinkley. That case inspired the film "Erin Brockovich."

After the legal victory, which delivered at least \$120 million to lawyers involved, Girardi and a colleague organized a celebratory Mediterranean cruise and invited Tenner, Trotter and other current and former judges. As *The Times* then reported, most of the jurists eventually repaid Girardi, but questions about the propriety of the trip lingered.



GINA FERAZZI LOS ANGELES TIMES

MILDRED DAVIS at the home she shared with her husband, Willie Davis, who died of cancer in 2014 after working at Lockheed for decades.

By the time of the cruise, Tenner had worked with Girardi on the Lockheed cases for about five years, and clients and fellow attorneys were growing upset at the lack of transparency and the pace of payouts, according to court records and interviews.

As with many cases Girardi handled, his Lockheed clients were of modest means and education, and as time went on, many were terminally ill from cancer.

“People were one foot in the grave and one foot out and trying to get something,” recalled Mildred Davis, whose husband, Willie, was diagnosed with cancer after a career at Lockheed. She suspected that Girardi saw his clients as easy marks who, in their desperation, would accept far less than they were owed. Girardi, she said, would reason, “If I give them \$50,000 or \$25,000, they are going to be OK, because they never had that kind of money.”

“It upset my husband that [Girardi] felt that he was so dumb, stupid, that he would just be quiet and sit down,” she recalled. Her husband collected some money but not all he believed he was due, she said. He died in 2014.

Tenner remained firmly in Girardi’s corner. In 1998, after some clients filed complaints with the State Bar and others considered lawsuits, the retired judge sent a letter to Lockheed workers in which he wrote that he and another JAMS judge “want to compliment the law firm of Girardi and Keese for its undying efforts on your behalf.”

The effusive letter did not mollify discontent, and clients continued pressing Girardi to explain what he had done with their money. A partial accounting in 2000, later described in court papers, only deepened their sense of alarm about the settlement and Tenner’s oversight of it.

Millions of dollars had gone to companies and lawyers that had no clear ties to the case and a host of individuals with dubious-sounding names such as K. Ernest Citizen, Giovanni Medici and Lee Marvin, according to court filings. One line item showed \$450,000 withdrawn for an “expert witness” fee. It bore the cryptic notation “Confidential (Subject Matter attested to by Judge Tenner).” When pressed for documentation, Girardi refused to provide any.

Tenner died in 2008. The Times did not find any records in which he explained his ac-

tions.

The questions about Girardi's conduct were significant enough that a settlement reached in 2000 with two Lockheed-related chemical companies included constraints on his access to funds. The money was placed in an escrow account, with withdrawals requiring the approval of lawyers for the chemical companies and a mediator.

But in early 2001, Tenner helped Girardi circumvent those safeguards, according to court records outlining the previously unreported episode. Tenner signed an "order to transfer funds" drawn up by Girardi on what appeared to be L.A. Superior Court letterhead; it directed Comerica Bank to release \$3.4 million to the lawyer. A bank officer sent the money to Girardi, along with \$175,000 in interest. Two days later, Tenner signed a second "order" for an additional \$3.6 million, but the bank balked, court filings show.

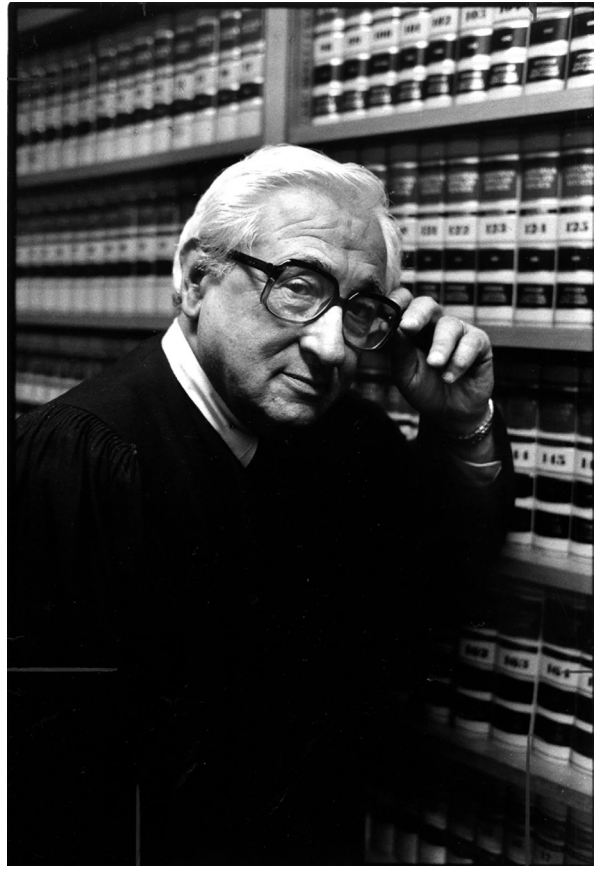
After the missing funds were discovered six months later, Girardi claimed that he had paid that money to clients, but he would not provide copies of the checks.

"Judge Tenner had no authority to issue any such order, the release of the funds was in direct contravention of the settlement agreements," Jeffrey McIntyre, an attorney for Girardi's clients, wrote in a 2002 court filing. He asked a Superior Court judge to bar Girardi from using Tenner "to make any purported 'Orders'" going forward. The outcome of that request is unclear.

Tenner continued supporting Girardi in the face of embezzlement claims. In a 2003 letter to Lockheed clients, Tenner wrote, "You should also know that all settlements to the workers and all legal fees have been approved by me."

He added, "In my many years as a lawyer, my many years as a judge and my many years as a retired judge, I have never seen the legal effort put forth on behalf of clients like the Girardi firm has done."

To this day, Lockheed clients say they have never received full payment, and Davis, Barnes and others have filed claims in the pending Girardi bankruptcy case for compensation.



PATRICK DOWNS Los Angeles Times

THE LATE Jack Tenner, a longtime Los Angeles Superior Court judge.

The clients were growing more suspicious by the day.

Girardi in 2011 had reached a settlement of more than \$17 million with the manufacturer of a menopause drug called Prempro. Some of his 138 clients, all elderly cancer survivors, came to question his handling of the money and hired a former federal prosecutor who in 2014 demanded an accounting.

Girardi knew the cancer survivors were right; he hadn't paid them everything they were due, evidence that emerged in court later showed. But instead of fully compensating the women or opening his books to their lawyer, he sent them to retired state Supreme Court Justice Edward A. Panelli.

He had earlier tapped Panelli, a JAMS judge, for what his firm told his clients was the important and difficult work of allocating the settlement. Now he and his firm seized on

that role to explain why some cancer survivors had received less than expected. In a letter to the women's attorney, a Girardi Keese employee revealed for the first time that the firm had withheld 6% of the settlement — about \$1 million — and claimed it was at the behest of Panelli.

"I am copying Justice Panelli on this letter and I suggest that we meet with Justice Panelli so that you can verify the 6% 'hold back' with him," wrote James O'Callahan, a lawyer at Girardi's firm. (O'Callahan died in 2019.)

Though California attorneys are required by law to provide an accounting within 10 days of a client's request, Girardi refused repeated demands, and the cancer survivors ultimately sued to get the financial records.

In response, Girardi turned again to Panelli. Girardi's firm filed court papers arguing that the lawsuit should not be decided by the assigned federal judge but transferred to a private arbitration overseen by Panelli. Girardi Keese asserted in a court filing that the retired judge had already been formally "appointed" and "has sole discretion to make awards in the underlying ... litigation." The filing reiterated the claim that it was Panelli, not Girardi, who had decided to retain \$1 million.

A federal judge in L.A. called the argument that Panelli should oversee the case "clever" but rejected it in a decision that colorfully described Girardi's defense as "the Justice-Panelli-made-me-do-it argument."

What the clients and the federal judge didn't know at the time was that almost everything Girardi Keese said about Panelli was a lie. Evidence that emerged later established that no court had appointed him in the cancer survivors' case, and he had never instructed Girardi Keese to hold back any money, let alone \$1 million.

The claim that Panelli had vast and sole authority over the settlement was also exaggerated. Panelli had spent "approximately 20 hours" on the case, according to a magistrate judge's analysis. He met with only two or three of the cancer survivors and had merely "rubber-stamped" payouts already decided by Girardi Keese, according to the cancer survivors' attorney.

At the time, Panelli was working on several cases for Girardi, and the two men had developed a friendship and sometimes socialized. The retired justice seemed unwilling to testify against his friend. He and JAMS fought subpoenas for months, with Panelli arguing in a court declaration that he was too busy to submit to questioning: "With regard to the next eight weeks, with rare exception, I am scheduled to be either engaged in family caretaking obligations, on vacation, or working on previously set matters."

Finally forced to testify in 2015, Panelli gave up Girardi's lie.

"Did you authorize Girardi Keese to hold back any portion of the settlement funds from the plaintiffs?" an attorney for the women asked.

"No," Panelli replied.

By then, the cancer survivors had become suspicious that Panelli was paid excessively for the limited work he had performed. JAMS billed Girardi Keese about \$78,000 for Panelli's time, but records from Girardi's bank, filed in court, showed another payment: a \$50,000 check to Panelli personally. Combined, those payments would amount to an hourly rate of more than \$5,000.

Asked under oath to explain the personal check, Panelli replied, "I don't know."



COURTESY California State Supreme Court
FORMER CALIFORNIA Supreme Court
Justice Edward A. Panelli.

“Did you ask them why they paid you directly?” a lawyer for the women pressed.

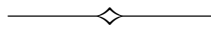
“No,” Panelli answered, according to testimony excerpted in court papers. The full transcript was confidential.

After the deposition, Panelli did not work with Girardi again. Now retired, Panelli, 90, declined to answer questions submitted in writing, including whether he had reported the lawyer to the State Bar or other authorities.

But in a statement, he said he had always complied with ethical guidelines established by JAMS and was not swayed by his socializing with Girardi.

“My attendance at any such event never affected my integrity as a lawyer or my impartiality as a jurist or neutral,” Panelli said.

The cancer survivors eventually obtained law firm records that showed Girardi had removed millions of dollars of client money months before he informed the women that the settlement funds had arrived. A forensic accountant who examined the records found evidence of a “Ponzi scheme” in the settlement account, according to court filings. The case settled on confidential terms in 2016.



“We finally got him. This time we got the kahuna,” Girardi crowed in 2006 to the audience of his syndicated weekly radio show, “Champions of Justice.” “One of the finest justices the Court of Appeal has ever had.”

The honored guest was Trotter or, as Girardi informed listeners, “a man of great principle,” who, having left the bench, was “the greatest” of the “great men and women at JAMS.”

The praise was so over the top that Trotter, when finally given a chance to speak, joked, “After an introduction like that, I would imagine that you would do very well in front of me the next time you appear.”

