

# COLLAPSE OF AN EVIL EMPIRE!

**A Compendium of Articles dealing with Florida Bar proceedings against Miami attorney Scot Strems and his firm, The Strems Law Firm**

**Johnson Strategies, LLC**

Articles below all appear at [www.johnsonstrategiesllc.com](http://www.johnsonstrategiesllc.com) and are assembled here in chronological order for reader convenience. Unless otherwise stated or attributed they are opinion pieces by Scott Johnson.

Readers are reminded that the opinions and facts in each article were relevant based on documents and events known and available to the author at the time the article was written. Events since that time, including investigations, hearings, trials, decisions, etc. may have impacted the article as it was originally written and may even be exculpatory in nature to those in the article.

**Please Note:** until or unless someone has been adjudicated guilty in a court of law they are innocent and should be presumed innocent.

Every attempt has been made to guarantee the accuracy of the reports below. However, readers are urged to follow links and read original documents via other online sources as well as consult experts in such matters before forming any conclusions regarding the guilt or innocence of anyone described below.

*NOTE: Until proven true, accusations referenced in this series of articles are only allegations made by various parties including the Florida Bar in its petition to suspend Scot Strems license to practice law.*

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## Collapse of an Evil Empire! PART I

**June 15, 2020 - Opinions by Scott Johnson**

This is Part I regarding deceptive practices by some attorneys and their cohorts to steal from others, including their own clients.

If allegations in the numerous documents I've been provided are true we may all be witnessing the historical collapse of an enterprise so prolific and sinister it almost defies description.

Since these alleged practices of just this one firm, The Stremms Law Firm (SLF), are so instructive regarding Florida's property insurance market and the need for tort reform, additional articles may be necessary to provide a more complete picture, examine the potential impact on rates and develop meaningful long term solutions.

Let's start with a blog I wrote February 2017 about Stremms titled, "[Bad Apple Attorneys!](#)" Read it. It's based on my research into litigation methods employed by SLF, particularly the filing of multiple suits for the same location, risk or loss (**See NOTE #1 below**). I even sent a [letter to the Florida Bar](#) later that same year regarding several attorney firms but did not receive a response.

Anyway, this month on June 9, 2020, the Supreme Court [responded](#) to the Florida Bar's "emergency" request to immediately suspend Stremms' license to practice law (see: [Bar petition June 5, 2020](#)). (**See NOTE #2 below**). It demanded that [Scot Stremms](#) immediately cease the practice of law and comply with other demands while/if he appeals the ruling. He cannot resume practice during any appeal should there be one. (**See NOTE #3 below**)

The Bar accuses Scot Stremms of engaging in "mendacious, bad-faith conduct" lying to clients, judges and opposing parties. And, declares that "He sits at the head of a vast campaign of unprofessional, unethical, and fraudulent conduct that now infects courts and communities across the state."

For those doubting the breadth of what's been going on, documents paint a picture of what sounds very much like an "evil empire." With only 20 attorneys (according to its [website](#)) and according to a deposition from the firm's former litigation manager, SLF ushers something close to 10,000 lawsuits at a time through an alleged corrupt system. You read correctly...10,000!

Think about it. If there are 10,000 cases in the hopper and billable fees were around, oh, say \$5,000 each—that's \$50 million! Of course, \$5,000 per case might be too low since, according to the Bar's allegations, some Stremms attorney's charge \$750 an hour. Heck, with rates like that, [fee multipliers](#) and contingency fee practices *like those you'll read about next*, SLF could've pulled down as much as \$100 million for every 10,000 case cluster.

Keep this in mind as you look at what the Florida Bar just dropped in the Supreme Courts' hopper (Thursday June 11)—only a few days after suspending Scot Stremms. It regards SLF attorney [Gregory Saldamando](#) and is another complaint ([Filing # 108753108](#)) alleging another member of the enterprise "...betrayed his ethical obligations to his clients in order to enrich himself at the clients' expense."

Here's one appalling example:

*Based upon [Saldamando's] representations, his clients agreed to accept a settlement of \$100,000.00, approving a fee of \$35,000.00 for SLF, with the balance of \$65,000.00 going to the clients.*

then...

*Without the clients' knowledge or approval, [Saldamando] secured and finalized a second global settlement of \$157,500.00.*

then...

*Without the clients' knowledge or approval, [Saldamando] did not allocate any of the increased settlement amount to the clients. Instead, [Saldamando] allocated a fee of \$92,500.00 for his firm, while allocating only the client's original authority (\$65,000.00) to the clients. [Emphasis added]*

Read [the entire complaint](#) yourself for details of Saldamando's defense. But, one of the most remarkable statements in the Bar's allegation is that Saldamando's actions are not only a "pattern of misconduct [is] remarkably similar to that charged against [Scot] Stremms..." but, they are apparently business as usual for the entire firm!

The Bar says Saldamando's approach was "...part and parcel of SLF's day-to-day practices." And, lending credence to the idea of a pending collapse is that Saldamando, a former Assistant State Attorney, throws the whole firm under the bus, in writing: "...this is standard practice for The Stremms Law Firm regarding settlement of first party insurance cases..."

Wonder how many other plaintiff firms employ this so called "standard practice."

There's more.

It's possible many of the 10,000 clients were as unwitting as those in a class action filed against Stremms earlier this year (April 24) by Lee Jacobson (Hale, Hale & Jacobson, P.A.). This class action alleges numerous counts against SLF including "...Civil Conspiracy...Racketeering...Unfair and Deceptive Practices..." and more and requests a punitive award of "treble damages." (See **NOTE #4 below**)

In [Ortiz v The Stremms Law Firm](#) we learn that one SLF method of acquiring so many clients was to utilize Public Adjusters, or those posing as public adjusters, water firms and other contractors to recruit plaintiff homeowners. These "feeders" scour for plaintiffs, conduct inspections, identify damage (often more than one claim) and ask for a signature on an electronic tablet. The suit alleges that at least some don't know that in addition to a work order, they are also signing a contingency agreement for Scot Stremms or his firm.

And, even when/if they know and object their signature still winds up on a Stremms contingency contract—in at least one case, according to the suit. Result? When the consumers' claim payment arrives, usually many months later, it's minus a 25% contingency fee paid to the Stremms firm. Apparently, recouping those lost funds is tedious enough that it's rarely pursued by the homeowner.

According to the suit..."The Stremms Law Firm and various third parties work together to unethically and illegally solicit, engage and profit off of unwilling and unsuspecting consumers throughout the State of Florida."

Even without a cadre of feeders, it's easy to see how so many unsuspecting property owners might get sucked in. Strem's has locations in Coral Gables, Tampa, Orlando, Broward and Jacksonville. It has one of the slickest [websites](#) I've seen, with [some really professional video's](#).

Finally, and so typical of "billboard" plaintiff firms portraying themselves as knights in shining armor, SLF's tag line ironically asserts that it is "Florida's Most Trusted Law Firm."

**NOTE:** readers are reminded that I'm not a lawyer and these are only my *opinions* based on formal allegations and 700 pages of supporting documents presented to the Supreme Court and other research.

Let's close Part I with a brief summary:

*Based on my **opinion** of the **allegations** and supporting documents, one firm with only 20 attorneys is using various forms of subterfuge to process or ignore up to 10,000 lawsuits using three prime tactics: one, multiple claims/lawsuits filed for a single location, loss or risk; two, utilizing feeders armed with tablets it gathers electronic signatures on contingency agreements concomitant with work authorization orders, and; three, it applies a sophisticated assembly-line style to manage a high volume of cases at least some of which have inflated billable hours and/or fraudulently acquired contingency fees.*

Stay tuned—there's more to come in "Collapse of an Evil Empire!" Part II.

**###end###**

**NOTE #1:** According to [fourteen \(14\) transmittal letters](#) DFS provided me, covering only eight months, the Strem's firm filed 448 lawsuits against 22 insurance companies, including 78 multiple lawsuits. "Multiples" are when more than one suit (usually two but, sometimes as many as four) is filed by the same policyholder against the same insurer. A practice unique to Strem's.

So, I queried DFS service of process (SOP) records and found that during one two-year period, just one lawyer, Scot Strem's, filed 2,057 individual lawsuits against insurance companies. See the DFS report [here](#). And, from this data my researcher identified 223 times when one homeowner filed "multiple" suits against the same insurer for the same risk or policyholder.

When I contacted a carrier with a lot of policies in Southeast Florida, here's the response:

*"It is very common for one of his 'feeders' to arrive on the scene to investigate a purported water loss from a plumbing leak, look around the property and perhaps identify a stain on the ceiling, and then report a roof leak as well. Both will be reported on the same day, but given different dates of loss."*

**NOTE #2:** The State Bar of Florida asked the Supreme Court to protect the public, the clients of Scot Strem's, the adverse parties, the insurers he sued, and the court system by filing a Petition for Emergency Suspension of Scot Strem's license to practice law. The State Bar alleged, in part:

- Despite the professional veneer of the firm’s website, dockets across Florida are replete with orders sanctioning Mr. Stremms and his subordinates for the delay, misrepresentation, and bad faith that have become the hallmarks of their firm’s litigation practice.
- This pattern of conduct by Mr. Stremms and his firm has resulted in clear and unquestionable harm to the public and warrants the imposition of an emergency suspension order. Numerous parties have been and continue to be injured by the respondent’s bad faith, including: the insurers and their counsel who must litigate these cases; the courts, which expend tremendous time and resources resolving these disputes; the public, which relies heavily upon the judicial resources consumed by SLF’s case load; Florida homeowners, whose insurance premiums ultimately fund both sides of SLF’s cases; and, of course, respondent’s own clients who are sometimes conscripted (unwittingly or otherwise) into the firm’s conduct, and whose claims are frequently rendered worthless due to court sanctions.
- The petition listed multiple cases where the court sanctioned the lawyers for failure to comply with court orders, deliberate disregard of orders issued by the court, neglect, failure to respond to discovery, egregious bad faith conduct, caused cases to be dismissed for refuse to respect the courts authority.
- More than 30 orders and other filings of case dismissals with prejudice because of “willful violations” of a court’s orders or purposeful delays, as well as sanctions against the firm, involving 18 cases against eight different insurance companies.
- A class action lawsuit by claimants who say they were illegally solicited and profited off of by the firm and other third parties.
- Affidavits by two Thirteenth Judicial Circuit Court judges who have handled hundreds of cases brought by Stremms.
- A deposition of the firm’s former litigation manager who testified that the firm has handled as many as 10,000 suits at once, that Stremms attorney’s for the firm didn’t keep track of their time and fee sheets stating time spent on cases were falsified.

