LITIGATION LAW ALERT

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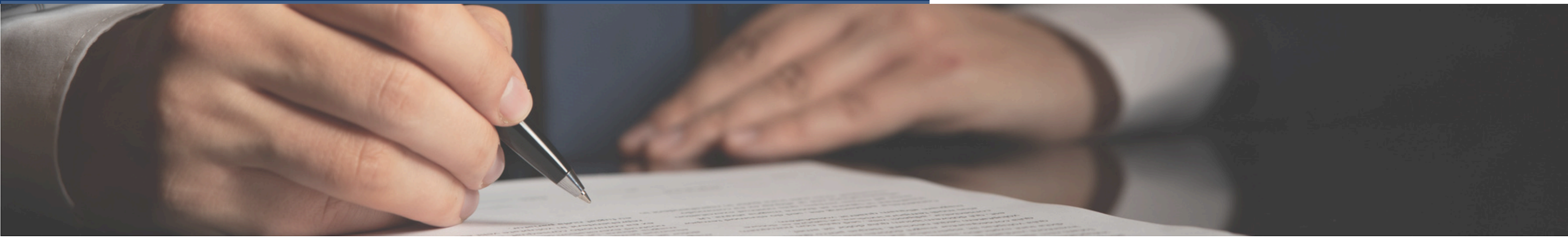

RMF RICO Update: Recent EDNY Decision May Change Course of Personal Injury-Focused RICO Litigation

Over the past year, Federal courts in New York's Eastern District have been inundated with lawsuits, all brought by the same Texas-based law firm, alleging that personal injury attorneys and medical providers are violating the Racketeer Influenced and Corrupt Organizations Act, also known as "RICO" in connection with an alleged scheme to inflate workplace injury claims. RICO is a statute intended to prevent organized scheming and, while most may be familiar with it in the criminal context, it is also a type of civil claim that can be used to seek money damages or injunctive relief for allegations of civil misconduct.

In this recent wave of RICO lawsuits the plaintiffs are not, for example, employers, property owners, equipment manufacturers, or other parties who might have been directly harmed by the supposed scheme. Rather, these RICO claims have been brought by the same small group of insurers, reinsurers, and others in the insurance industry who allege they had certain policy obligations in connection with the underlying claims. The plaintiffs were recently dealt a significant blow when a judge in the Eastern District keyed in on the roles of these plaintiffs, and dismissed one of the earliest filed lawsuits for lack of standing. In that case, *Roosevelt Rd. Re, Ltd. et al. v. Subin et al.*, the Court found that, because the plaintiffs were reinsurers, the alleged injuries were a few steps removed from the alleged fraud, which was too attenuated for RICO purposes. Plaintiffs more recent efforts to cure the deficiency was similarly rebuffed by the *Subin* Court, and the case dismissed, this time with prejudice, meaning, they can't try to file it again.

The game isn't over just yet. But these RICO plaintiffs are already feeling the effects of the *Subin* decisions in other cases, where defendants are arguing it bars these same plaintiffs from asserting similar claims, or invoking the judge's standing reasoning to request dismissal.

If you have any questions about these RICO lawsuits or RICO-related fraud allegations, please contact:

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