As it happened, Trotter at the time was handling one of Girardi’s cases: an approximately \$66-million settlement with the maker of the diabetes drug Rezulin. The terms were confidential, but Trotter’s role had been spelled out in a 2005 court order appointing him “special referee” for the settlement. Under the order, his duties included “review and approval” of payouts to each of the approximately 4,300 clients, as well as the legal fees due Girardi and his co-counsel and any expenses incurred by those firms in preparing the case.

The L.A. Superior Court judge who signed the order had every reason to trust Trotter. A widely admired Orange County plaintiffs’ attorney in the 1970s, Trotter had served for nearly a decade as a judge, first in Superior Court and later on the state appellate bench. He surprised some in the legal community in 1987 by stepping down to join JAMS, a six-judge mediation firm started by a friend.

In the years that followed, Trotter helped transform JAMS into a national and, eventually, international powerhouse with a pivotal role in the judicial system. The company Trotter built now employs more than 400 arbitrators in 29 locations, and many important legal disputes, particularly those involving corporations, play out not in public courtrooms but behind closed doors at JAMS. (The Times has used JAMS to resolve disputes.) Although he retired from JAMS five years ago, Trotter said he remains a shareholder. A spokesperson for JAMS said he stopped being a shareholder in 2020.

In the Rezulin settlement, the court made Trotter a gatekeeper for the funds. No money was to leave an escrow account at Comerica Bank except “as directed” by the retired justice, according to a court order. Yet almost all of the settlement — some \$65 million — poured into a separate law firm account controlled by Girardi, according to internal Girardi Keese records that became public this year in bankruptcy proceedings.

Just over a month after he gained access to the money, Girardi wrote a check on that account for \$750,000 to M.M. Jewelers. The family-owned store in downtown L.A. had created several pieces in the \$15-million jewelry collection of Erika, his now-estranged wife, and the funds from Rezulin went to purchase a set of diamond stud earrings to replace a pair



WALLY SKALIJ Los Angeles Times

ERIKA GIRARDI at the Pasadena home she shared with husband Tom Girardi.

that had been stolen in 2007 from the couple's home, according to declarations from Girardi and a store owner that were filed in the bankruptcy proceedings.

"The diamonds were of exquisite quality and very large," Ared "Mike" Menzilcian recalled in the affidavit.

In a hearing this summer in L.A., the federal judge overseeing the Girardi Keese bankruptcy said the earring purchase "clearly was a crime."

"This was an embezzlement. This was a theft," U.S. Bankruptcy Judge Barry Russell said.

Though there is an ongoing federal investigation into Girardi's misappropriation of client funds, no charges have been filed.

Trotter said in a statement that he was unaware that Girardi transferred settlement money to a jewelry store.

Girardi categorized the purchase in internal firm records as a "cost," meaning a case expense deducted from the amount that went to clients. Put another way, Girardi was charging his clients for his wife's earrings. And there were other questionable withdrawals billed as "costs."

At various points over a 21-month period, Girardi removed money from the account for what he claimed were expenses, according to a check registry filed in Bankruptcy Court.

The checks, made out to the firm Girardi solely controlled, were for large sums and, with one exception, were for round numbers such as \$4 million, \$1 million, \$500,000 or \$100,000. They eventually totaled \$14.3 million.

Experts who reviewed the court order and financial records at the request of The Times said there were numerous red flags.

"You are never going to see a round number like \$1 million or \$750,000, because the costs are never that way. They come with pennies," said Charles Silver, a professor at the University of Texas at Austin School of Law who specializes in civil practice.

He and others said attorneys usually deduct all or almost all of their expenses at the outset and not as Girardi did, with more than a dozen withdrawals spanning about two years.

"It doesn't make any sense," said forensic accountant Steve Franklin, who had examined records in the cancer survivors' litigation. "They are treating it like a slush fund."

By comparison to the vast sums Girardi took, Trotter approved just \$604,500 in cost

reimbursements for a Pasadena law firm that partnered with Girardi Keese on the case and did substantial work preparing suits for trial, according to emails filed in Bankruptcy Court.

“How did this go for so long without being discovered?” asked UC Irvine Law School professor Carrie Menkel-Meadow, who has worked as a mediator and written extensively on ethics and mass tort settlements.

She and others said it is incumbent on anyone overseeing a settlement to demand invoices, receipts or other proof that costs are legitimate.

Asked to explain his handling of the Rezulin settlement, Trotter said in a statement that “questions regarding a 17-year-old case are difficult to answer with specificity,” but he “did not in any way authorize nor know about the withdrawals you reference that Mr. Girardi labeled as costs.”

“They appear to be Mr. Girardi’s unlawful use of client funds and had nothing whatsoever to do with actual costs,” Trotter said.

Whatever the oversight failures in Rezulin, the case brought Trotter further acclaim. The National Law Journal cited his work on the settlement in a 2011 article that declared him the country’s “most influential” attorney in alternative dispute resolution.

Trotter and JAMS were also paid handsomely. Their \$500,000 fee was not widely known before it was revealed this year in Bankruptcy Court, and its size has raised eyebrows.

During a hearing this summer, an attorney for Erika Girardi, Evan Borges, called the sum “very suspicious,” adding, “I’ve never heard of such a thing.”

JAMS confirmed receiving the fee in the Rezulin case but refused to provide invoices substantiating Trotter’s work and declined to make executives available for interviews. The company did not answer questions submitted in writing but said in a statement that its retired judges “are expected to adhere to the ethical standards that they swore to uphold under oath.”



In 2015, the year Erika debuted her lavish lifestyle to viewers of “The Real Housewives of Beverly Hills,” her husband was negotiating settlements that would ultimately total \$120 million for residents of a Carson neighborhood who claimed they got cancer and other maladies from polluted soil.

At Girardi’s request, Trotter was appointed as special master to divide the funds secured from an oil company and a real estate developer among about 1,500 clients affected by the pollution at Carousel, a housing development north of the Port of L.A.

Years passed, but the settlements — one announced in 2015, another in 2016 — remained partly unpaid, and clients complained. Chris Gutierrez, a public school teacher who had lived in Carousel since childhood, took to dropping by Girardi Keese’s Wilshire Boulevard offices on his way home from work.

“I would be waiting there for like an hour, and they wouldn’t give me the information,” Gutierrez recalled. “I think they were irked I actually showed up.”

It seemed inconceivable at that time that Girardi could be delaying payment because he was short on cash — one had only to watch his wife on “Housewives” to see the couple’s opulent home and her designer clothes and personal “glam squad.”

Girardi responded to clients’ ire with a series of letters that pinned the blame for delays on Trotter, bankruptcy filings show. In April 2017, he told them, “We have now satisfied all the requests of the Special Master and, beginning next week, we will be issuing checks.”

Months later, the funds still delayed, Girardi wrote again, emphasizing that Trotter, not his firm, was responsible for the holdup: “Every penny of the settlement was governed by him including the timing in which funds could be distributed.”

More than a year later, Girardi floated a new explanation. Trotter, he wrote, had “a terrible heart condition and he has been unable to handle many of the issues.”

A few days later, Girardi related supposed sickbed comments from Trotter.

“I did speak to his wife and asked if we could at least do a partial payment as soon as possible. She discussed the matter with him and told me that he said he gave consent,” Girardi wrote, adding, “Mrs. Trotter thought that his heart condition would settle down and he would be able to have a meeting in about 30 days.”

It is unclear what Trotter’s physical condition was at the time or whether he knew of Girardi’s letters to clients.

Within months, Trotter had a new job with enormous responsibility: serving as the trustee of the multibillion-dollar trust for Northern California wildfire victims. He declined to answer questions about the purported heart condition or other Girardi correspondence but said in a statement that his duties were limited to deciding the amount of a plaintiff’s award.

“I had no authority or oversight and was not in any way involved with the timeliness or distribution of the money. Nor was I privy to Mr. Girardi’s comments,” he said.

On at least two occasions, Girardi sent partial payments to clients, saying Trotter had authorized him to pay out some but not all of their money, according to letters the clients submitted to Bankruptcy Court. Experts consulted by The Times said attorneys can hold back money earmarked for specific medical costs incurred by clients, but state law requires them to pay funds due to clients “promptly.”

“I would be suspicious right away that there was some misappropriation,” said Kevin Mohr, a professor at Western State College of Law who chaired the State Bar’s Committee on Professional Responsibility and Conduct. “Whatever is undisputed, the client has to be paid.”

The partial payments raised questions about how Trotter was apportioning money. Carousel residents said in interviews that the process seemed random, with little correlation between the settlement award and the time a client had lived in the neighborhood or the injuries claimed.

Regina Torrez, a court reporter and cancer survivor who had lived in the neighborhood for decades, said she had hoped Trotter’s involvement would root out fraud and “correctly disburse the award.” But she came away disappointed.



DANIA MAXWELL LOS ANGELES TIMES

THE CAROUSEL neighborhood in Carson was contaminated with hazardous waste from oil storage tanks.



DANIA MAXWELL LOS ANGELES TIMES

CHRIS GUTIERREZ, a former client of Girardi, plays with his grandson in front of his home in Carson. Gutierrez feels he was cheated out of his settlement by the lawyer.



MYUNG J. CHUN Los Angeles Times

THE CAROUSEL neighborhood in Carson was heavily polluted by Shell and other companies. Girardi represented more than 1,500 residents in lawsuits against the companies, but much of that settlement was mishandled.

“I don’t think they went through the applications and figured out how people were affected and what injuries they had,” Torrez said.

Some appealed to Trotter, without success.

“They never responded to me,” said John Parago, who wanted to detail for Trotter how he survived testicular cancer as a teenager. He wondered whether “they were just waiting for people to pass so they wouldn’t have to pay us.”

Carousel client Richard Fair sued in 2017 for an accounting. As he had in the past, Girardi tried to move the suit outside of court into private arbitration with a JAMS judge. In court filings, he contended that Trotter had jurisdiction because of his ongoing work in the settlement.

An L.A. Superior Court judge rejected the proposal, but Girardi tried again months later, including in his request a copy of a letter to Trotter marked “Personal & Confidential.”

“We would like you to set a date and time for a hearing in this matter,” he wrote to the retired justice. There is no record in the court file of Trotter responding. The request was denied.

“My sense was that he felt Trotter would rule in his favor. I don’t know why else he would want Trotter in there,” said Fair’s attorney, Peter Dion-Kindem.

Girardi repeatedly refused to turn over financial records showing what he had done with the Carousel money and continued to call upon Trotter to fend off the lawsuit. One of the allegations against Girardi was that he had bungled the \$120-million settlements by leaving the funds for years in his firm’s trust account, instead of in an interest-bearing account that could earn money for clients.

Trotter vouched for Girardi’s handling of the money, writing in a 2019 declaration that “it would have been totally absurd to try to allocate interest to an individual plaintiff.”

Experts consulted by The Times said the retired judge’s reasoning was flawed. State regulations do allow attorneys to keep “nominal” funds in their firm trust accounts for a short



FRANCINE ORR LOS ANGELES TIMES

REGINA TORREZ holds legal documents at her home in Carson. A former client of Girardi, Torrez has still not been paid her full settlement.

period of time, with the interest going to the State Bar for distribution to nonprofits that promote public access to the courts.