**NOTE #3:** According to the Supreme Court Ruling, Scot Stremms is ordered:

1. *to accept no new clients from the date of this Court’s order and to cease representing any clients after thirty days of this Court’s order. In addition, Respondent shall cease acting as personal representative for any estate, as guardian for any ward, and as trustee for any trust and will seek to withdraw from said representation within thirty days from the date of this Court’s order and will immediately turn over to any successor the complete financial records of any estate, guardianship or trust upon the successor’s appointment;*
2. *to immediately furnish a copy of Respondent’s suspension order to all clients, opposing counsel and courts before which Respondent is counsel of record and to furnish Staff Counsel of The Florida Bar with the requisite affidavit listing all clients, opposing counsel and courts so informed within thirty days of this Court’s order;*
3. *to stop disbursing or withdrawing any monies from any trust account related to Respondent’s law practice without approval of the Florida Supreme Court or a referee appointed by the Florida Supreme Court or by order of the circuit court in which an inventory attorney has been appointed. In addition, Respondent shall deposit any fees or other sums received in connection with the practice of law or in connection with the Respondent’s employment as a personal representative, guardian or trustee, paid to the Respondent within thirty days of this Court’s order from which withdrawal may only be made in accordance with restrictions imposed by this Court, and to advise Bar Counsel of the receipt and location of said funds within thirty days of this Court’s order;*

4. *to stop withdrawing any monies from any trust account or other financial institution account related to Respondent's law practice or transfer any ownership of real or personal property purchased in whole or part with funds properly belonging to clients, probate estates for which Respondent served as personal to immediately furnish a copy of Respondent's suspension order to all clients, opposing counsel and courts before which Respondent is counsel of record and to furnish Staff Counsel of The Florida Bar with the requisite affidavit listing all clients, opposing counsel and courts so informed within thirty days of this Court's order;*
5. *to immediately notify in writing all banks and financial institutions in which Respondent maintains an account related to the practice of law, or related to services rendered as a personal representative of an estate, or related to services rendered as a guardian, or related to services rendered as a trustee, or where Respondent maintains an account that contains funds that originated from a probate estate for which Respondent was personal representative, guardianship estate for which Respondent was guardian, or trust for which Respondent was trustee, of the provisions of respondent's suspension and to provide said financial institutions with a copy of this Court's order, and furthermore, to provide Bar Counsel with a copy of the notice sent to each bank or financial institution; and*
6. *to immediately comply with and provide all documents and testimony responsive to a subpoena from The Florida Bar for trust account records and any related documents necessary for completion of a trust account audit to be conducted by The Florida Bar.*

**NOTE #4:** The allegation—In December of 2016 Sonia Ortiz contacted a purported Public Adjusting Firm, Contender Claims Consultants, (CCC) to request it inspect her property for damage. CCC reportedly found two losses. She had no intention of seeking legal representation and signed electronic agreements for both losses that she did not know contained agreements with SLF. In 2017 she identified another potential loss and contacted CCC specifically stating that she did not want to be with SLF. CCC's representative stated he would not turn the claim in to Stremms. On December 14, 2017 Ortiz received payment for this claim that was minus a contingency fee paid to SLF. According to the complaint, paragraph 40: "The Stremms Law Firm and various third parties work together to unethically and illegally solicit, engage and profit off of unwilling and unsuspecting consumers throughout the State of Florida."

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## Collapse of an Evil Empire! PART II

### July 19, 2020 - Opinions by Scott Johnson

Part II begins as Part I ended, with a reminder that the accusations referenced in this series of articles (Read Part I [here](#)) until proven true, are only allegations made by various parties including the Florida Bar in its petition to suspend Scot Stremms license to practice law.

**Part I as Prologue**—The Florida Supreme Court's emergency suspension against Scot Stremms alleged he "... sits at the head of a vast campaign of unprofessional, unethical, and fraudulent conduct that now infects courts and communities across the state."

Strems fought back with a [subsequently filed motion](#) to “Dissolve” the Bar’s emergency suspension of his license which would allow him to practice law while the matter is fully adjudicated. (See **NOTE #1 below**).

This was predicate for a panoramic and riveting remote hearing (via zoom) with more than 500 viewers all over Florida, including: trial lawyers, defense attorneys, independent adjusters, public adjusters, water remediation vendors, insurer CEO’s, Strems’ employees and others—over the course of three full days.

Eleventh Judicial Circuit Judge Dawn Denaro refereed as lawyers for both sides interrogated, Scot Strems, Strems’ litigation manager John Drake (a surprise witness) and the two Circuit Judges who first petitioned the Florida Bar.

As presiders over hundreds of Strems’ cases, Judges Gregory Holder and Rex Barbas, recounted their experience with the firm and its’ litigation manager John Drake. Especially damning was their assertion that other judges were also aware the Strems firm violates the Rules of Professional Responsibility in... “virtually every case where he and his firm enter an appearance.” Supporting documents provided 17 examples from different judges, of admonishments, including monetary sanctions against the firm. Judge Holder specifically stated that during one in-chamber meeting John Drake told him Scot Strems instructed him to file cases without proper support, to allege damages not supported by evidence or the insurance contract, to refuse to allow plaintiffs to participate in EUO’s or depositions and to refuse to cooperate with the insurer in basic discovery.

**Decision**—In the end Judge Denaro concurred with both judges and with the Florida Bar in recommending “... that the Supreme Court of Florida deny ‘Respondent’s [Strems] Motion to Dissolve Order of Suspension Dated June 9, 2020 and that the Emergency Suspension Order continue in full force and effect.”

As Judge Denaro also concluded that the Bar has “...satisfied the burden of establishing a likelihood of prevailing.”, Scot Strems will no doubt consider his next step very, very carefully. Should he choose to have one, his trial before the Supreme Court is likely to be in September. See [Denaro’s full decision](#).

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**The Puppet Masters**—With Judge Denaro’ s ruling and my separate investigations it’s more apparent that the Strems case is a looking glass to Florida’s property litigation problem—fortified by nefarious pursuits of way too many public adjusters (PA’s) and their posers, including corrupt water remediation firms and rebuild contractors.

Frankly, the story line I’m hearing elevates PA’s from mere puppets in someone else’s grand scheme, to puppet masters in a diabolical plan of their own concoction. (See **NOTE #2 below**)

There are several sources for this emerging opinion.

First, a [June 9<sup>th</sup> suit by Citizens](#) requesting a jury trial on matters involving the Strems firm, Scot Strems personally, Contender Claims Consultants of South Miami (CCC) and its president Guillermo Saavedra; and All Insurance Restoration Services (AIR's) of Miami and its president Cesar Guerrero and operations manager, Derek Parsons. All allegedly profiting from interlocking relationships to circumvent attorney fee sharing prohibitions and statutory fee caps for public adjusters.

Citizens allegations are similar, if not identical, to the allegations by the two judges during the Strems hearing, including the filing of different lawsuits to avoid consolidation and to maximize fees to the Strems firm and its “feeders.” (See **NOTE #3 below**)

Keep in mind, PA's can knock on doors but can't control the litigation. Attorneys can control the litigation but can't knock on doors. This hand-in-glove begs the question: did the circle of corruption begin with an attorney looking for doorknockers or a public adjuster looking for a bigger piece of the action?

One trial lawyer, specializing in 1<sup>st</sup> party homeowner claims, argues that Florida's problem stems from “...fraud...routinely perpetrated through unscrupulous ‘arrangements’ between corrupt public adjusters and attorneys.” And, he specifically referenced a scheme involving global settlements. (See **NOTE #5 below**)

**The Scheme of Global Settlements**—Simply, a global settlement is when an insurer writes one big check to settle a controverted claim, leaving the allocation of funds entirely to the plaintiff attorney. Often the attorney firm itself required the global approach. Other times insurers, like Citizens for example, routinely acquiesce, or may even demand a global settlement. It's easier to allow (or force) the opposing attorney to perform the calculations necessary to allocate settlement funds to the various parties: a PA, a homeowner, a mortgagee, an AOB vendor, an insurance counselor and the attorney firm for fees and costs. (See **NOTE #4 below**)

**Feeding the Feeders**—On the downside, global settlements are often designed to enable a PA to receive more than the statutorily permissible fee cap of 20% “of insurance claim payments.” The feeders need to be fed and in some instances they get more than the entire indemnity paid to the homeowner. “Ethical lawyers,” my attorney friend says... “generally attempt to bifurcate the indemnity from the fees and costs in order to properly compensate the public adjuster. Unethical lawyers push for ‘global’ settlements in order to control the disbursement and overcompensate the public adjuster (who is the referral source to the attorney).” (See **NOTE #5 below**)

It gets worse! According to the trial attorney who wished to remain anonymous...

