

## Law Firms Dismissed in Katrina Lawsuits

By Eric Gilkey, Managing Editor, Sun-Herald

In what is turning out to be a big week for State Farm, a group of law firms that had formed to prosecute the insurer and its third-party administrator E.A. Renfroe in a large number of Katrina-related cases have all been disqualified for engaging in unethical behavior. In addition, two star witnesses for prosecutors have been disqualified from testifying or using any material they gathered.

The ruling was issued by Mississippi U.S. District Court Senior Judge L.T. Senter, Jr., whose past rulings have been for and against big insurers. Just this week, his initial ruling on *Broussard v. State Farm* — which granted a policy-limits payout on a home along with \$1 million in punitive damages against State Farm — was overturned by an appeals court, giving the insurer two major legal victories in just one week.

Previously known as the Scruggs Katrina Group (SKG), the litigation group pursuing State Farm was forced to realign itself recently after lead attorney Richard Scruggs and his law firm withdrew as counsel for allegedly bribing a judge in a separate, unrelated case. The remaining law firms of Barrett Law Office, Nutt & McAlister, and Lovelace Law Firm reorganized to form the Katrina Litigation Group (KLG), and it was this group that was going to represent a large number of policy-

holders who were suing State Farm over claim-handling procedures following Hurricane Katrina.

That was until Judge Senter's ruling on April 4, 2008. It again involved ethical misconduct charges, this time for paying two key witnesses — sisters and independent adjusters Cori and Kerri Rigsby — more than \$150,000 each for secretly gathering thousands of pages of evidence to use against State Farm and E.A. Renfroe. Both companies said that the payment encouraged the sisters to hand over confidential materials. Further, they argued that there was an inherent conflict of interest with the payments since the sisters were likely to be called as material witnesses in many of the hurricane damage cases that Scruggs' group was handling.

"While Scruggs made the arrangements for these payments, the other members of the SKG joint venture knew or should have known that the payments were being made, and I am of the opinion that their failure to take timely and reasonable remedial steps or to object to this arrangement amounts to a ratification of Scruggs' actions," said Judge Senter, in his memorandum opinion. "While the other ethical misconduct alleged by State Farm and Renfroe are substantial, the payments to the Rigsby sisters are, in and of themselves, sufficient to warrant disqualification. It is apparent to me, from my review of the deposition testimony of the Rigsby sisters, that there was no legitimate reason for these payments and that the 'consulting' work that ostensibly justified these payments was a sham."

In what might be the most devastating blow to those who filed lawsuits against State Farm and E.A. Renfroe, Judge Senter also barred the Rigsby sisters from testifying as witnesses in any actions pending against the two companies. That includes any documents the sisters supplied to SKG or KLG, unless it is shown that the documents were obtained through ordinary methods of discovery, something that is unlikely to occur.

What about those who are suddenly left without legal representation? They were given 45 days to retain new counsel or to notify the Court that they will represent themselves. If they fail to do either, their cases could be immediately dismissed without prejudice.

To read Judge Senter's entire opinion, [click here](#).