But “there’s no way that millions of dollars held for any period of time fits within this category. No way,” said Jack Londen, a partner at Morrison Foerster who worked on the litigation that upheld the trust fund statute.

Trotter said in a statement that he stood by his original conclusion but conceded that at the time, he was “unaware of the allegations regarding Mr. Girardi’s conduct.”

“Had I known, my opinion would not have changed, but I certainly would not have engaged with him in any way,” Trotter said in the statement. He blamed the State Bar for not catching Girardi but refused to say whether he had ever informed the agency of misconduct by the lawyer.

Fair died last year, before his suit went to trial. Scores of Carousel residents have joined hundreds of other Girardi clients in filing bankruptcy claims to try to recover some of the tens of millions of dollars they say are owed to them.

“We don’t have a lot of sway,” said Parago, one of the dozens of residents who submitted a claim. “We’re the small people.”

Last month, the Bankruptcy Court seized Erika Girardi’s diamond earrings and said they would be sold, with the proceeds going toward those cheated by Girardi.

Those who have lined up for repayment include JAMS, which last year submitted a claim for an unpaid bill of \$9,660.



Photo illustration by the Los Angeles Times

A FORGOTTEN GENOCIDE, 'BLOOD MONEY' AND JUSTICE BETRAYED

Legal settlements sought to help make amends for the slaughter of Armenians. They were corrupted by fraud

By Harriet Ryan and Matt Hamilton

They were bayoneted in their homes. Drowned in the Black Sea. Shot. Tortured in front of crowds. Forced to convert. Forced into prostitution. Burned alive. Poisoned. Driven into the desert to die of thirst. Their bodies were thrown in pits, torched, eaten by dogs and picked over by vultures.

By many estimates, a million Armenians died in the Ottoman Empire between 1915 and 1920, one of the first genocides in a century that would be defined by mass killings. Ignored by most of the world and denied by the Turkish government, the Armenian slaughter was considered for generations a “perfect genocide,” its victims forgotten, its perpetrators unpunished.



FAMILY PHOTO is from a document submitted by an applicant in the AXA settlement case.

Then, in the mid-2000s, court cases in Los Angeles, home to one of the largest Armenian communities

outside Armenia, delivered a measure of justice that history had long denied. Three Armenian American attorneys sued to collect life insurance policies on victims of the genocide, and came away with a pair of class-action settlements totaling \$37.5 million. Finally, in an American courtroom, the genocide was treated as fact.

In the decade that followed, however, the much-hoped-for reparations devolved into a corrupted process marked by diverted funds and misconduct that even the lawyers involved characterized as fraud. The Times found in an investigation that drew on newly unsealed case filings, other court documents, interviews and official records.

More than \$1.1 million in a settlement with a French insurer was directed at various points to sham claimants and bank accounts controlled by a Beverly Hills attorney with no official role in that case, according to court filings and financial records. A French foundation that was supposed to distribute millions in settlement funds to charity was never set up, and some \$1 million of that money ended up at Loyola Law School, the alma mater of two attorneys in the case, according to an accounting provided by the school.

In addition, Christian churches that were supposed to get hundreds of thousands of dollars in settlement funds told The Times that they did not receive the money.

Armenians who stepped forward to collect on ancestors’ policies in the settlement with the French insurer had their claims rejected at an astonishing rate of 92%, court records show. Applicants were denied despite offering convincing evidence such as century-old insurance records, birth certificates, ship manifests, hand-drawn family trees and copies of heirloom Bibles.

“It was for us blood money — blood of the people killed in the genocide,” said Samuel Shnorhokian, a retired French businessman who served on a court-approved settlement board and has tried for years to persuade the FBI and other agencies to investigate. “We never thought there would be misappropriation of funds.”



The insurance settlements had their origin in the bedtime reading of a Glendale lawyer named Vartkes Yeghiayan. It was 1986, and many Armenian Americans were worried about keeping the memory of the genocide alive. Few Americans had heard of the massacres, and then-President Reagan refused to even support a day of commemoration for fear of angering Cold War allies in Turkey.

Yeghiayan, the son of a genocide survivor, was plodding one night through the memoirs of a former U.S. ambassador to the Ottoman Empire when he stumbled on a passage about



ROBERT GAUTHIER Los Angeles Times

GLENDALE ATTORNEY Vartkes Yeghiayan, foreground, with clients in 2001. He spent more than a decade researching and preparing lawsuits to collect on life insurance policies for victims of the Armenian genocide. For Yeghiayan, the son of a genocide survivor, the cause would become his life's mission.

victims' life insurance policies.

Ambassador Henry Morgenthau Sr. wrote that in the middle of the slaughter, the Turkish interior minister had demanded a list of Armenians with American life insurance, saying, "They are practically all dead.... The government is the beneficiary now."

At home in Glendale, Yeghiayan leapt up, as he later recalled in speeches and interviews, exclaiming, "There is a list! We have to find this list!"

He spent much of the next 13 years researching the policies. He placed ads in Armenian newspapers seeking families who held on to ancestors' insurance documents, and combed through archives in Washington; Geneva; Aleppo, Syria, and elsewhere. He found a 1919 letter in which a lawyer for New York Life estimated the potential cost of the mass killings of Armenian customers at \$7 million, a sum equal to more than \$100 million in today's dollars. Yeghiayan believed the carrier had not paid the victims' heirs.

He came to see collecting those policies as a way not only to compensate families but also to establish the genocide as beyond dispute. In those years, his quest for justice was lonely and low-budget. At one point, Yeghiayan used the Glendale Public Library to print 594 pages of microfiche records, feeding dime after dime into the machine. His already modest law practice suffered. He fell behind on his taxes and filed for bankruptcy.

Finally in 1999, Yeghiayan had enough evidence for a lawsuit against New York Life. Three years later, he sued the French insurance giant AXA.

Facing down global corporations with squadrons of well-paid attorneys, Yeghiayan recognized he needed a legal gun of his own.

Mark Geragos was then a rising star in L.A. law. He practiced mainly criminal defense at his family's downtown firm, and he had attracted national press representing Clinton family associate Susan McDougal during the Whitewater investigation.

In the years that followed, he amassed a clientele that kept him in the spotlight, including Winona Ryder, Michael Jackson and murderer Scott Peterson.

At Yeghiayan's invitation, Geragos signed on to the insurance litigation in 2001. The

team already included up-and-coming class-action lawyer Brian Kabateck, who would go on to become a prominent plaintiff's attorney and president of the L.A. County Bar Assn.

The three attorneys were Armenian Americans, part of a proud and active L.A. ethnic group of more than 200,000, and the genocide cases offered them an attractive combination of community service and financial gain. When the insurers agreed to pay — New York Life, \$20 million in 2004; and AXA, \$17.5 million a year later — more than \$7 million went to legal fees and associated costs, court records show.

Both settlements mandated that the lion's share of the money would go to individuals who could produce evidence they were descendants of the Armenian policyholders. Beyond that, charities serving the Armenian community would get \$3 million, along with whatever money was left over after paying descendants.

The New York Life case ran smoothly with a committee of prominent L.A. Armenians appointed by the state insurance commissioner, including current City Councilman Paul Krekorian, vetting applications. People submitted government records and accounts of how relatives perished and survivors rebuilt lives in Fresno; Yerevan, Armenia; Marseille, France; Beirut and elsewhere. One family sent a piece of fabric from the tent their grandmother had slept in after being marched into the desert to die. Another shared a photo of its patriarch standing in front of his sewing machine shop in Harput in the Ottoman Empire, in a region of modern-day Turkey.

Ultimately, the committee approved 44% of claims, according to a news release.

It was in the second case that red flags emerged. That settlement, with Paris-based insurer AXA, designated up to \$11.35 million for descendants. Decisions about whether applications were legitimate or not were to be made by a board of three prominent French Armenians, according to the settlement terms and court filings.

Months before the French board's appointment, the attorneys — Kabateck, Yeghiayan and Geragos — established important parts of the approval process in Los Angeles, according to court records and lawyers' emails later turned over to authorities.

They installed as settlement administrator — the coordinator of the claims process — a courtroom interpreter from Glendale who had helped run the New York Life settlement. They instructed him to hire staff and set up operations in downtown L.A., in the same Wilshire Boulevard office used for the New York Life case.

The arrangement put the process of deciding who got money 6,000 miles from Paris, making it difficult for the French board to provide any meaningful oversight.

"The fact we were in France, we didn't know how they were working and what they



NICK UT Associated Press

ATTORNEYS MARK Geragos, left, and Brian Kabateck in 2004. Vartkes Yeghiayan, the attorney who initiated the litigation, realized he needed help going up against New York Life and the French insurance giant AXA, and he turned to Geragos and Kabateck. The three Armenian American attorneys would win settlements totaling \$37.5 million. But where some of that money ultimately ended up angered descendants of genocide victims and others.

were doing,” said Shnorhokian, the board member and retired Parisian executive.

“It was practically impossible,” said board member Jean-Charles Zaven Gabrielian, a surgeon in Marseille. The board did not object to the process or to the selection of the settlement administrator because, as Gabrielian explained: “I trusted them.”

An email Kabateck wrote to the two other lawyers in 2008 suggests they saw a particular benefit in preserving that trust: “It is important to keep good feelings from the board; it will be easier later to persuade them to be conservative on their claims decisions.”

As it turned out, the process set up in L.A. resulted in a tiny fraction of applicants receiving money and a pool of cash left over.

The Times requested interviews with Geragos and Kabateck about the litigation; Yeghiayan died in 2017. Neither attorney agreed to speak with reporters, but each provided written responses.

Shant Karnikian, a law partner of Kabateck, said in a letter to The Times that the instances of fraud that emerged later in the handling of money were a result of the actions of others, including the settlement administrator and another attorney.

Asked about the email referencing a need for the board to be “conservative,” Karnikian said the attorneys wanted to ensure claims were “not just unconditionally rubber-stamped” for approval.

“Class counsel worried about unsubstantiated (and potentially false) claims being liberally approved thus reducing the overall amount left for legitimate substantiated claims,” Karnikian wrote.



SAMUEL SHNORHOKIAN, a retired French businessman, served on a court-approved board that would help decide whether descendants’ settlement applications were legitimate or not. He and other board members felt left out of the process and grew concerned about its fairness and whether funds were being misappropriated. Shnorhokian has tried for years to persuade the FBI and other agencies to investigate.

Some class-action lawsuits are straightforward. Lawyers win a pot of money for a group harmed by a company or organization. Consumers get a notice in the mail that they are eligible for a payout. They sign a form and receive a check.

Deciding who got money from the genocide cases was more complicated. Armenians who fled the massacres often left everything behind, including insurance documents. Families scattered across continents, their names altered by immigration authorities or the alphabet of their new home. Stories were passed down, but with each passing generation, there were fewer people with firsthand information.