*Having had a number of public adjusters boldly show up at my office and unashamedly solicit our firm to participate in “the global settlement arrangement” disgusts me. Time and again we have heard “I can refer you guys all the claims you want if and only if you promise to settle the claims globally.” It was just as shocking to read what was recently alleged against Strems and his partner. Again, all this illicit activity that is poisoning the first-party property insurance market has to be stopped. (See charts and the [entire original redacted email](#))*

To keep a fresh supply of claims flowing, other sources told me that some trial lawyers actually “prop up” PA firms. A Miami public adjuster said...

*Your anonymous source is 100% correct. There are litigation firms doing that and also recruiting new young people, training them, supporting them until they obtain a PA License then the new PA starts knocking on doors to get new claims, frivolous claims. (See [Redacted Source email](#))*

**Epilogue**—And so... the circle of corruption spirals outward to more parts of the state, to more homeowners (both unsuspecting and complicit) and to more hungry feeders needing to be fed.

And Florida’s rates climb in lockstep!

And, my question is still unanswered...*Did the corruption begin with an attorney looking for doorknockers or a public adjuster looking for a bigger piece of the action?*

**IMPORTANT:** I need your thoughts on a few questions I’ll be addressing in PART III. PLEASE, scroll below to “Speak Your Mind” which requires you to log in. If you are not a subscriber please enter your email where indicated above.

Now, here are the questions...

- Why do some insurers routinely send global settlements to attorney firms when doing so only contributes to the litigation and fraud overrunning their operations?
- Why does the Florida Bar allow attorneys to share fee’s with unlicensed persons in apparent violation of its own ethical standards?
- Should the Department of Financial Services (DFS) issue an advisory clarifying that public adjuster remuneration from global settlements exceeding 20% of their clients indemnity violates Fs. [854\(10\)](#).

Stay tuned for “Collapse of an Evil Empire! PART III”

**##end##**

**NOTE #1:** Strem’s [Petition to Dissolve](#) concludes: “*The Florida Bar’s Petition for Emergency Suspension does not meet the requirements of Rule 3-5.2 of “clearly and convincingly” proving Respondent appears to be “causing great public harm.” The Petition references numerous discovery violations which are dated, and affidavits rife with conclusory allegations by two Thirteenth Circuit Court judges who possess little, if any, personal knowledge of matters upon which they opine. The vast majority of the allegations cannot be attributed to the Respondent, but to subordinate lawyers scattered across the state. While the totality of the allegations may justify Bar scrutiny, they fall woefully short of justifying emergency suspension.*”

**NOTE #2:** According to [Citizens complaint](#), CCC marketed itself as a public adjusting company but would also present unsuspecting homeowners with a contingency fee agreement for Strem’s. Afterward, CCC’s adjusters would “transform into loss consultants” retained by Strem’s,

while they continued to adjust the claim. Again, according to Citizens... “This fiction was carried on to avoid statutory limitations on public adjusters’ recovery and to claim their fees as part of litigation costs rather than being paid out of proceeds from the recovery by the homeowners.”

**NOTE #3:** Contender Claims Consultants (CCC) was also who Sonia Ortiz called to inspect her home. Something she did on at least two occasions, the second time specifically requesting CCC to not hire Stremms to litigate the claim. CCC hired Stremms anyway and thus a suit was filed ([Ortiz v Stremms Law Firm](#)).

**NOTE # 4:** Keep in mind what Stremms associate, Greg Saldamando, was alleged to be doing. According to the [Bar’s Complaint against him](#) he never advised his client of a \$157,000 global settlement offer from American Integrity before accepting it. Then, he kept the entire “additional” amount above the indemnity of \$100,000 for himself and/or his firm. That’s the allegation. Saldamando stated, in writing, that this was standard practice for the entire firm. Read more in paragraph 9 of [Part I](#).

**NOTE #5:** After speaking with him by phone my trial lawyer source sent an email explaining how the “global settlement arrangement” works. You can **check out the charts** and learn how the PA can make more than the indemnity by [reading that email](#) yourself. I took time to send his redacted email to some public adjusters, another trial attorney, a Miami PA and others. I could find no one who doubted the legitimacy of “The Scheme of Global Settlements” allegation.

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## Collapse of an Evil Empire! PART III

### August 4, 2020 - Opinions by Scott Johnson

*NOTE: Until proven true, accusations referenced in this series of articles are only allegations made by various parties including the Florida Bar in its petition to suspend Scot Stremms license to practice law. (Read Part I [here](#), Part II [here](#))*

This Part III of “Collapse of an Evil Empire” begins with the remarkable observation that... the empire may not be collapsing!

On July 1<sup>st</sup>, two weeks before Judge Denaro would officially deny [Scot Stremms request](#) to dissolve the Supreme Court’s decision to suspend his license, Stremms formally changed his firms name and sent a [letter to all of his clients](#) advising that he sold his firm to three associates.

The Stremms Law Firm is now The Property Advocates, P.A. and Jonathon Drake, the surprise witness who testified on behalf of Stremms, is already listing it as his employer [on the Florida Bar website](#) along with his title, Managing Partner. (See **NOTE #1 below**)

Strems has also filed a [Response To Order to Show Cause](#) arguing why the Supreme Court should not approve Denaro's decision. He basically restates his case and requests that he be given Interim Probation instead, which "...Addresses the Concerns Raised in the Petition for Emergency Suspension" including the assertion that the "Law Firm known as The Property Advocates, could be monitored by a Referee approved member of the Florida Bar..." who would follow a list of "special conditions:..." (See **NOTE #2 below**)

Also, those who thought Scot Strems might forego the indignity of a trial received a setback when, on June 30<sup>th</sup>, Strems filed a [Request For Oral Argument](#) with the Supreme Court. Those wagering the opposite believe his request for trial will eventually be withdrawn, however. I guess we'll see.

Relevant or not, but none the less remarkable is that The Strems Law Firm also applied for and received between \$1,000,000 and \$2,000,000 from the Federal PPP loan program. (See **NOTE #5 below**)

And so the beat goes on. At some point we'll know the truth (with or without a trial) based on the Supreme Courts' final decision in September.

Between now and then my layman's mind can't resist offering some opinions.

First, behave badly in the insurance business and you may be barred from ever working in the industry, for the rest of your life, in any capacity.

Not lawyers! For similar or worse behavior the futures of such trusted fiduciaries appears considerably brighter:

- 1.) They can continue to profit from working in the legal profession in some capacity even if disbarred, and;
- 2.) Even if disbarred, in part for committing multiple crimes of insurance fraud, they usually avoid criminal prosecution.

That's my opinion anyway. I admit to not knowing the extent to which these two factors might embolden bad behavior but, I believe they do. And, I also believe that the fact that it took three years and the well documented research of two extremely busy sitting judges before the Florida Bar was to formally bring charges, is at least enabling to those with a similar mindset.

If in the end Strems were to lose his license to practice law, I've found no one that believes he will be prosecuted for anything, especially insurance fraud. And that, I'm sad to say, sends a message.

Nationally respected attorney and insurance fraud expert, [Barry Zalma](#) has said that petty theft is prosecuted more than insurance fraud, and: "*A crime unpunished emboldens others who might never consider a life of crime to pursue wealth the easy way.*" (See **NOTE # 3 below**)

Here's Zalma's opinion regarding the Strems case:

*In the almost 53 years I have been involved in the business of insurance I have run into many unethical and some crooked lawyers. State Bar's have done little to deal with these lawyers unless they were actually convicted of crimes of moral turpitude. Many, after being disbarred were allowed to return to the practice of law claiming they had been rehabilitated.*

*This action by the State Bar of Florida is extraordinary. It revealed a pattern of conduct by Mr. Strems and his firm causing numerous parties to be, and continue to be, injured by his bad faith, including the insurers and their counsel who must litigate these cases; the courts, which expend tremendous time and resources resolving these disputes; the public, which relies heavily upon the judicial resources consumed by Strems Law Firm's (SLF) case load; Florida homeowners, whose insurance premiums ultimately fund both sides of SLF's cases; and, of course, his own clients who are sometimes conscripted (unwittingly or otherwise) into the firm's conduct, and whose claims are frequently rendered worthless due to court sanctions. This may end up to be a case where an insurer can effectively sue an attorney for the tort of insurance bad faith. (See **NOTE#4 below**)*

Once this saga concludes there are two things that require the State of Florida's attention: one, in addition to the Bar regulating individual lawyers, why doesn't the state license and regulate law firms—much the same way, insurance agencies or public adjuster firms are regulated, and; two, what can the Florida Bar do to protect the thousands of clients harmed during the three years it takes (in this case) to suspend a license to practice law?

Stay tuned for the next “Collapse of an Evil Empire!” PART IV, where I'll share some ideas on needed reforms, delve into an actual Strems case study and more.

##end##

**NOTE #1:** See the [name change amendment](#) to Strems Law Firm Articles of Incorporation. See also, [July 09, 2020 Service of Process “Amended Annual Report”](#). Note: I found other entities with this name by simply using Google—they do not appear to be the same. Also, some URL destinations can change quickly—for example: when I first used the following link it was a reserved page for the new Property Advocates PA: <https://thepropertyadvocates.com/> However, prior to publication the same address yielded an error message.

