

# RICO Lawsuit Alleging State Farm Bankrolled Illinois Judge Gains Class Action Status

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On September 16, 2016 an Illinois federal judge **certified a class of State Farm policyholders** who had filed a Racketeer Influenced and Corrupt Organizations Act (RICO) lawsuit, alleging that State Farm Mutual Automobile Insurance Co. and others defrauded policyholders of a \$1.05 billion judgment by using its financial influence to help elect a judge to the Illinois Supreme Court to influence an appeal vote on the decision.

The \$1.05 billion judgment at issue was the result of a separate, earlier class action filed in Illinois state court which found that State Farm defrauded policyholders by requiring the use of cheaper, non-manufacturer parts when repairs were made to covered vehicles after a crash. The Illinois Appellate Court upheld the judgment in 2001 and the Illinois Supreme Court accepted

State Farm's appeal in 2002. Shortly thereafter, Judge Lloyd Karmeier, who was a trial judge at the time, was vying for a seat on the Illinois Supreme Court.

The plaintiffs in the current suit allege that State Farm sought to recruit, finance, direct, and elect a candidate to the Illinois Supreme Court who, once elected, would vote to overturn the earlier \$1.05 billion judgment. The plaintiffs further allege that State Farm poured as much as \$4 million into Judge Karmeier's election campaign. Nine months after Judge Karmeier was elected to the Supreme Court, he voted in favor of State Farm to overturn the \$1.05 billion judgment of the Appellate Court.

Judge Karmeier is not a defendant in the case. In fact, he was **recently elected as the next Chief Justice of the Illinois Supreme Court.**

U.S. District Judge David R. Herndon ruled that the plaintiffs had satisfied the required prongs for class certification of numerosity, commonality, typicality, and adequacy—holding that the class action mechanism is appropriate in this case because “common issues of law and fact predominate, and trying these claims individually would result in a substantial amount of repetition and wasted resources.”

The case is Mark Hale et al. v. State Farm Mutual Automobile Insurance Company, et al., case number 3:12-cv-0660 in the U.S. District Court for the Southern District of Illinois.

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1. <https://dlbjbjzgnk95t.cloudfront.net/0841000/841193/https-ecf-ilsd-uscourts-gov-doc1-06913596506.pdf>

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