In an apparent acknowledgment of the unusual circumstances, the AXA settlement set a low bar for approving claims. Though the ultimate decision belonged to the board, the terms stated that if an applicant submitted as little evidence as a sworn declaration outlining how he was a rightful heir to a listed policyholder, it could be considered sufficient proof for payment.

But when French board members made a brief visit to L.A. in March 2008 to get a briefing on the claims process they were ostensibly supervising, they said they were told that

much stricter criteria were already in use for preliminary decisions. Applicants had to correctly identify the city of residence their long-dead relatives had listed in insurance records to be considered for approval. If they got the city wrong, the application was rejected — no matter the other evidence presented.

Shnorhokian, the French board member, said the attorneys told him and his colleagues that this was the same standard used in the New York Life evaluations. That was not true, according to board members for the New York Life claims. They said in interviews that evaluators used a holistic approach based on submitted records and did not disqualify applicants solely for incorrectly identifying the city of residence.

Asked about the city-of-residence requirement, Kabateck's law partner, Karnikian, said, "Any such criterion was not — and could not be — imposed by class counsel."

The new criterion appears to have had a profound effect: Accountings in court records show that less than 8% of AXA claims applications were approved for payment. One result of the low approval rate was that millions of dollars in the settlement accounts could be used, per the wording of the settlement, for charitable purposes.

Those rejected on the city-of-residence basis included people who had provided what appeared to be overwhelming evidence that they were rightful heirs, according to archived files reviewed by *The Times* in recent months. Some who were denied had sent copies of their ancestors' insurance policies — among the strongest possible proof that they had valid claims. The archived files suggest evaluators dismissed applications without reviewing the evidence, writing: "cities don't match."

Even when evaluators took the time to go through the documents, the city of residence overrode other evidence. Sylvia Bergin, a British retiree, submitted a claim for her grandfather's policy with copies of birth certificates, police records and passports. The evaluator in downtown L.A. found Bergin's application convincing, writing in her file "it is evident" she was the granddaughter of the policyholder.

"However, the place of residence of the insured ... and the place of residence on the claim form (Rodosto, Turkey) do not match," the evaluator wrote. Her claim was rejected.

Told of the evaluation by *The Times*, Bergin disputed that she had gotten the city of residence wrong, noting that she and her parents had visited her grandparents' former home in Rodosto in the 1970s.

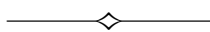
"It makes me sick," Bergin said. "They are Armenians supposedly acting on behalf of Armenians, and things are not done right."

The settlement administrator, Parsegh Kartalian, declined to answer questions, saying he had memory loss from brain surgery and other medical problems.

As the evaluation process drew to a close in 2009, the L.A. office shipped the French board about a quarter of the claims for review. Though the wording of the settlement vested board members with the power to approve and deny claims, they had played almost no role in evaluating applications to that point. As they read through the sampling of files from L.A., the board members concluded that many marked for rejection should be approved.

When they tried to correct what they saw as errors, Geragos intervened and warned the French board members in a letter that they might be sued. He wrote: "It is our recommendation that the Settlement Board immediately reassess the purported approval of claims."

The board stood down.



Decision letters from the AXA case started going out to Armenians around the world in early 2010. The vast majority carried bad news: 12,795 out of 13,856 applications were rejected.

The uproar was swift.

"Who received my grandfather's insurance sum instead of me if I had sent all needed documents which proved that I am the heir of the Insured," an indignant applicant wrote



RICK LOOMIS Los Angeles Times

ATTORNEYS BRIAN Kabateck, left, and Mark Geragos in 2008. Shant Karnikian, a law partner of Kabateck, said in a letter to The Times that the instances of fraud that emerged in the handling of settlement money were a result of the actions of others, including the settlement administrator and another attorney.

to the lawyers in one of many complaint letters submitted to U.S. District Judge Christina Snyder.

Another denied applicant wrote that he had sent 23 records to prove he was a descendant and had been counting on the money for heart surgery.

“My paternal grandparents were beheaded at my father’s presence,” he wrote. “Honestly I’m so disappointed.”

Many complained that they were denied while close relatives received checks. In one instance, twin sisters and their brother in Armenia sent nearly identical applications on the same day from the same post office, according to another letter. Only one sister was approved.

“Our sister doesn’t want to share her money with us! She thinks that is not her problem but yours!” the man wrote.

Six cousins trying to collect on their grandfather’s policy said they had used similar proof, yet only three received checks. A cousin in Cyprus fumed, “Is there any possible legal explanation ... because we are all baffled!”

Armenia’s Ministry of Justice, which had helped citizens prepare their applications, also wrote to the judge in L.A. in June 2010, saying officials were “extremely dissatisfied” and wanted court intervention.

“Otherwise it is not clear what the purpose of this process was,” the ministry wrote.

In his law office on Brand Boulevard, Yeghiayan, the man who had dreamed up the litigation, became increasingly distraught. He was deluged with calls, emails and letters. Furious Armenians denounced him and the other lawyers as “worse than Turks,” he emailed Kabateck and Geragos. The heroic cause that had been his life’s mission was falling apart.

Yeghiayan trained his frustration on the other attorneys. He filed an emergency motion asking the judge to order an independent audit of the settlement, alleging Geragos and Kabateck had splurged on first-class travel and treated the descendants’ money as “petty cash.”

The accusations seemed to enrage Geragos, who excoriated Yeghiayan in an email: “Your motivation in making these defamatory and knowingly false statements is driven solely by your desperate financial situation.”

Geragos and Kabateck told the judge in a lengthy filing that Yeghiayan did “not have a scintilla of proof” and, regardless, the settlement didn’t allow revisiting the claims decisions. They reassured the judge that to them, this was “more than just a class action.”

“It is a sacred task that Brian Kabateck and Mark Geragos are honored to prosecute on behalf of the Armenian people,” they wrote.

The judge, Snyder, turned down the request for an independent audit. She declined to answer questions about the litigation, saying through a deputy that the judicial code of conduct prohibited her from commenting.



FAMILY PHOTO is from a document submitted by an applicant in the AXA settlement case.

In February 2011, the French board received an email from L.A. that stopped them cold. Kabateck and Geragos wanted to dissolve the settlement board and destroy the claims files that had come in from around the world, part of the materials they described as “any and all files and non-historic documents.”

Those same materials in the New York Life settlement had been deemed so precious — in the lawyers’ description, “a wealth of historical data that record the Armenian genocide” — that they were under lock and key at USC’s Shoah Foundation for future scholarly research.

Beyond the cultural value, the board saw the records as central to ensuring that mistakes hadn’t been made. Though the claims office was by then closed, the board was still looking into complaints and had asked to review records related to which applicants were paid and which were not.

Troubled, the board refused to sign off on the shredding of documents. Instead, members promised to travel to L.A. to investigate.

Kabateck’s response unsettled them further. He emailed that he was too busy to meet and that Geragos had taken over, writing, “My file is closed.”

“Rat fleeing a sinking ship,” Yeghiayan remarked to a French board member in an email later turned over to authorities.

Kabateck’s law partner, Karnikian, offered no explanation for the email to the French board seeking to destroy the documents. The subsequent filing to the judge for permission to destroy the documents was “a misunderstanding,” likely by junior lawyers who prepared the brief, Karnikian said. He claimed the filing was “withdrawn within hours.” A review of the docket shows the filing was never withdrawn and was discussed at hearings and referenced in other court documents for years afterward.

Alarmed by the attempt to close down the settlement process and dispose of the records, the French board went directly to the judge, asking in a letter that the files be “kept safely” until members could come to Southern California. At an April 2011 hearing, the board laid out its complaints in person. Snyder, the judge, agreed the board should have a chance to

review the records.

It wasn't long before serious irregularities were discovered.

—◆—

Of the hundreds of Armenians approved for compensation from the AXA fund, a Syrian named Zaven Haleblian stood apart. He was awarded \$574,425, more than any other individual, according to a settlement database later provided to authorities, court records and filings with the State Bar of California.

Yet as the French board soon learned, Haleblian had never heard of the AXA settlement, let alone applied for it.

With the files and bank records, the French board and Yeghiayan started working together to unravel where the money went in the AXA settlement. The Glendale lawyer tracked down Haleblian in Aleppo and arranged for him to be questioned

under oath in the U.S. During a deposition, he expressed shock that checks had been issued in his name. He said he had never heard of the supposed ancestors — members of the Funduklian family — listed for him in the settlement database.

Another area Yeghiayan and the French board investigated was a secret bank account. Kabateck and Geragos had provided the French board and later the judge with a Pacific Western Bank statement showing that of the original \$11 million to pay claims and administrative costs, just \$346,050.62 was left over.

But after the French board got access to the settlement financial records, Geragos and Kabateck disclosed to the judge a second account at Comerica Bank containing an additional \$2.5 million.

The lawyers said then that they too had been in the dark about its existence and pointed the finger at Kartalian, the settlement administrator. In a declaration they submitted on his behalf, Kartalian said he had moved the money to secure a better interest rate and had not informed the attorneys.

Further investigation turned up more questionable recipients who were awarded hundreds of thousands of dollars.

Five checks totaling more than \$400,000 were made out in the name of Ashot Mkhitarian, an Armenian Christian supposedly living in Baghdad, according to court and financial records. Contacted by Yeghiayan and his associates, the Armenian and Iraqi governments were unable to confirm his existence, and a person dispatched to the address listed in the claims database found a Sunni Muslim neighborhood where no one had heard of Mkhitarian, according to accounts in court records, a hearing transcript and research turned over to authorities. Bank records showed some of the checks in Mkhitarian's name were converted into cashier's checks in Southern California.

Additionally, the settlement administrator, Kartalian, had issued more than \$300,000 in



ARAM AKUN Armenian Mirror-Spectator

PARSEGH KARTALIAN was the settlement administrator in the AXA case. He issued more than \$300,000 in checks from settlement money to his own relatives, including his wife and mother-in-law. Kartalian declined to answer questions, saying he had memory loss from brain surgery and other medical problems.

checks to his own relatives, including his wife and mother-in-law.

When the board and Yeghiayan tried to look at the underlying records for Kartalian's relatives to verify they were entitled to payments, those files were missing. There were also no files for the Syrian, the Iraqi or dozens of others who had been sent large checks. The absent files represented about \$2 million in awards, according to an analysis presented to the court. The files were never located.

Asked under oath whether he had an explanation for the missing files, Kartalian replied, "I don't," according to a deposition transcript. He was not questioned about his relatives' eligibility for payment.

In a recent review of AXA files archived in more than 50 bankers boxes at the Loyola Law School library, The Times uncovered additional irregularities. Applications that evaluators had described as valid were stamped "DENIED" while other claims they deemed flimsy were stamped "APPROVED."

A suburban Atlanta woman, June Howard, applied for payment under 17 different policies she claimed were held by relatives of an Armenian grandfather who immigrated to the U.S. before the genocide.