**NOTE #2:** The special conditions are: 1.) Where applicable, the firm's website and on-site signage should include: “By Appointment Only”; 2.) The firm should join ILTA (International Legal Technology Association) and ARMA (f/k/a American Records Managers Association); 3.) Respondent should designate an Inventory Attorney; 4.) The firm should consider new practice software and a client portal; 5.) Entire files should be examined at regular intervals to determine the date of last contact and any outstanding items due from or to the client; 6.) If no activity during an agreed interval, an alert should be sent to the practice manager or client relations manager to determine the reason; at a minimum, a status letter should be mailed to the client; 7.) The firm should be aggressive in ensuring the accuracy of client contact information; 8.) Specific DDCS recommended language should be added to fee agreements and welcome letters; 9.) The

firm should designate a Clients Relations Specialist; 10.) The firm should enhance its data security and records retention policies, undergo a HIPAA self-audit, and use a 3-2-1 best practice protocol for data back-up; 11.) The firm should update its policy manual; and 12.) The firm should utilize recommended personality sorter tests, questionnaires, and scoring to help strengthen its management team. During an interim probationary period, Respondent's management of Strems Law Firm could be monitored by a Referee approved member of the The Florida Bar with ...Special conditions. See [order](#) for Special Conditions starting on page 29.

**NOTE #3:** Barry Zalma has [written about the Strems case](#) and other Florida cases which rise to the top of the annals of insurance fraud. You could get acquainted with his work by reading [Why Insurance Fraud Succeeds](#) (by [IRMI](#)) and learn more about him and his work at: <https://zalma.com/>

**NOTE #4:** You may want to read my previous blog "[Gottlieb's Golden Goose!!](#)" which outlines the antics of an attorney who openly declared that his "...career, indeed his life plan, would be to commit insurance fraud—as diabolically and as often as he possibly could."

**NOTE #5:** See; [Screen shot of PPP loan page](#). See; [article by Bob Pepalis](#), July 20, 2020 in the Florida Record.

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## Collapse of an Evil Empire! PART IV—A Case Study

**August 10, 2020 - Opinions by Scott Johnson**

*Until proven true, accusations referenced in this series of articles are only allegations made by various parties including the Florida Bar in its petition to suspend Scot Strems license to practice law. (Read Part I [here](#), Part II [here](#), and Part III [here](#))*

To get a sense of how these alleged activities harm both clients and the general administration of justice, I looked through the 700 pages of the Bar's complaint and found what I think is the most instructive case study of what's been going on in the litigation known as McEkron vs. Security First (McEkron). In fact, it consumes over 400 pages of the Bar's documentation and though it's already been to trial, the parties in McEkron are still arguing over attorney fees—for good reason, as you'll see.

Judges Barbas and Holder painted an ugly picture of The Strems Firm in part by sharing their first-hand experiences with its' litigation manager John Drake. I said in [Part II](#): "Especially damning was their assertion that other judges were also aware the Strems firm violates the Rules of Professional Responsibility in... *virtually every case where he and his firm enter an appearance.*"

Frankly, I found the two judges highly credible. So, too, did referee Judge Dawn Denaro in upholding the Bar's petition. But, I believe there's much more to be learned by looking deeper

at what exactly takes place in at least one illuminating case. To me and many others, McEkron pulls the curtain back on why the legislature needs to act quickly on tort reform. (See **NOTE #1 below**)

**Facts of the Case...**Carlton and Monnette McEkron (plaintiffs) vs. Security First Insurance Company (defendants):

1. A water loss occurred on December 4, 2015.
2. The insured went to Home Depot, bought a blue tarp and placed it on the roof to prevent further interior damage.
3. On December 7, 2015, the insureds reported to Security First that leaks to their roof caused interior damage to their home. A water mitigation firm hired by Security First arrived on site late in the day on December 7, 2015.
4. A field adjuster inspected the property on December 9, 2015 and took a recorded statement from the McEkron's.
5. The McEkron's were informed on January 8, 2016 that the estimate for the interior damage was \$4,326.44. A check was mailed on the same date for \$1,452.77 (damages minus depreciation and a \$2,500 AOP deductible). Insureds were informed that Security First would not pay to repair the roof because the leaks were caused by wear and tear.
6. A second damage estimate by a second contractor for \$3,831.89 was disregarded by Security First because it was LOWER. The loss was settled on the basis of the higher estimate.

**The insured was, apparently, unhappy with the settlement so here's what happened next...**

1. The Stremms Law Firm was contacted sometime in January 2016.
2. Guillermo Saavedra of Contender Claims Consultants (CCC) inspected the loss on February 12, 2016 and estimated interior damages of \$22,500 with no consideration for wear and tear to the roof. Interestingly, CCC performs the work "pro-bono" stating it did so due to the volume of work it did with Stremms.
3. Nothing happens for the next 13 months.
4. Scot Stremms studies the case and drafts a complaint on March 15, 2017. The lawsuit is served on Security First on March 30, 2017, over a year after the McEkron's suffered a loss. Scott Stremms time studying the case was included in an itemized fee statement presented later, under oath, as part of the post-trial fee proceedings.
5. There follows 24 months of discovery during which The Stremms Law Firm is sanctioned several times for discovery delays. Also, there are two mediations and Security First makes seven different settlement offers. During this two years' worth of discovery The Stremms Law Firm produced an expert prepared to testify that covered interior damages totaled \$32,952.88. At the last mediation in February 2019, the Stremms attorney stated they would not settle the case for anything less than \$365,000. That meant that The Stremms Law Firm was seeking over \$330,000 in fees for this case **before going to trial**.
6. The last of seven offers made to the McEkron's by Security First was \$53,000 on February 14, 2019, prior to the trial. As part of the offer, Security First offered to pay reasonable attorney fees in addition to the \$53,000 offered to the McEkron's.
7. The Jury trial was held in Miami from March 27, 2019 to March 29, 2019. The jury awarded the McEkron's **\$10,000 in damages**. The award was for the interior damages only and the jury did not consider the roof damage, nor did the Stremms attorneys request it to.

## After the trial, attorneys for both sides began arguing over legal fees...

1. Because the McEkron's received a jury award that was less than the *proposal for settlement* (PFS), they owe Security First's legal fees subsequent to the PFS. Strem's argues that the PFS was not valid because it was "exclusive" (it excluded their fees) rather than "inclusive" (which would include their fees). Strem's believes that the only valid PFS in Florida requires attorney fees to be included. See [Part II](#) regarding global settlements and [this protected source email](#) from a trial lawyer. **(See NOTE #3 below)**
2. Because the McEkron's were awarded something by a jury, Strem's argues that the McEkron's "prevailed" in the case which would trigger the one-way attorney fee statute and Security First must, therefore, pay Strem's fees and costs. **NOTE:** Security First made seven offers of settlement that exceeded the expert hired by Strem's. All were rejected.
3. So, for this claim with damages of only \$4,000 and a jury award of \$10,000 which is less than the Strem's own experts estimate of \$32,952.88, Strem's presented a sworn statement demanding fees of \$308,928.50 plus costs of \$12,851.32 for a total demand of \$321,779.82.
4. On June 22, 2020, Security First filed a motion to strike the demand for fees because a) the bill was proven to be inflated (hence a false statement to the court), and; b) according to Security First, after the jury rendered its' verdict the Strem's attorney, Orlando Romero, admitted in sworn deposition testimony to destroying evidence of the actual time spent on the case.
5. If Security First's motion is granted, the case will be appealed by Strem's and the litigation will continue. **NOTE:** there is a case pending in the 3<sup>rd</sup> DCA ([Safepoint v. Jannie Williams](#)) which argues that failing to get an award for at least 75% of the PFS means the plaintiff hasn't "prevailed" and the one-way attorney fee statute should not apply.
6. This December will be the fifth anniversary of the McEkron claim.

So, was the Strem's fee demand accurate or inflated as Security First contends? Frankly, The Florida Bar may want to look deep into the McEkron case, especially the information in Security First's deposition of Strem's *former* litigation manager, Christopher Aguirre, Esq.

When he was with the firm Aguirre was tasked with "Keeping the firm as efficient as possible, moving cases in the most efficient way [he] could." He presented Scot Strem's with a plan to reduce the number of times the firm was sanctioned, as it was numerous times in the McEkron case, and was promoted to Managing Partner of the firm.

When asked about billable hours attributed to "monthly case status meetings" Aguirre stated under oath that such meetings did not happen. And, clarified further:

*I am here because I've been asked to tell the truth, and I take my obligations to the bar and to my license to what I've dedicated my life to very seriously, and in all honesty it pains me to have to answer this question and the way I have to answer it, but, again, my obligation to being an ethical attorney, an ethical person and really to our profession I have to answer your question as follows: Yes, I'm putting my right hand up and I have to say that these meetings didn't happen. "*

In one instance, according to Aguirre, Scot Strem's billing sheet showed two meetings of 2.5 billable hours each, both with a Ms. Aponte, one on September 29<sup>th</sup> 2017. Aguirre's sworn testimony indicates that neither meeting took place and the second one could not have happened because it was on a Friday when he and Scot Strem's spent the day together driving to Gainesville

for a Gator football game. Ms. Aponte, according to Aguirre, was not in the car. (See NOTE #2 below)

Again, all of Aguirre's testimony, though under oath, is part of pending litigation which has not yet been fully adjudicated. This article attempts to provide you with the facts as I have come across them, up to this point.

But if the allegations are true, what's going on out there is truly disgraceful. It's disgraceful, not only because of what's happening to the thousands of clients of attorneys who behave similarly and the millions of policyholders paying the highest homeowners premiums in America, but...because Florida's lawmakers can put a stop to it and so far have chosen not to.

Our elected leaders need to stop protecting about 25 wealthy plaintiff firms and work instead to protect over 6 million premium payers by implementing meaningful and comprehensive tort reform.

Stay tuned for **PART V "Collapse of an Evil Empire!"** where I'll look at Florida's top plaintiff firms and offer some recommendations on what can be done to stop this massive consumer rip off!

##end##

**NOTE #1:** I'm not a lawyer, but...the information above is publicly available from the legal briefs and deposition testimony filed in the Strems case and in the McEkron case, particularly Security Firsts' Motion to Strike the Fee Claim of the Strems Firm. Since it's 453 pages long, including exhibits it's stored offsite from my online library at Box.com [here](#). Also stored offsite from my online library are the following: [Strems Final Order Granting Dismissal & Sanctions, Rodriguez vs. Geovera](#), [Strems 2<sup>nd</sup> Motion For Sanctions Rodriguez vs. Geovera](#), and Defendants [Second Motion to Dismiss for Fraud, Rodriguez vs. Geovera](#).

**NOTE #2:** The [deposition transcript](#) of Christopher Aguirre is 167 pages long but, quite instructive and, at times, entertaining. He was deposed by Hope Zellinger representing Security First and cross examined by Melissa Giasi on behalf of the Strems firm. He stated under oath that: 1) the times on the billing records were just estimates, 2) they billed for meetings that never occurred, 3) they billed for memos that were never written, 4) the bills were padded with extra hours for depositions and mediations as the transcripts were inconsistent with hours billed. Read about false billing for lunch meetings; line 24, p.48. Read about emails Aguirre received from Strems firm after leaving the firm; line 17, p.52-56. Ms. Giasi's cross examination begins on line 14, p.79 and gets a bit contentious as a result of Aguirre's testimony alleging "professional misconduct." Read Aguirre's closing statement that his "...deposition testimony needs to be reported to the Florida Bar."; line 16, p.113. BTW, my sources tell me that Aguirre has filed his own formal complaint with the Bar.

**NOTE # 3:** Keep in mind what Strems associate, Greg Saldamando, was alleged to be doing. According to the [Bar's Complaint against him](#) he never advised his client of a \$157,000 global settlement offer from American Integrity before accepting it. Then, he kept the entire

“additional” amount above the indemnity of \$100,000 for himself and/or his firm. That’s the allegation. Saldamando stated, in writing, that this was standard practice for the entire firm. Read more in paragraph 9 of [Part I](#).

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## Collapse of an Evil Empire! PART IV ½–Update

### September 3, 2020 - Opinions by Scott

This is PART IV ½ because it falls about halfway between part IV and V—the latter is the next report regarding the Supreme Court trial of Scot Strems. For those just joining read Part I [here](#), Part II [here](#), Part III [here](#) and Part IV [here](#).

For now there are two developments:

- A finding by the Supreme Court dismissing Strems request to have the suspension of his license dissolved.
- A [contempt of court allegation](#) by the Florida Bar against Scot Strems alleging he violated the terms of his license suspension.

Number one above sets the stage for the showdown at the Supreme Court (**See NOTE#1 below**) and number two, if proven, might put a stop to what some believe are attempts to continue alleged misbehavior with another firm, when and if, the trial turns south for Strems.

This contempt accusation, in my opinion, hints at both desperation and disregard—desperation to keep the fees flowing and disregard for ethics and rules of conduct. I can just picture a Supreme Court justice thinking... “this is bad and it’s making everybody else look bad too.” And that, of course, is the ultimate sequel should Strems be disbarred: how many others were behaving similarly? I suspect there are too many. And, I hope any judgement against Strems will cause lawmakers to do whatever it takes to protect the people of Florida going forward.

For now the Florida Bar has accused Scot Strems of repeatedly and continuously violating the order of suspension both in “letter and spirit.” He did this, in part, by creating a “spin off” firm called Property Advocates, P.A., (See [Part III](#)), and failing to timely notify clients of the change or to allow them ample time to seek other counsel. “Respondent did not notify his clients of his suspension” the [Bar’s contempt petition](#) stated “until he had devised a means for transferring those clients to his former associates.”

The result has been the kind of confusion the Supreme Courts order of suspension was trying to avoid. “Beginning shortly after SLF’s transition into the Property Advocates, courts and litigants across the state expressed confusion about whether Property Advocates were in fact authorized to represent its purported clients.”

According to the [Insurance Journal](#) two examples where courts issued stays or ordered compliance by the Strems spinoff firm, are:

- “Citizens Property Insurance Corp. requested a stay in a case until The Property Advocates filed a substitution of counsel with proof of consent by the client and the court grants the substitution request. A Citizens spokesman told Insurance Journal last month the insurer had 802 pending cases with SLF/Property Advocates.
- Another insurer, Southern Fidelity Insurance Corp., was granted a motion by the court to stay any further litigation involving Property Advocates until an order for substitution of counsel had been entered because Property Advocates had failed to provide the requisite notice to clients and failed to substitute counsel.”

For details, all exhibits submitted by the Florida Bar with its contempt petition appear on Johnson Strategies large document site, [here](#). This includes Strems letters to clients, internal memo’s from SLF employee’s, a transcript of the original hearing with Referee Judge Dawn Denaro, Amended Articles of Incorporation, Strems Website screenshots, Insurer attorney fee motions, social media postings, corporate annual reports and more.

Next up, “Collapse of an Evil Empire—PART V”

**##end##**

**NOTE #1:** There has been some confusion regarding Oral Arguments for Scot Strems suspension scheduled for September 8. Please note, this will not occur at the Supreme Court, but...it will be at the 11th Circuit Court and streamed live through the courts official YouTube channel. The hearing will start at 9:45 AM on the first day, Tuesday September 8th, and at 10:00 AM on every other day. For the 11th circuit’s YouTube channel click [here](#).

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## Collapse of an Evil Empire! PART V—Guilty as Charged!

### October 1, 2020 - Opinions by Scott Johnson

I’ve now listened to all eighteen plus hearings (or portions thereof) regarding the disbarment proceedings against Scot Strems. You can learn about this landmark case and my perspectives beginning with Part I [here](#), Part II [here](#), Part III [here](#), Part IV [here](#) and Part IV ½ [here](#). (See **NOTE #1 below**)

According to the referee, Judge Dawn Denaro in her Oral Ruling on September 23<sup>rd</sup>, The Florida Bar has proven that Scot Strems violated fourteen rules enumerated in The Bar’s June 5<sup>th</sup> [Petition For Emergency Suspension](#). (See **NOTE #2 below**).

My layman’s view is that many key allegations are now facts, albeit those likely to be contested by the defendant—if not in a tribunal then certainly in his court of public opinion. My opinion,

however, is this ugly saga has finally morphed from finger pointing to proven “contumacious” behavior.

Next up...sentencing.

It was no surprise when Bar Counsel, Derek Womack, requested “permanent disbarment” for Scot Stremms. He said the injuries he inflicted were “serious” and showed a clear and convincing “pattern of neglect” and that there was “no meaningful prospect of reformation.” And Womack correctly asserted that Stremms defense “... didn’t offer a single witness that wasn’t tied to him by money!”

Womack is right, in my opinion—not just because of the “facts” he meticulously presented but because they dovetailed with my own research—none of which could convict anyone of anything but all of which is rendered credible by the Bars exhaustive and professional investigations yielding essentially the same conclusions. (See **NOTE #3 below**)

All of this, and the documents, depositions and testimonies in Part’s I thru IV ½, are still not as convincing, however, as two remaining factors: one, the last minute introduction by the Bar of “aggravating factors” from a six year old case ([Gandul vs. Olympus](#)) sanctioning Stremms, and; two, the desperate defense strategy of attacking the Bar, its’ motivations and its’ sources, (including two sitting judges), by claiming all were pandering to an insurance industry fed up with Mr. Stremms’ successful litigation against it. (See **NOTE #4 below**)

Now, what about Gandul vs. Olympus? This was a 2014 suit not previously available in the disbarment proceedings presumably because a [motion to dismiss and sanction](#) the Stremms firm was still pending. That changed September 27<sup>th</sup> when the Broward County 17<sup>th</sup> Circuit announced monetary sanctions against the Stremms firm for “Bad Faith Conduct” stemming from “Concealment of Fraud.”

This case, in my opinion, confirms the worst fears of what’s really been going on in Florida’s property insurance marketplace.

The courts’ “findings of fact and conclusions” reveal the following:

*In 2012 Erick Valdes was hired by the Stremms firm as a “Loss Consultant.” This, at approximately the same time he was on “supervised release” from federal prison where he served 33 months for “conspiracy to commit fraud.” Valdes had previously surrendered his Public Adjuster (PA) license for failure to comply with CE requirements but, in his deposition he testified that he performed the same duties as a loss consultant for Stremms as he would’ve performed under his PA license working for the policyholder.*

*The court said Stremms knew all of this and also knew Valdes had a “troubled financial condition”. Stremms paid Valdes a flat fee, not a percentage of the claim payment, perhaps to allow for the lack of a PA license which carries a statutory fee cap of 20% or perhaps because he didn’t have a license. Either way, this was important, according to the court, because it meant that only the Stremms firm would benefit from a fraudulently inflated estimate.*

*In his deposition, Valdes testified that he “intentionally exceeded the true cost of repairs by 20%” making the estimate “false and fraudulent,” according to the court.*

*Then, on the eve of [Valdes’ deposition](#), where he admitted to inflating his estimate, Stremms offered to withdraw him as an expert in exchange for Olympus cancelling the deposition. When that didn’t happen, Stremms did not appear at the deposition.*

*Final note: Stremms hired a different expert who valued the loss \$55,000 less than Valdes. Thus, Stremms had many opportunities to know the Valdes estimate was fraudulent but, according to the court he... “nonetheless proceeded with the claim.” (See **NOTE # 5 below**)*

On a personal note, I simply don’t have words to express my feelings at this point. Certainly some vindication was present when I first began to hear the Stremms empire may unravel—especially when I read the Bars’ documents supporting its petition. It was, after all, what I’d been uncovering and writing about, in varying degrees, going back a half dozen years.