Evaluators were dubious, with one writing of her application to collect on the policy of a man named Bedros Bozian: "Many different documents were provided by the claimant, however, none of the documents displayed any kind of link between the insured and the claimant."

Nevertheless, that claim was approved for payment, as were 26 other claims for Howard and other family members. All told, the family was awarded nearly \$100,000.

Howard died in 2019. Family members initially agreed to an interview but stopped responding to emails after receiving a list of questions.

Geragos and Kabateck said they were not to blame for problems in the claims process. It was the French board and "their fund administrator" who were in charge, they told the judge.

"We had nothing to do with that process at all," Kabateck said at a 2011 hearing.



What many of these irregularities had in common was the involvement of Berj Boyajian, a Beverly Hills lawyer.

Studying the bank records, the board and Yeghiayan saw Boyajian's signature again and again on the backs of AXA checks made out to other people. Settlement checks totaling \$312,000 had ended up in his law firm's accounts, court filings and canceled checks show.

Boyajian was no stranger to the Armenian genocide litigation. He had served on the New York Life claims board, had a law practice in the same building as the AXA settlement claims office, and was acquainted with several evaluators, including a niece and relatives of close friends.

But he had no official role in the AXA case, and how and why he became enmeshed in the claims money would be a subject of dispute.

Questioned under oath, the person who would be expected to have firsthand information about what Boyajian was doing, the settlement administrator Kartalian, described Boyajian as a consultant with no role in claims decisions.

He could not explain how Boyajian had gotten hold of the checks or the master list of claimants, a confidential database that even Yeghiayan couldn't obtain, according to deposition testimony and an account Yeghiayan gave in court.

Boyajian had endorsed about \$90,000 in checks issued to the wife and mother-in-law of Kartalian, along with a \$23,805 check made out to the sister of one of his best friends, former state legislator Walter Karabian, according to court filings.

In the case of Haleblian, the Syrian resident who had not applied for settlement money, it turned out that Boyajian was a childhood friend and the half-million dollars in checks

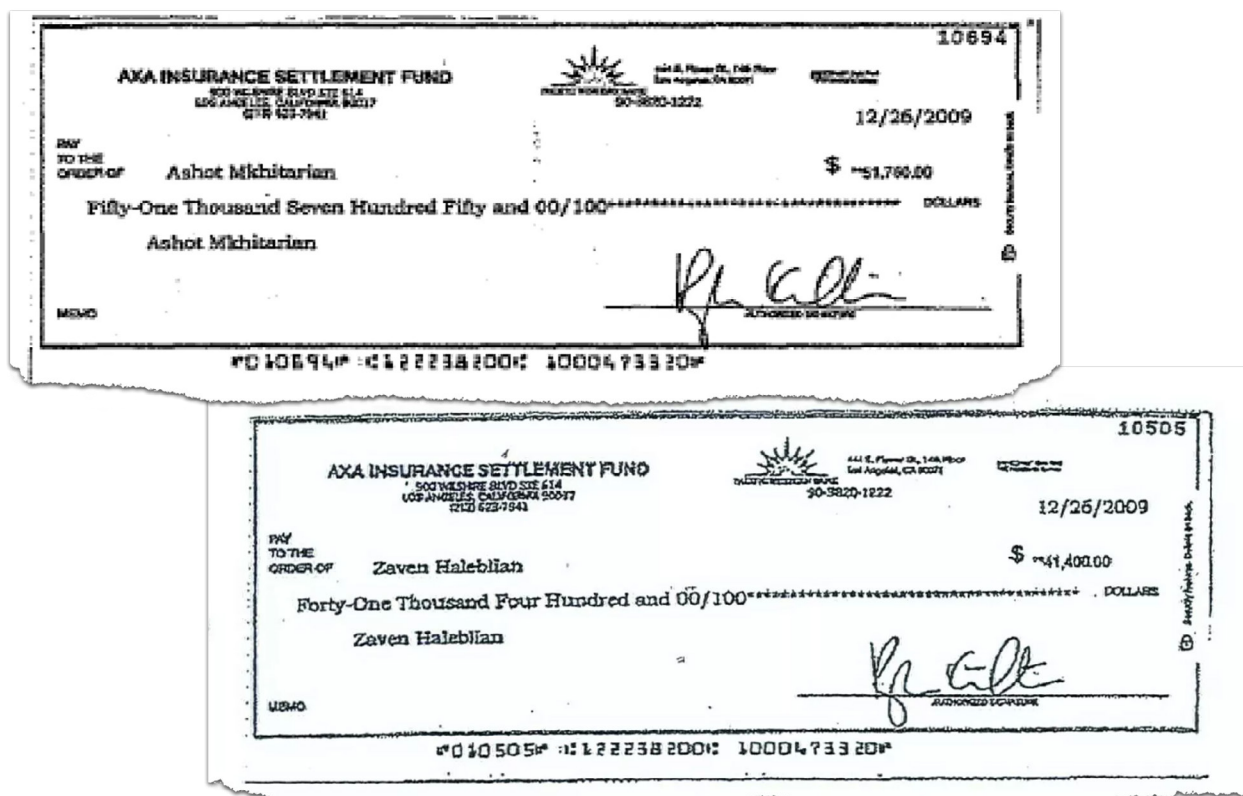


Photo illustration by the Los Angeles Times

SETTLEMENT CHECKS for Ashot Mkhitarian and Zaven Haleblian. Five checks totaling more than \$400,000 were made out in the name of Mkhitarian, whose existence has not been confirmed. Bank records showed some of the checks in Mkhitarian's name were converted into cashier's checks in Southern California. Haleblian was awarded \$574,425, but he had never heard of the AXA settlement, let alone applied for it.

had ended up in an L.A. bank account Boyajian had opened in Haleblian's name without his knowledge, according to Haleblian's deposition.

After questions were raised with the court, Boyajian hired a criminal defense attorney. Subpoenaed to testify under oath, he invoked his 5th Amendment right against self-incrimination and refused to answer lawyers' queries.

He later told the State Bar that he believed he had a right to certain settlement funds because he had reached a side deal with Geragos and Kabateck to help coordinate the AXA claims. In exchange, he said, they agreed to let him direct 25% of the charity money to causes he selected. Emails turned over to law enforcement show the lawyers discussing the deal. Kabateck's law partner said he never agreed to it.

Boyajian claimed to the State Bar that he fished some of the checks out of mail returned to the claims office and deposited them in his law firm account so they wouldn't become "stale" and "uncashable."

In an interview last year at his mansion overlooking Trousdale Estates, Boyajian said he had no motive to embezzle from the settlement. Gesturing to his opulent home and swimming pool, he said, "I am not a poor guy and I don't need \$100,000 or \$200,000 to steal from anybody."

He could not explain the Syrian's checks, but admitted one error, transferring \$150,000 in settlement funds to a high-end downtown jeweler. As Boyajian told it, the jeweler was a friend who needed a bridge loan to buy a diamond for a ring that a customer, L.A. lawyer Tom Girardi, wanted to give his wife, Erika. Boyajian said the amount was eventually paid back.

Kabateck's law partner blamed Boyajian for many of the problems in the settlement, including the missing files, which, he said, "Boyajian likely removed ... in an attempt to hide his fraud." Boyajian denied that, saying in a recent interview that Kabateck was seeking to rewrite history and "is lying through his teeth."

Boyajian called his own behavior “stupid.” He could not offer a firm description of the role he was supposed to play in the settlement, remarking at one point, “I really don’t know what my function was.”

What is clear is that he had a long-standing relationship with a permissive banker.

Avedis “Avo” Markarian had been Boyajian’s personal banker for decades at a series of institutions and was working at Pacific Western in downtown L.A. at the time of the AXA settlement.

Interviewed outside his Pasadena home, the banker said that Boyajian brought him stacks of checks for processing, and that because of their long relationship, he did not review them closely before sending them to a check processing facility in Santa Fe Springs.

Markarian left the bank before Pacific Western’s role in the AXA irregularities came into focus. He said he was terminated for reasons unconnected to the case, but acknowledged it changed how he did business. “I am more cautious,” he said.



Geragos and Kabateck had initially rejected the idea of auditing the claims. But after the French board went to the judge, the attorneys said they too wanted to get to the bottom of the problems.

Geragos told the judge the following year that Boyajian’s attorney had reached out and said his client was prepared to repay some of the money. About \$700,000 was eventually returned. Boyajian said he had passed the rest of the money on to the rightful claimants.

In his Glendale office, Yeghiayan took a dim view of Boyajian’s repayments.

“A crime has been committed. Now are we hoping to make a deal that would cover up the theft?” Yeghiayan steamed to his attorney in an email.

By that point, the man who started the entire legal endeavor had himself come under scrutiny. Geragos and Kabateck had sued Yeghiayan and his wife, also a lawyer.

They accused the couple of “a shameful scheme to personally loot” charity money from the genocide settlements. Nearly \$300,000 distributed to their genocide education nonprofit had been redirected to their daughter, Yeghiayan himself or their law firm. That amount included \$11,000 that went toward his children’s law school tuition.

Yeghiayan and his wife saw the suit as retaliation for his whistleblowing, as she later testified. The couple defended the payouts, saying that the charity did important work and that the payments, which the nonprofit’s board approved, were appropriate because their family had labored for free for years before the AXA settlement provided retroactive compensation.

Judicial officers at the State Bar later offered some backing for that claim, finding evidence the charity had “many legitimate activities.” A panel of State Bar judges ruled it was “undisputed” that Yeghiayan had lent the nonprofit money and that his wife and children “did considerable work ... and incurred expenses.”

Yeghiayan returned \$31,000 and settled the lawsuit in 2013. He felt that the accusations tainted his reputation in the Armenian community. Yeghiayan’s widow, Rita Mahdessian, did not return messages seeking comment.

The terms of the settlement limited what Yeghiayan could say and do about problems in the AXA settlement. An expansive nondisparagement clause barred public statements about Geragos, Kabateck and their employees.

But Yeghiayan was undeterred. With a handful of young assistants in his Glendale office, he assembled a dossier of emails, bank records and court filings and prepared a 20-page memo of his allegations against Geragos, Kabateck, Boyajian and others that he titled “AXA Fraud — A Chronological Narrative,” according to a copy of the materials turned over to law enforcement and reviewed by The Times.

Emails suggest Yeghiayan made a series of approaches to the U.S. attorney’s office and the FBI, beginning in 2012. Spokespeople at both agencies declined to comment, citing a

policy of not confirming or denying investigations.

Representatives for both Kabateck and Geragos noted that there have been no criminal charges against them or findings of wrongdoing on their part.

Ben Meiselas, a partner at Geragos & Geragos law firm, called the newspaper's questions about the case "all defamatory, wrong, bizarre."

"These recycled conspiracy theories have been rejected on multiple occasions by both inside and outside counsel for the State Bar, both local and state authorities and the presiding Federal Judge," Meiselas wrote in an email.

It's not clear whether federal authorities even considered Yeghiayan's allegations. Yeghiayan told his lawyer in a 2013 email that the FBI had gotten back to him with disappointing news. The agent said that "no investigation will be forthcoming" unless the judge herself formally referred the matter to the U.S. Justice Department.



COURTESY U.S. District Court for the Central District of California

U.S. DISTRICT Judge Christina Snyder oversaw the genocide litigation. She was urged to order a head-to-toe review of the AXA settlement. Snyder considered involving law enforcement, but explained at one hearing, "I don't take lightly the matter of making referrals to prosecutors."

Judge Snyder had overseen the genocide litigation since 2000, and she was clearly exasperated when the French board raised concerns to her in 2011, saying the problems "should have been brought to my attention much earlier."

"Let me be blunt," she said after the board suggested that up to \$5 million might be missing and that it was up to the judge to sort it out. "I have 350 other cases, and I am not going to undertake a general audit of what has occurred."

That was one of at least five times that Yeghiayan, the French settlement board or heirs of policyholders asked Snyder to order a head-to-toe review of the settlement.

She resisted, saying some of those audit requests deviated from proper legal procedure and citing concerns that the cost of a fulsome investigation would eat up what remained of the money intended for Armenian heirs or charities. She was encouraged in this view by Kabateck and Geragos.

"They would like to go back and peel back this onion. We don't know how far to keep peeling it back," Kabateck told her at a 2011 hearing, where he argued against further investigation and urged the judge to "get this process resolved so that we can then, you know, close this claim process down."

Snyder greenlighted some investigative efforts, ordering banks to turn over records and signing off on depositions of the settlement administrator and others. At one point, she permitted an accounting firm to analyze about 200 approved claims. The review was limited

— it did not look at whether individuals should have been approved in the first place — but it uncovered significant problems. Checks totaling more than \$1.4 million had been issued but never cashed, while checks for \$500,000 due claimants had never been issued, according to the accountant’s report filed with the court.

Snyder considered involving law enforcement, but explained at one hearing, “I don’t take lightly the matter of making referrals to prosecutors.”

She was also cautious about reporting Boyajian to the State Bar, the public agency responsible for policing the legal profession, despite evidence that he had misappropriated hundreds of thousands of dollars, according to transcripts and court filings.

Agency officials were ready to investigate if Snyder made a formal referral, according to a joint filing in 2013 by Kabateck, Geragos and Yeghiayan. They said that as a group they supported her doing so. But Snyder stated at a hearing that she didn’t “know enough of the facts to tell any of you at this stage that I’m prepared to do anything.”

When the issue came up a few months later, Snyder ordered the attorneys to give her written assessments of Boyajian’s misconduct with an eye toward referring him to the State Bar, according to court documents and transcripts. The judge sealed the lawyers’ recommendations, as she had with dozens of other sensitive documents in the case.

The Times successfully petitioned Snyder last year for access to the records. Geragos was the lone attorney who opposed making the documents public.

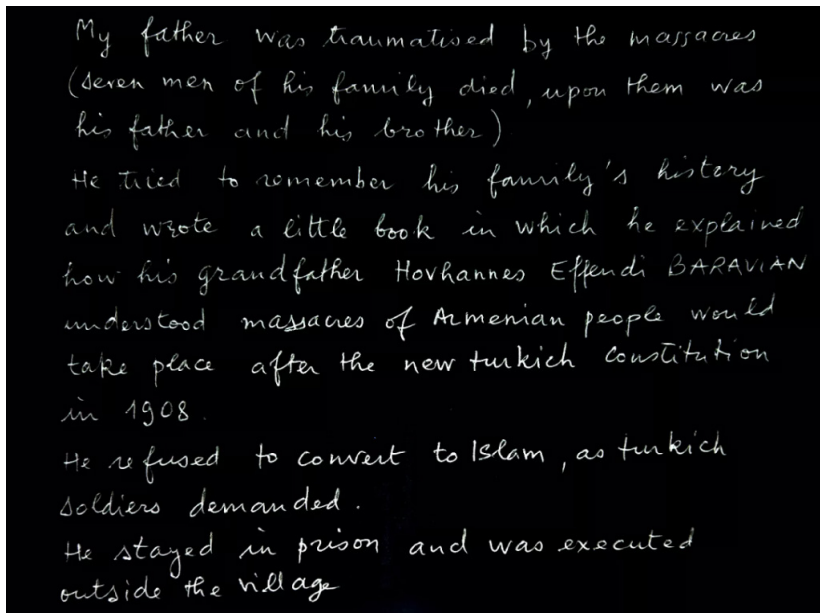
The newly unsealed documents show that Geragos argued against referring Boyajian to the State Bar, writing that “allowing an investigation at this point” might hinder efforts to recoup money from him. The judge appeared persuaded, ruling that “a referral should not be made at this time.”

As the proceedings dragged on, the deadline to file charges against Boyajian related to the AXA money drew closer. By the time the L.A. County district attorney’s office looked into the allegations in 2016, the statute of limitations for fraud and other serious counts had passed, according to a State Bar filing by Boyajian’s attorney. Boyajian pleaded no contest to a felony and a misdemeanor charge in connection with making false claims to the State Bar and ultimately served no jail time.

“We thought [the misappropriation allegations] should have been referred to the U.S. attorney to investigate,” recalled Lee Boyd, a former Pepperdine Law School professor who was the attorney for the French board. “Once the judge said no, it is over. And I had to accept that.”

In spring 2014, as Kabateck and Geragos were pushing to close out the settlement process, they asked the French board to sign a release that would prevent the board from ever suing the lawyers. The board members refused, to the annoyance of Geragos, a transcript shows.

“The settlement board, as they’ve continued to do throughout this, has caused even more problems, and it’s almost the tail wagging the dog at this point,” Geragos complained to the judge. As a consequence of their refusal, he suggested, the judge should slash a planned \$30,000 reimbursement for their travel, legal and administrative costs.



My father was traumatised by the massacres (seven men of his family died, upon them was his father and his brother)
He tried to remember his family's history and wrote a little book in which he explained how his grandfather Hovhannes Effendi BARAVIAN understood massacres of Armenian people would take place after the new turkish constitution in 1908.
He refused to convert to Islam, as turkish soldiers demanded.
He stayed in prison and was executed outside the village

LETTER IS from a document submitted by an applicant in the AXA settlement case

Snyder gave them \$3,000, noting that she had been “trying to avoid appeals and wrap things up.”

At the same time, the judge awarded the lawyers an additional \$1 million in legal fees and costs for what she described as extra work to ensure “a proper accounting and recoupment of misdirected settlement funds.” Geragos’ firm alone received \$450,000. Snyder officially closed the case in 2016. Two years later, Kabateck presented her an award on behalf of the Armenian Bar Assn.

“Every judge should take lessons from the Honorable Christina Snyder. She is patient with everyone but still has control of her courtroom, and she knows the law inside and out,” Kabateck said at the 2018 banquet.

After applause, Snyder called presiding over the genocide litigation “a remarkable experience.”



No community had been more excited about the AXA settlement than the approximately 600,000 ethnic Armenians who lived in France. In a victory tour to Paris after signing the agreement, Geragos, Yeghiayan and Kabateck told French Armenian charities that they would receive at least \$3 million under the settlement, according to interviews and published accounts.

“I really thought they were heroes,” said Ara Toranian, a journalist and leader of a consortium of Franco Armenian civic groups.

The L.A. attorneys told nonprofits to draw up proposals for how they might spend the windfall and eventually received more than 100 pounds of paper applications, recalled Shnorhokian, the French board member.

The promises the L.A. lawyers made were consistent with the terms of the settlement agreement. It specified that the charity portion of the settlement — an initial \$3 million plus whatever was left over from compensating the descendants — would be sent to a foundation set up in France to “advance the interests of the Armenian community.” AXA would write the bylaws for this new charity and the L.A. lawyers would nominate an oversight board to distribute the money.

But the French foundation was never set up. The L.A. lawyers instead handpicked charities to receive the funds intended for the foundation, according to court records and emails among the lawyers turned over to authorities.

There was no amendment of the settlement agreement. At one point, the three attorneys acknowledged in a court filing that they were deviating from the settlement terms, explaining that there was “difficulty” and “confusion” about setting up a French nonprofit, which made it “too costly” to pursue. But they quickly withdrew the filing and did not publicly revisit the matter.

Kabateck’s law partner, Karnikian, contended that the withdrawn motion “explicitly notified” the judge of the lawyers’ decision to depart from the settlement agreement, and the judge “had no issue with this publicly filed plan” since she did not object. He added, “Neither the court, AXA, the general public, any organization, nor anyone else ever challenged this solution.”

More than \$1 million did make it to France-based charities, including hundreds of thousands of dollars to prominent nonprofits such as the Paris chapter of the Armenian General Benevolent Union, or AGBU, as well as smaller grants to cultural groups and schools.

Organizations with no connection to the Franco Armenian community also received payouts.

Kabateck directed \$25,000 to Neighborhood Legal Services of Los Angeles County, a nonprofit on whose board he sat, according to a 2010 accounting ledger later turned over to authorities. This gift was not included in the lists of charity donations the lawyers submitted to the judge.

Kabateck's partner, Karnikian, confirmed that he made the donation without informing the judge, and said he was not required to file a report under the terms of the settlement. Those terms envisioned all of the money being sent to the French foundation for distribution. Karnikian said those served by Neighborhood Legal Services included "the low-income Armenian community."

Another major recipient of AXA funds was Loyola Law School, a downtown L.A. institution with few ties to France but close ties to the attorneys involved. Geragos and Kabateck were alumni who appeared frequently at campus events and whose firms hired students as clerks and graduates as associates. Kabateck has served for years as the chair of the law school's board of directors and is a trustee of its parent university, Loyola Marymount. Children of Geragos and Yeghiayan also earned law degrees there.

The law school said it received about \$1.4 million from the New York Life and AXA settlements, more than any other single institution. Yet in lists submitted to the judge, the attorneys disclosed \$400,000 in donations to Loyola.

The contributions flowed to the school in fits and starts over a nine-year period, arriving in amounts as small as \$10,634.68 and as large as \$350,000.

In one case, a \$350,000 donation identified in court papers as going to well-known Armenian charity AGBU wound up at Loyola. Kabateck's law partner said AGBU "independently decided" to donate the money to Loyola "upon receipt of the funds."

Emails later turned over to law enforcement show that the attorneys had worked out in advance that the money they told the judge was going to AGBU would quickly be forwarded to the school. AGBU President Berge Setrakian told The Times the funds were sent to Loyola with the "guidance" of the lawyers. The charity "did not know how this disbursement was reported to the court," its chief financial officer, Mark Gitlen, told the newspaper, adding, "we were not concerned since we believed this contribution would service a worthy cause."

The cause at Loyola became known as the Center for the Study of Law and Genocide, but its director said it started with smaller ambitions. Stanley Goldman, a criminal law professor who had taught both Geragos and Kabateck, said he had been trying for years to raise a modest sum for a course on the Holocaust, genocide and the law.