**IN SUMMARY**—The Stremms case confirms the following in my opinion: attorneys are sharing fee’s with unlicensed individuals; loss consultants are performing the same functions as Public Adjusters but without a license; homeowner’s (often chosen because they don’t speak English) are duped into signing contingency agreements for damage they often didn’t even know they had; PA’s are transforming into Loss Consultants to violate statutory fee caps; PA’s, both licensed and unlicensed, are inflating losses by 20% in violation of state law; Attorneys are using subterfuge to extend litigation to increase their fees; Attorneys are divvying up global settlements among themselves, their loss consultants and PA’s, everyone, except their own clients whom they kept in the dark.

I’m sad to say the commission of these acts by some appears indisputable. They are facts. They are crystalline. The only question(s) now is who is doing it and how often. And, of course, what are the solutions?

I’ve been gathering recommended cures from every corner and will present them to you and to Florida lawmakers. Consumers need to be protected from the abuses exhumed in the Stremms case—prime among them is having to pay America’s highest property insurance rates to support greedy and fraudulent behavior by wealthy attorneys in cahoots with public adjusters and/or so called “loss consultants”.

Next up, Stremms final sentencing recommendation due by October 8<sup>th</sup>.

**##end##**

**NOTE #1:** If, for some reason, you’d also like to listen to these proceedings you can do so (at least for the time being) at the 11<sup>th</sup> Circuit Court of Appeals [YouTube site](#). Each of the 18-plus hearings, some with nearly 3,000 views, are currently available.

**NOTE #2:** Among the 14 violated rules were those governing criminal or fraudulent conduct, misconduct, candor toward the tribunal, meritorious claims and contention, and fairness to opposing counsel.

**NOTE #3:** Strem's defense asked for a 90-day suspension, followed by three years of probation. His attorneys argued that a major part of the Bar's case was unproven, that Strem tried to make things right, that disbarment is not supported by case law and the whole thing was brought on by the insurance industry trying to stop someone who was successfully litigating against it. Strem said he takes responsibility for everything even if he wasn't the lawyer personally involved and will take steps necessary to see it doesn't happen again.

**NOTE #4:** You can read more on the Strem case in reports from Raychel Lean at [LAW.COM](#) reporting on behalf of the [Daily Business Review](#). Especially see: [Anatomy of an Insurance Scam: Citizens Property, Florida Bar Detail a Florida Lawyer's Alleged Fraud](#). Also, [Allegations Mount against South Florida Lawyer Accused of Cheating Insurers: "Something Else Going on Here"](#)

**NOTE #5:** Introduction of the Gandul vs Olympus Insurance Company sanctions decision by the 17<sup>th</sup> Circuit was entered by Bar Counsel, Derek Womack, at the 1:16 mark of Part 15 of the Strem hearing [here](#).

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## Collapse of an Evil Empire! PART VI—The Sentence

### October 11, 2020 - Opinions by Scott Johnson

Among those I've informally polled there's a strong sense of disappointment, mixed with very little surprise that referee Dawn Denaro did not accede to the Florida Bar's request to permanently disbar Scot Strem for his very bad behavior. Instead she recommended that his license be suspended for two years, followed by one year of supervised probation.

Some have told me it could be a death sentence. Other's called it a slap on the wrist. I say... "Strem's troubles are far from over!"

**First, The Trial**—Strem's trial lasted from September 8, 2020 through September 16, 2020. The Referee's Oral Ruling on Liability was rendered on September 23<sup>rd</sup> and on September 24<sup>th</sup> a Sanctions Hearing was held with a final report from Judge Denaro released October 8<sup>th</sup>. It's available in my online library [here](#). I've been in contact with the Florida Bar to gain as much clarification as possible and to be as accurate as I can in reporting on this case. It does not comment on pending litigation. However, it did offer clarifications and pointed me to information available on its website regarding the overall process for disciplining a lawyer. It excerpted some steps as applicable in this case. You can read the entire email exchange yourself [here](#).

It's possible, but... not likely the Supreme Court would disagree with its own referee's recommendation and impose "permanent disbarment" as requested by the Bar. Besides, and to her credit, Judge Denaro had a difficult job which she conscientiously undertook following the letter of the law to which she is bound.

Twenty total witnesses appeared, fourteen called by one or more of Strem's five attorneys—one a highly credentialed expert and former member of Florida's House of Representatives, Bill Hager, who was paid \$20,000 for testimony revealing that homeowner claims and remediator claims "...are separate and independent " and AOB claims are "common and lawful." (See **NOTE #1 below**)

As I've shared several times in this series, affidavits from judges, particularly Barbas and Holder, were especially damning to Strem's, especially regarding the breadth of what's been going on. Their testimony was not only credible but, in my opinion, largely responsible for the actions against Strem's having been undertaken in the first place.

Anyway, except for the remote possibility the Supreme Court would modify Denaro's recommendation, this trial is done—Strem's guilt is a *fait accompli* for violation of 11 Florida Bar Rules of Conduct. (See **NOTE #2 below**)

The Consumer Protection Coalition (CPC) had a positive outlook, calling the two year suspension "a victory for consumers who have been harmed by his law firm and for taxpayers who ultimately foot the bill for his firm's outrageous litigation-for-profit schemes and systematic disregard for judicial procedures across Florida." According to the [Insurance Journal](#) the CPC also felt Denaro's findings would serve as a warning "for other trial bar firms across the state *'whose business model is also to solicit unsuspecting homeowners and file thousands of often questionable lawsuits to drive up their attorney fees.'*"

**Much More to Come**—We should all keep in mind, it's far from over. Scot Strem's still faces many challenges, all formidable.

For starters, he's still got a [civil RICO action](#) pending from Citizens. As we develop solutions it will deserve more attention as it implicates others, such as Contender Claims Consultants (CCC) in an alleged scheme where it "acted individually and in concert with Strem's..." to create "false and fictitious invoices of services..." and conspired to "create or fraudulently increase policy claims..." and more. Discovery documents, when available, should prove enlightening.

And, this suit by Citizens overlays allegations in yet another case pending against Strem's—the class action known as [Ortiz v The Strem's Law Firm](#).

Here we also learn about alleged actions of other complicit players—Public Adjusters, or those posing as such and water firms and other contractors soliciting plaintiff's for the Strem's firm. According to plaintiff Sonia Ortiz, these "feeders" conducted inspections, identified damage (often more than one claim) and asked for signatures on an electronic tablet. Some of the alleged victims didn't know they were also signing a contingency agreement for Scot Strem's or his firm. Again, discovery documents and depositions should be enlightening.

There's still more.

I'm not a lawyer but, the two pending actions above both contain allegations of criminal behavior, including insurance fraud, which is a felony. This raises the specter of criminal prosecutions that could produce prison time and monetary fines and consequential permanent disbarment. Such would certainly be the collapse of an "Evil Empire" and I suspect, most importantly, a cautionary lesson to those with a parallel mindset.

And finally, for some carriers, Scot Strem's ultimate destiny may not be as important as what happens to the thousands of cases still in his hopper.

Recall on July 1<sup>st</sup>, Strem formally changed his firm's name evidenced by a [letter to all of his clients](#) advising it had been sold to three associates. The Bar cried foul with an immediate request for a contempt proceeding against Strem alleging he had violated the suspension order in both "letter and spirit."

According to the Bar... "Beginning shortly after SLF's transition into the Property Advocates, courts and litigants across the state expressed confusion about whether Property Advocates were in fact authorized to represent its purported clients." This was the predicate for courts to issue "stays" of the cases—first being Citizens and Southern Fidelity. **(See NOTE #3 below)**

Insurers I've contacted are hopeful the Supreme Court will issue stays at some point for every Strem case. Strem argues nothing should change, and that Property Advocates was just a name change. The Bar asserts, however, that Strem directly contravened his license suspension and every client must affirmatively consent to using the new firm. Affirmative consent from what could be as many as 9,000 clients asserting they desire to stay with a firm whose former head has just lost his license for two years, doesn't seem likely to me. **(See NOTE #4)**

**Solutions**—What's taken place is mere prologue to what now must be addressed: Tort reform; Florida Bar rules, investigations and enforcement; penalties and deterrents; Public Adjusters and Loss Consultants in cahoots; carrier claims procedures and global settlements; actions or inaction's by Florida's regulators, DFS, OIR and the Florida Bar.

Where did the wheels come off? What can be done to stop a player this bad from continuing to harm thousands even after it is known they are being harmed. If Strem was in business for ten years and handled 10,000 cases that means it was possible to avoid harming 3,000 clients during the three years it took to build and prosecute the case. The CPC said it best... "What is especially troubling in this case is that Strem's and his law firm's behavior lasted for years – drawing sanctions from judges across Florida and harming consumers all the while – before any disciplinary action was finally taken against him..." That definitely needs to be fixed!

What's really going on with "Global Settlements" and how many firms are following the harmful practices alleged as "common practice" at Strem's?

What in heavens name is going on within Florida's Public Adjuster Community? How many are in cahoots with attorney's to gain more than their statutorily limited fee's? How many attorneys

are sharing their fee's with non-licensed, non-employee's? How many are fraudulently inflating losses as some have confessed to doing?

Knowing that you are not likely to do so, I encourage my readers to become familiar with the Strem's allegations and conclusions of fact. As a minimum read [Referee Denaro's 59 page final report](#). It provides an adequate roadmap to reform, in my opinion.

Johnson Strategies has already begun to analyze all the allegations, conclusions and activities of Strem's and most especially the peripheral players, to develop a list of solutions for lawmakers and others who may want to take action.

Stay tuned, there's much more to come.