When he floated the idea to Kabateck around 2002, the lawyer responded that it was possible he could arrange a charity disbursement of "as much as \$50,000 left over" from the anticipated genocide settlements. Goldman said he was surprised when contributions many

EXHIBIT A	
CHARITY DISTRIBUTIONS	
FROM COMMUNITY FUND	
5	Initial Joint Distribution:
6	November 2007:
6	1. Armenia Fund \$400,000
6	2. AGBU \$400,000
7	3. Croix Bleue \$200,000
8	Second Joint Distribution
9	1. AGBU \$350,000
9	2. Dioceses in France \$200,000
10	3. Protestant - Armenian Church \$ 50,000
10	4. Catholic - Armenian Church \$ 50,000
11	\$1,650,000
12	Brian Kabateck Distribution:
13	1. Ecole d'Alfortville \$10,000
14	2. Ecole Barsamian \$10,000
14	3. Ecole Tarkmantchatz \$10,000
15	4. Nouvelles d'Armenie Magazine \$50,000
15	5. Association Armenienne d'Aide Sociale \$10,000
16	6. Espoir pour l'Armenie \$20,000
17	7. Jeunesse Armenienne de France \$10,000
17	8. Union Medicale Armenienne de France \$25,000
18	9. Institut Tchobanian \$50,000
18	10. Radio AYP FM \$25,000
19	11. Radio Armenie \$25,000
19	12. Azad Magazine \$ 5,000
20	13. Parev magazine \$ 5,000
21	14. Etchmianzin \$100,000
21	15. Tele Pace \$50,000
22	16. Groupement Interprofessionnel \$25,000
22	17. France d'Armenie Magazine \$25,000
23	
24	Total \$455,000
1	Vartkes Yeghiayan Distribution:
2	1. Conservatoire Memoire Armenienne \$300,000
2	2. St. Gregoire, Lyon \$ 40,000
3	3. Terre & Culture \$ 20,000
4	4. Foundation Ecole Francaise \$ 5,000
4	5. Cilicia See \$ 75,000
5	\$440,000
6	Mark Geragos' Distribution:
7	Catholicassat de Touse les Armeniens \$450,000
8	
9	Total Distribution of
10	Community Fund \$2,995,000.00
11	

Photo illustration by the Los Angeles Times

A LIST of donations attorneys Brian Kabateck, Vartkes Yeghiayan and Mark Geragos submitted to the judge in 2010. Church groups told The Times they did not receive hundreds of thousands of dollars they were supposed to receive.

times that amount kept arriving. More than a decade later, Goldman is still drawing down that money to operate the center. It supports recent graduates who work in human rights and operates a legal clinic where students help draft amicus briefs in international law cases.

Kabateck's law partner, Karnikian, asserted that donations to Loyola and other nonprofits without a connection to France were permitted for a certain "tranche" of AXA money. The Times could not find such a provision in the agreement and Karnikian did not provide support for the claim.

What happened to other charity funds remains unclear. The Times could not account for more than \$750,000 that the lawyers told the judge had gone to specific religious organizations.

That amount includes \$100,000 the lawyers told the judge they were splitting between the Armenian Catholic and Armenian Protestant churches. Officials from both told The Times they had no record of such a donation.

Kabateck's law partner confirmed that "the money never left the accounts" and said it "was distributed to other charities at a later date."

There was also a \$450,000 donation to an overseas entity of the Armenian Apostolic Church that Geragos listed in a 2010 court filing.

Officials at the denomination's Paris office and its headquarters in Armenia confirmed they had received other AXA money disclosed in court records: checks totaling \$300,000 that Kabateck signed in 2008 and a \$50,000 check signed by Geragos in 2010.

But the French church and Armenian headquarters found no record of the \$450,000 donation, according to letters given to The Times and separate correspondence previously provided to law enforcement.

Geragos maintained in an email to The Times that he wrote checks on a settlement account and gave them to the church's local diocese in Burbank, which then transferred the money to Armenia, writing that "all of the money earmarked was accounted for over 10 years ago." He offered as evidence two redacted statements that showed transfers of \$450,000 from a diocese account at Pacific Western Bank with the memo line "Catholicos of All Armenians," the English term for the Armenian-based leader of the church.

The statements did not identify the recipient of the transfer nor AXA as the source of the funds, and Geragos did not respond to a question about why the church in Armenia said it never received the money.

The Burbank diocese's executive director declined to provide information about settlement money it received or handled, saying only, "All funds were directed appropriately."

Geragos had a long relationship with the Burbank-based diocese, and served two decades as its general counsel. About this time, the banquet hall at a diocesan church in Pasadena was renamed for Geragos' parents, an honor a local newspaper reported was the result of a contribution he had made.

Yeghiayan was concerned that Geragos used settlement proceeds to secure the hall name and outlined those worries to the French board in an email later turned over to authorities, writing, "Now he wants to buy his parents with Axa charity money?"

Markarian, the former Pacific Western banker who was account officer for both the settlement and the Burbank diocese, said in an interview that it did not make sense for settlement checks to be routed through the diocese. The money, he said, could have been wired in a single transfer directly from the AXA account to the church overseas.



Last year, after decades of pressure, the U.S. formally recognized the Armenian genocide. In a statement on April 24, the anniversary of the 1915 arrests of Armenian intellectuals and community leaders, President Biden praised the "strength and resilience" of the survivors and their descendants.

“They have never forgotten the tragic history that brought so many of their ancestors to our shores,” he said.

On his weekly podcast a few days later, Geragos said Biden’s move was more than a political symbol. He said it potentially opened the door for him to file new lawsuits against the Turkish government or banks.

“It’s an interesting place that we are going to be,” he said.

Questions about the insurance settlement money still linger. The French board and a handful of descendants took their frustrations to the State Bar. The agency suspended Boyajian from the practice of law in 2018 and he later resigned his license.

The State Bar filed disciplinary charges against Yeghiayan and made an unsuccessful attempt to disbar his wife. It took no action against Kabateck and Geragos, with a bar supervisor telling one alleged victim that “suspicion is not a basis for investigation.”

Shnorhokian, of the French board, has continued sending the State Bar and law enforcement agencies what he sees as evidence Geragos and Kabateck mishandled settlement funds.

“I simply want justice,” Shnorhokian said. “I will fight to the end.”

Yeghiayan did not get a chance to defend himself against the State Bar charges. The architect of the genocide cases died Sept. 29, 2017, at age 81.

In an interview posted on YouTube the year he died, Yeghiayan tried to rally the Armenian community to investigate the settlement.

“It’s a typical Armenian concept that we shouldn’t tell other people about our dirty laundry,” he said. “The more quicker we show our dirty laundry, the next generation, other people will not dare to try and steal money from Armenian organizations.”



FAMILY PHOTO is from a document submitted by an applicant in the AXA settlement case.

Times special correspondent Astrig Agopian in Paris and Yerevan contributed to this report.



CHRISTINA HOUSE Los Angeles Times

AN OCEANFRONT condominium building in Santa Monica where then-Justice Tricia Bigelow bought a unit in 2015. Tom Girardi was having an extramarital affair with Bigelow and he wired her \$300,000 from a client trust account at the time she closed on the property.

CONDO CASH FROM HER TIES TO GIRARDI

A justice received \$300,000 from a trust account at disgraced attorney's firm

By Harriet Ryan and Matt Hamilton

Tricia Bigelow, then a presiding justice of a state appeals court in downtown Los Angeles, wanted a weekend place at the beach.

She found an oceanfront condominium in a prime area of Santa Monica in 2015 and embarked on a luxurious makeover later described in a rental listing: custom kitchen cabinets, high-end appliances, a built-in wine fridge, a soaking tub and furnishings in an elegant nautical theme.

To pay the substantial price tag, she did not have to rely on her judicial salary alone. Tom Girardi, the powerful attorney with whom she was having an affair, wired her



Associated Press

FROM LEFT to right, Tom Girardi, Erika Girardi, Tricia Bigelow.

\$300,000 in the week she closed on the Ocean Avenue property, according to financial records filed in a state court lawsuit.

The wire did not come from Girardi's personal bank account, but rather from a trust account containing settlement money for clients of his Wilshire Boulevard law firm, Girardi Keese. At the time of the transfer to Bigelow, the account held funds owed to cancer victims and other residents of a polluted Inland Empire community, who had sued cement manufacturers in Riverside Superior Court in 2008, according to state court records.

To this day, many of the victims have not received their full settlements, according to bankruptcy claims from dozens of former clients and their relatives.

"We never got a dime," said Michelle Ganz, a claimant in the bankruptcy case whose mother, Sandi, lived near one of the cement plants and died of lung cancer. "We did everything they said we needed to, and they just never paid out."

Bigelow retired last year from the Second District Court of Appeal. In response to questions from The Times, her attorney Alan Jackson wrote in an email that the \$300,000 transfer "was NOT marked as coming from a [Girardi Keese] trust account" and that she had no reason to suspect he was drawing on client funds.

Girardi, once one of California's most well-connected and prominent attorneys, misappropriated millions of dollars of client funds over a period of decades, according to a State Bar review and bankruptcy filings. The money appears to have helped underwrite the opulent lifestyle he and his wife, Erika, displayed on "The Real Housewives of Beverly Hills" and the lavish parties and dinners he hosted for the legal community.

The wire transfer to Bigelow reveals he also used client money at least once during their four-year extramarital romance. The jurist had a \$212,274 salary and a reputation so sterling that at one point she was chosen to oversee the education of all new state judges.

Jackson, Bigelow's lawyer, said in emails that Girardi "never shared anything with her regarding the source of any gifts." Earlier this month, after receiving an inquiry from The Times, the justice returned what she said were all the presents she ever received from the disgraced lawyer.

Jackson handed the gifts over to a bankruptcy trustee working to compensate cheated clients and other Girardi creditors. But he has declined to identify the gifts publicly or



TOM AND Erika Girardi on “Real Housewives of Beverly Hills.”

Bravo

place a dollar value on them.

Girardi, 83, has been diagnosed with Alzheimer’s disease and is under a court-ordered conservatorship. The trustee for the bankruptcy of Girardi Keese, Elissa Miller, did not respond to a request for comment. In a court filing Tuesday, she disclosed that “a former ‘friend’” of Girardi recently turned over jewelry with an estimated value of less than \$15,000.

The items included 1.75-carat diamond earrings, a Bulgari pearl-and-diamond necklace, a Cartier gold-and-diamond necklace and a Tiffany heart-shaped gold-and-diamond necklace that the trustee and Bigelow believed the law firm purchased, according to the trustee’s court filing.

The date of the return coincides with the timeframe in which Bigelow’s lawyer gave Miller, the trustee, the items. Miller asked the bankruptcy court for permission to auction off the jewelry.

She had previously told the bankruptcy judge that she plans to investigate “numerous transfers” of firm assets to “third parties,” and has secured a court order to sell the \$750,000 diamond stud earrings apparently purchased with client money for Girardi’s now estranged wife.