**##end##**

**NOTE #1:** See page 13 of the [Report](#) for Denaro's summary of Hager's testimony. His prior experience included: being an Assistant Attorney General in Iowa assigned to the Department of Insurance; an administrative law judge where he heard first party claims against insurers and disputes between two insurers, and; the Iowa Commissioner of Insurance. In addition, Mr. Hager was the Chief National Counsel on compensation insurance, which is regulated by the Florida Office of Insurance Regulation. He was elected to the legislature from Palm Beach County, Florida for eight years and was Vice Chair of the Insurance and Commerce Committee. He's a member of the bar in Iowa, Illinois, and Florida and has testified as an expert approximately fifty times in Florida. He was paid, \$20,000 for his testimony in this case.

**NOTE #2:** For a list of the rules violated see page 34 of the report. If, for some reason, you'd also like to listen to these proceedings you can do so (at least for the time being) at the 11<sup>th</sup> Circuit Court of Appeals [YouTube site](#). Each of the 18-plus hearings, some with nearly 3,000 views, are currently available.

**NOTE #3:** See [Part III](#) of Collapse of an Evil Empire and see the [Bar's contempt petition](#)

**NOTE #4:** Technically existing clients of Strem's need to be sent a certified letter giving them the choice of staying with the firm or finding a new lawyer. If the client doesn't respond within 30 days they stay with the firm.

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## Collapse of an Evil Empire! PART VII—Market Impact

**October 27, 2020 - Opinions by Scott Johnson**

Florida's property market is in total free fall and there are only two culprits. One is something we *can't* do anything about. The other is not only something we can do something about, it's also something that makes the first one much worse.

The first culprit is reinsurance—it reimburses carriers for hurricane losses and can sometimes be as much as 60% of the total homeowners premium. The second culprit (the one that also makes reinsurance more costly) is frivolous, sometimes downright fraudulent litigation, proffered by a litany of complicit players, including public adjusters, roofers, rebuild contractors and dishonest attorneys.

A statement from the Consumer Protection Coalition’s (CPC) said the Stremms disbarment trial pointed “...a glaring spotlight on systemic litigation abuses that Florida’s elected leaders must curb or eliminate to protect the public.” CPC appropriately stressed supporting documents showing that attorneys engage “...third parties, such as Public Adjusters or water mitigation firms, as insurance ‘consultants’ to troll for unsuspecting homeowners to sign up for remediation services.” (See **NOTE #1 below**)

It’s all consistent with the pages turned during the Stremms trial. Not always from Stremms (as the chart below shows) and perhaps not the same behavior as Stremms, but... in too many instances Florida’s property litigation has run astonishingly amuck! Thousands of shabby suits. Fraudulent claim inflation, billing fraud, and sometimes outright targeting of non-English speaking homeowners, or those in financial dire straits. It’s all incredibly bad—my opinion.

We’ll look at who’s doing what to whom later. First, let’s look at the market “impact.” (See **NOTE #2 below**)

**It’s worth saying again...** hurricanes generate the need for insurer’s to buy reinsurance. In the world’s most hurricane prone land mass, reinsurance is mandatory and the cost ranges from 40% to 60% (let’s say 50%) of the entire annual homeowners’ premium. Often overlooked is that a portion of that cost, though difficult to quantify, is the result of activities similar to those of Stremms and other firms. On the non-cat side of the equation (the remaining 50%), fraud and litigation are not mere factors, they are predominant cost drivers. And they are why many regard Florida’s property market as the most corrupt insurance system in America.

Due to these factors rate increases began to spike in 2014. Florida insurers saw a precipitous decline in profit of over \$1 billion—\$800 million in profits nosediving to \$340 million in losses, in just five years. (See **NOTE #3 below**).

Today Florida’s property rates, already America’s highest, are rising again. To me, one of the most instructive high-profile rate request was that of Capital Preferred. In late 2019 it announced the need for a whopping [47% rate increase](#). Later amended to 36.5% it still remained above the 15% threshold for a public hearing where CEO Jimmy Graganella stated under oath that the increase was due to three things: reinsurance costs, AOB abuse and 1<sup>st</sup> party lawsuits. (See **NOTE #4 below**). Keep in mind our discussion here is that the first item, reinsurance, is also impacted by the other two, litigation abuse due to AOB and 1<sup>st</sup> party lawsuits.

In fact, the testimony revealed that 36% of Capital Preferred’s claims arrived via a lawsuit from an attorney, up from the previous of only 4%. That’s an increase of 900% “...a massive number,” according to Graganella.

And get this. Most remarkably for the non-AOB suits, the irony of a homeowner needing legal representation before it's physically possible to even know that it's needed, fully escaped the hearing discussion. After all, when those claims were noticed to Capital Preferred, the homeowner didn't know whether or not Capital Preferred would've been willing to pay them in full, maybe even be generous, to avoid the cost of litigation.

Of course, when a loss is paid in full, there's no potential for an attorney windfall, which is the point.

And it's the same with every other carrier. Though many are asking for increases under 15 percent to avoid a public hearing others, like Capital Preferred, can't survive at that level. So, they asked for two annual rate increases under the 15% public hearing threshold for a total closer to 30%. Others are making one annual request in excess of 20, sometimes 30 percent—most getting approved as is, or with only slight reductions.

Recently released financial results [compiled by Guy Carpenter](#) show a total net underwriting loss of \$701 million and negative net income of \$351 million for Florida property writers year-end 2019. In the second quarter of 2020 these same carriers posted underwriting losses of \$501 million and negative net income of \$227 million. Their combined ratio in 2019 was 111 percent—already up to 129 percent for second quarter of 2020!

This is why any home built in Southeast Florida before 2010 and worth less than \$300,000 is insured in Florida's high-risk pool, Citizens. It's that way in Orlando too. It's beginning to look like, nobody (nobody!) can find a private carrier willing to insure that particular risk configuration, (See [Sun Sentinel](#)).

During it's last board meeting Citizens shared that it's now writing about 3,000 new policies EVERY WEEK! That's 12,000 every month or 144,000 every year.

Again, private market losses driven by frivolous lawsuits and massive fraud impacts both reinsurance and non-cat premiums. And it's growing our market of last resort by leaps and bounds.

Reinsurance, of course, would've gone up anyway, but...not as much. Non-cat losses wouldn't have gone up at all, and Citizens data indicates many of its policyholders would have gotten a rate decrease, had it not been for excessive litigation.

For a closer look, delve into the following chart. It shows the increasing number of lawsuits against property insurers by just the top 25 attorneys since 2015, (click [here](#)). It's all public information compiled from the records of the Department of Financial Services (DFS).

SUITS SERVED vs. FL PROPERTY CARRIERS (Source: Department of Financial Services)						
Lawyer Name	2015	2016	2017	2018	2019	Ranking & 2020 YTD (as of 9/30/20)
ISABEL ARIAS	74	260	670	1533	1666	1 2,145
ANTHONY LOPEZ	560	789	699	2095	1767	2 1,699
MAX W. MCGONIGER	0	2	37	409	1533	3 1,690
KEVIN WESSER	0	0	66	726	1267	4 1,434
KENNETH ROBERT DUBOFF	407	666	1027	2142	1404	5 1,366
YESUS DAVID-MORSES	26	44	146	769	820	6 1,356
PETER RAMBO JR.	293	664	1334	1136	1346	7 1,346
THOMAS J MORGAN	967	1162	762	1689	1149	8 1,331
ANDREW VARGAS, Esq.	201	262	1064	1003	1015	9 1,290
LEO A. MANZANILLA	481	466	914	486	664	10 1,271
SCOT STREMS	127	614	1679	1541	1066	11 659
BRANT BRADF	0	9	24	64	104	12 1,209
HANS BERVEN	10	24	49	129	278	13 1,194
ROBERT F GOODMAN	40	133	232	347	474	14 1,176
DAVID LEWY	120	464	1010	1526	682	15 1,124
THARON W. BROWN	0	0	0	0	0	16 1,097
ALEXANDRA BASHAM	0	128	96	423	561	17 1,019
JAY ANDRESEN	117	211	608	1134	1050	18 1,000
MICHAEL L. GROSSMAN	62	14	3	44	176	19 1,000
CLAY KUHN	7	14	162	414	142	20 1,000
EDWARD N. URBANO	188	328	182	180	103	21 986
RHONDA COHEN	0	69	260	389	332	22 916
JOHN BERNSTEIN	0	40	233	500	411	23 914
COREY JUSTUS	0	0	0	0	221	24 911
MICHELLE C. LOPEZ	-	-	-	-	192	25 911
<b>Total (All Suits)</b>	<b>21,434</b>	<b>23,792</b>	<b>11,317</b>	<b>26,950</b>	<b>68,092</b>	<b>44,236</b>
<b>2020 YTD Top 25 Total</b>	<b>4,384</b>	<b>7,016</b>	<b>11,882</b>	<b>29,141</b>	<b>19,890</b>	<b>39,047</b>
<b>% of Grand Total</b>	<b>20%</b>	<b>29%</b>	<b>10%</b>	<b>10%</b>	<b>28%</b>	<b>88%</b>

Look again, closely, and think of the Strem's trial where ten *thousandish* suits were filed by just one firm over the course of ten years and according to sworn testimony from a sitting judge, the Rules of Professional Responsibility were violated in "...*virtually every case where he and his firm enter an appearance.*"

Yet, Strem's isn't at the top of this chart. In the far right column, (Ranking & 2020 YTD) he's ranked number 11 with only 659 suits. Maybe he was preoccupied this year, I don't know. But look at who was ranked number one. Just through September 30 of this year [Isabel Arias](#) filed 2,145 suits against property insurers—300% more than Scot Strem's during the same nine months.

She's with the Cohen Law Group the head of which proclaimed himself the "Johnny Appleseed of AOB."

Now look at the totals at the bottom of the chart. The number of "All Suits" has increased every year for the last five years and is on pace to grow again in 2020. The total number of suits during this time period, for just one line of business, is almost a quarter of a million suits (246,856 to be exact) filed against 56 property carriers.