Shortly after the firm’s 2020 collapse, Erika Girardi began pointing a finger of blame at Bigelow, posting now-deleted screenshots on Instagram suggesting her husband had paid for shopping sprees and cosmetic surgery for the justice.

But the \$300,000 gift appears to have taken even the reality TV star by surprise, according to a partial transcript of her deposition filed in court. Erika Girardi was shown bank records of the transfer to Bigelow while giving sworn testimony Aug. 4 in a lawsuit brought by attorneys who say they were swindled out of fees in the Inland Empire cement pollution case.

“F— me,” she exclaimed, prompting her attorney to warn her against using profanities. Asked whether her husband had mentioned the transfer to her, she replied, “No way. No way.”

Erika Girardi urged one of the lawyers questioning her to put Bigelow under oath as well, saying, “I’m very upset that you haven’t noticed her depo.” The attorney, Ronald Richards, replied during the deposition that he was gathering evidence about Bigelow now that

she was no longer on the bench. “I wasn’t going to do it when she was a justice. I’m not suicidal,” Richards said, according to the deposition transcript.

Richards said in an interview Tuesday that after Bigelow returned the gifts, he called off his investigation: “It became a total nonissue.”

Bigelow and Girardi began their affair in 2012, according to her lawyer. At the time, Girardi had been married to Erika for a dozen years and Bigelow was engaged to a retired Los Angeles fire captain.

Though the justice had previously handled cases involving Girardi’s firm, she started recusing herself from matters concerning him or lawyers who worked for him as their friendship grew close and then became romantic, according to her attorney and a conflict of interest list she provided the appellate court clerk.

State officials, including judges, are generally barred from receiving gifts that exceed \$500 and are required to annually disclose smaller gifts publicly. But there is an exception for people in a “dating relationship,” according to state ethics guidelines. Bigelow did not report the jewelry or the money from Girardi, according to a review of her financial disclosures.

In the spring of 2015, Bigelow was on the hunt for a seaside property. Earlier that year, some \$20 million had been deposited in the Girardi Keese trust account at Torrey Pines Bank on behalf of thousands of clients in the Inland Empire cement cases, court records show.

Though attorneys are required to “promptly” distribute settlement funds to clients, Girardi did not. Records show Girardi Keese moved millions of dollars into the firm’s operating account and “to pay off older debts of the firm,” according to a filing by attorneys trying to recoup their share of the cement case settlement. By November 2015, with only a fraction of the clients receiving any money at all, there was just \$411,000 left in the trust account.

In the intervening period, Bigelow made a successful offer of \$715,000 for a top-floor, one-bedroom condominium in Santa Monica. On the day she signed her mortgage documents in June 2015, she received the \$300,000 wire from Girardi Keese’s trust account at Torrey Pines Bank, according to property records filed in L.A. County and bank records.

The condo complex has a pool and roof deck and is steps from the beach. Her fiancé at the time, Terrance Manning, said Bigelow presented the apartment as a getaway for the two of them.

“She had talked about [how] we’d still live in La Cañada and we could go down there on weekends,” Manning recalled. “It really never worked out, nor did our relationship.”

He later learned she was having an affair with Girardi, whom he knew only as a close friend of hers. He said he never noticed expensive gifts and did not inquire about the source of the money she used for the down payment.

“She had been a career lady, and I figured she had that income,” said Manning, who noted he is now “very happily married” to someone else.

The relationship between Bigelow and Girardi ended in September 2016, according to her attorney, and she married another lawyer two years later.

From 2015 onward, the clients from the Inland Empire case kept pressing Girardi for their money — with minimal result.

“Everybody was waiting. There was always some excuse,” said Wiley Shepherd, 74, who attributes his colon and rectal cancer to toxic exposure from cement plants.

He received about \$20,000 from the settlement in 2018, but questioned the years it took for payment and the small amount relative to what he endured.

“That money did not belong to the attorneys,” Shepherd said. “That money belonged to the victims.”

Bigelow, according to her lawyer, had “a long record of always being a staunch advocate of victims of crime and she’s focused on doing her part to make sure at least in this case the victims are made whole.”



TOM GIRARDI in 2014.

IRFAN KHAN Los Angeles Times

STATE BAR KEPT QUIET ABOUT ALLEGATIONS AGAINST GIRARDI

Despite scores of complaints, agency took no public action till
his firm collapsed

By Harriet Ryan and Matt Hamilton

The State Bar of California received 205 complaints against Los Angeles legal legend Tom Girardi alleging that he misappropriated settlement money, abandoned clients and committed other serious ethical violations over the course of his four-decade career, the agency disclosed Thursday in response to a lawsuit brought by The Times.

Despite the drumbeat of concerns that began in 1982, the State Bar took no public action

against Girardi until after his Wilshire Boulevard firm collapsed two years ago.

As his stature as a trial attorney and political power broker grew, officials closed scores of complaints against him without doing any investigation and rejected dozens of others for “insufficient evidence,” the records show. In 13 cases where the agency did act against Girardi, it used “non-public measures,” such as a warning letter, that left his law license and reputation in the legal community unblemished.

Girardi was suspended from the practice of law in March 2021 and finally disbarred by the state Supreme Court in July. Now 83, he has been diagnosed with Alzheimer’s disease and is in a court-ordered conservatorship.

In a letter accompanying the record release, the chair of the Bar’s governing board, Ruben Duran, acknowledged “serious failures” by the agency and wrote: “There is no excuse being offered here; Girardi caused irreparable harm to hundreds of his clients, and the State Bar could have done more to protect the public. We can never allow something like this to happen again.”

Complaints to the State Bar are confidential under the law, but The Times petitioned the state Supreme Court for access to agency records about Girardi under an exception that allows disclosure of information if doing so is “warranted for protection of the public.”

Reporting by The Times has shown how the politically powerful Girardi cultivated State Bar officials, including executives, investigators, prosecutors and judges, with free legal representation, boozy lunches, private plane rides and invitations to glitzy parties.

The agency initially fought the newspaper’s access to Girardi’s records in court but announced last month that it had reversed course after concluding that disclosing the records was “more consistent with its current understanding of its public protection mission and policy of transparency.”

The records released by the State Bar describe the date of each of the 205 complaints, the general violation alleged and its disposition. The alleged violations include misrepresentations to the court, failure to provide clients with accountings, and commission of unspecified crimes.

Of the total complaints, some 155 arrived before the bar took action against Girardi’s law license in March 2021. After the headline-grabbing development, an additional 50 complaints flowed into the agency. Although Girardi became a lawyer in 1965, the earliest available complaints dated to 1982; a bar spokesperson said the agency has “no available records to determine whether or not there were complaints that predated this.”

Girardi stole at least \$14 million from clients in the last decade of his practice, according to a bankruptcy trustee, and nearly 60% of the complaints filed concerned his handling of money in bank accounts meant to safeguard client funds, according to a State Bar tally.

The allegations about missing funds date to the early 1980s and are consistent with allegations that Girardi had a long-running practice of using settlement funds for his own purposes. An Illinois federal judge this week wrote in a ruling that Girardi “was running a Ponzi scheme with client money.”

One complaint disclosed concerned Christian Keith, a teenager who suffered catastrophic brain injuries in a car accident on Pacific Coast Highway in 1985. Representing Keith, Girardi won a settlement of more than \$2 million. Records reviewed by The Times show the lawyer promised the young man’s family he would use settlement money to purchase an annuity but never did, resulting in a huge tax bill, and lingering questions about where the funds had gone.

“Mr. Girardi took possession of \$2,015,000 and used it as he saw fit, paying himself \$500,000 ... without court approval,” the family’s new attorney wrote to a State Bar investigator in 1995.

The records show the agency closed the case four years later with unspecified “non-public resolution,” which the State Bar said could mean a private agreement in lieu of discipline, a private admonition or a letter of warning.

Keith’s mother, Sharon, said in an interview Thursday that the family never would have

hired Girardi had they known about the conduct reported to the State Bar. She said that given his handling of the money in her son's case, he deserved to be publicly sanctioned, not punished behind closed doors.

"If there is someone that is a licensed attorney ... and especially has a big name ... that should not be kept secret," Keith said. "Other people then fall into the same trap."

She said she knew that there were "bad guy" lawyers out there, but Girardi "wasn't one of them and it didn't cross our minds." Christian Keith, now 57, lives in a San Diego County facility for people with brain injuries.

Though the Keith complaint was identifiable in the State Bar's records release since it referenced the case number and caption of a malpractice suit against Girardi, the identities of others lodging complaints were not discernible.

Kelli Sager, an attorney for The Times, said the newspaper would press for additional information from the State Bar because the records released "noticeably fail to include any specifics — including the identities of the individuals at the State Bar who were responsible for handling them — or details about the complaints themselves."

"This information must be disclosed for the public to evaluate its performance and the steps needed to ensure that this kind of 'serious failure' does not happen again," Sager said in a statement.

Duran, in his letter, said the State Bar had disclosed "as much information ... as we believe is allowed under the law."

The State Bar's protracted failure to rein in Girardi allowed him to expand his national reputation as a courtroom champion for the little guy, sign up thousands of new clients each year, and become a force in politics and eventually pop culture. A major Democratic Party donor, he socialized with politicians and judges and was regarded as a gatekeeper for would-be judges across Southern California. One of his greatest courtroom victories became the inspiration for the Oscar-winning film "Erin Brockovich," and he married an aspiring actress, Erika Jayne, appearing alongside her on the reality series "The Real Housewives of Beverly Hills."

The cozy relationships have drawn concern over whether his influence allowed him to elude discipline for cheating clients and colleagues. Earlier this year, the State Bar revealed that it was conducting an investigation by an outside law firm into whether former employees helped Girardi evade discipline. That inquiry is ongoing.

Girardi's downfall came after a Chicago law firm, Edelson PC, working with him to represent airline crash victims, alerted a federal judge there to millions in missing settlement money. Jay Edelson, the firm's founder, called the State Bar's revelations "stunning."

"What we know now — for the first time — is that the bar was receiving a constant drumbeat of complaints that Tom and his firm were stealing money for nearly 40 years," Edelson said.

"The bar spent that time not protecting the public as it was established to do, but shielding the Girardi Keese firm."

The Girardi scandal prompted a state audit that found widespread problems with the agency's policing of attorneys, not merely with one prominent trial lawyer. Released in April, the audit faulted the State Bar for ineffective investigations, a reliance on confidential warning letters and other nonpublic discipline, and a poor track record on preventing conflicts of interest between its staff and the lawyers it is supposed to regulate.

That audit and the outrage of the Girardi scandal has led to changes in how the State Bar oversees client trust accounts, the bank accounts where lawyers hold their clients' money. In a program that takes effect next year, lawyers will be required for the first time to report basic information about all of their trust accounts on an annual basis. Lawyers will also have to distribute client money within specific time frames, provided there is no dispute over the funds.