The fact that 2,400 different lawyers sued 56 different property writers ([see list](#)) is not only incredible but, is testament that Florida does not need a "[Fee Multiplier](#)" to find attorneys willing to take on cases.

Finally, and again at the bottom of the chart, notice the percentage of suits filed by the top 25 attorney litigators. For 2020 through September 30, it was 43% (almost half) of the total property lawsuits in Florida.

Of course, premium payers don't care how we parse the lawsuits or divide their premiums. They don't care about our charts or even how many suits are frivolous or how much fraud there is. Maybe they should but, they don't.

They just want their rates to go down.

Only lawmakers can cause that to happen. And while lawmakers can't do anything about reinsurance or hurricanes they most definitely can do something to stop the fraud and litigation fundamental to the premiums of both.

Perhaps that will be the greatest legacy of the Stremis episodes, a realization of how much Florida's runaway fraud and litigation is costing the system and consequently how much legislative inaction is costing consumers.

**##end##**

**NOTE #1:** The CPC, a broad-based group of professionals advocating for reform of litigation and AOB abuse, was instrumental in 2019's successful AOB reform effort. Members include the Florida Chamber of Commerce, American Property Casualty Insurance Association, Florida Justice Reform Institute, Florida Roofing and Sheet Metal Contractors Association, Insurance Information Institute, National Association of Mutual Insurance Companies, Personal Insurance Federation of Florida, Associated Builders and Contractors, Citizens Property Insurance Corp., Council of Property Claims Professionals, Florida Association of Insurance Agents, Florida Bankers Association, Florida Property and Casualty Association, Florida Realtors, Florida Refrigeration and Air Conditioning Contractors Association, Florida Retail Federation, Latin American Association of Insurance Agencies, National Insurance Crime Bureau, Professional Insurance Agents of Florida, Rytech and VetCor Services.

**NOTE #2:** In November of 2019 the Perryman Group released an assessment of excessive tort costs in Florida called "[Economic Benefits of Tort Reform](#)". According to the report litigation in Florida costs:

- \$10 billion in annual direct costs
- \$15.5 billion in annual output (gross product) and 161,735 jobs when dynamic effects are considered, and;
- \$811.1 million in annual State revenues and \$679 million in annual local government revenues
- a "TORT TAX" of \$719.01 on every man, woman and child in the nation's third largest state.

Perryman's study examined all suits and is consistent with Florida's status as the nation's [number one Judicial Hell Hole](#).

**NOTE #3:** Two sources: Sun Sentinel article "[Insurance Companies are set to squeeze even more money out of us](#)" and an article for ARTEMIS (experts in Alternative Risk Transfer and Weather related funding mechanisms) by Steve Evans. The latter states reinsurance rates-on-line rose by an estimated 26% by the June 1 renewal season. "Rates increases are actually now

moving at their fastest pace since 2002 when the increases was 28%, the data shows.” See [“Property cat reinsurance rates up 26% at June 1<sup>st</sup>.”](#)

**NOTE #4:** CaseGlide released its [September 2020 Claims Data Analysis](#) revealing a total of 4,918 open litigated claims, an increase from August’s figure of 4,590 (+7%), and up 28% from September 2019 figures (3,853). It also reported a steady decline in the percentage of Assignment of Benefits (AOB) cases in the last 12 months. September had 20% of open cases involving AOBs vs last September at 36% of open cases.

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## Collapse of an Evil Empire! Part VIII—Patterns of Deceit

### December 5, 2020 - Opinions by Scott Johnson

First timers to this series can catch up by scrolling down the home page to [“Collapse of an Evil Empire! Part I”](#) and continuing on to Part VII.

In [Part VI](#), “The Sentence,” you’ll find reactions to the recommendation of referee, Judge Dawn Denaro, that Scot Stremms should receive only a two year suspension of his license to practice law and one year of supervised probation. This, in lieu of permanent disbarment which many, including the Florida Bar, thought he deserved.

Regardless of any alleged light sentence, I said Stremms troubles were far from over.

For starters he still faces a [contempt of court allegation](#) from the Florida Bar for violating the terms of the emergency suspension of his license. (see [Part IV ½-Update](#))

Worse, perhaps, are at least two other suits. One, a [civil-RICO action](#) by Citizens implicating Contender Claims Consultants (CCC), a public adjusting firm which allegedly “acted individually and in concert with Stremms...” to create “false and fictitious invoices of services...” and much, much more (See [Part II](#)-paragraphs titled The Puppet Masters).

The other is [Ortiz v The Stremms Law Firm](#) where, again, public adjusters and miscellaneous “feeders” solicit homeowners to sign iPad’s without explaining it’s for legal representation by the Stremms firm. (see [Part I](#))

Now comes the sequel.

On November 24, The [Florida Bar filed additional charges](#) against Stremms alleging “A Pattern of Deceit and Solicitation” and stating that, for years, “Stremms Consultants” pretended to be public adjusters “or some other manner of insurance professional...whose purpose it was to conscript business into his firm.” These “consultants” signed up homeowners using a “cell phone or electronic tablet” resulting in a “purported attorney-client relationship with counsel not of their own choosing.”

This latest allegation by the Bar arrives in time to be considered before the Supreme Court rules on whether to accept or amend the two-year license suspension, still pending from the original disbarment proceeding. Thus, it's possible it could influence deliberations to accept or amend that so called light sentence. We'll see.

More pertinent is that in addition to the two suits above (*Citizens v. Strems* and *Ortiz v. Strems* Law firm; **see NOTE #1 below**), the Bar's latest action also references yet another action against Strems and Contender Claims, this one by the Department of Financial Services (DFS). It's a petition to enforce a subpoena needed to investigate alleged violations of licensing and solicitation statutes by Contender Claims and other persons named: Guillermo Saavedra, Nicola Faride Grados and Miguel Angel Grados. (**See NOTE #2 below**)

Keeping score? That's three separate actions, each with remarkably similar allegations, in addition to one pending contempt allegation—all involving one firm.

A mess for sure but instructive. (**See NOTE #3 below**)

Keep in mind, nobody is really certain how many firms and how many public adjusters and so called "loss consultants" are in cahoots and with whom. But, if just half of what's reported here is true, and just one firm can usher nearly 10,000 suits simultaneously, then Florida's property market *could* be the most corrupt insurance system in America, in my opinion.

There's little reason to believe that the multiple players in Strems sphere were only engaged with Strems. Other trial lawyers have provided credible information of PA's promising hundreds of claims in exchange for a piece of any global settlement reached with an insurer. This, in violation of the PA fee statute [Fs. 626.854\(10\)](#) and Bar rules regarding the sharing of attorney fee's with non-attorneys . (**See NOTE #4 below**).

Take a look at the case of [Geyer, Fuxa, Tyler vs. Zevuloni](#). Here a law firm was asking the court to compel a public adjuster to endorse a claim check made out to the firm so it can distribute funds from a Global Settlement to all the parties, including the public adjuster. But the PA refuses to sign the check citing various reasoning's in support of his fee being calculated as a percentage of the Global Settlement check. The law firm argues that paying the PA out of its fees would violate [Rule 4-5.4 of the Florida Bar](#) which "prohibits attorneys from sharing legal fees with a non-lawyer." (**See NOTE #5 below**)

Now back to Strems.

After telling the court who the participants are in Strems' "scheme," the Bar also tells us why it's so successful...

*"...respondent's solicitation scheme ensnared a wide swath of disadvantaged persons, including the elderly, immigrants, and people of humble means and education... these individuals generally lack sophisticated knowledge of the law and insurance litigation. The solicitation scheme targets such disadvantaged individuals because they are unlikely to recognize the*

*impropriety of the scheme...The totality of the facts and circumstances paints a clear picture of a law firm designed to keep clients blindfolded to the unethical conduct of ... SLF.”*

For another look at what Stremms alleged victims experienced see the article by Ron Hurtibise for the Florida Sun Sentinel titled “[How a ‘shady’ insurance lawyer sucked homeowners into his alleged ripoff scheme.](#)”

Keep in mind we’re not talking civil complaints and ethical missteps here. If the Bar’s allegations are true, laws have been broken. Crimes have been committed. Solicitation of a claim by someone other than a licensed public adjuster is a felony. Submitting a false or misleading statement about a claim to an insurance company is also a felony. Paying someone to get someone to seek legal assistance or to file suit is also illegal. (See **NOTE #6**)

But, legal or not it’s all disgusting! Too much money. Too much greed. Too many advantage takers scheming for a piece of someone else’s pie.

And...too much reluctance by policymakers to put an end to it.

Stay tuned, as I’m sad to say there’s more to come.

**##end##**

**NOTE #1:** An end note in the Bar’s November 24<sup>th</sup> complaint states: *“The quoted allegations from the Ortiz Lawsuit significantly overlap with those in Citizens Prop. Ins. Corp. v. The Stremms Law Firm, P.A., et al., Case No. 2020-CA-001156 in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida (the “Citizens Lawsuit”). The Citizens Lawsuit alleges a RICO-style conspiracy between respondent, SLF, and certain Stremms Consultants, which included the solicitation of clients as described in this Complaint. However, the Citizens Lawsuit was not yet filed at the time that the underlying reports were prepared for the grievance committee. Accordingly, the Citizens Lawsuit did not form a basis for the probable cause findings in this case. The Florida Bar nonetheless maintains that the Citizens Lawsuit is contextually relevant to these proceedings.”*

**NOTE #2:** You can read the entire DFS petition [here](#). It contains a general description of five attempts to visit Contender Claims, investigate potential code violations and/or serve subpoena’s. But, for a more street level view scroll down and read between the lines of Exhibit 7, an affidavit from investigator Christopher McGuire.

**NOTE #3:** For interesting details on the Stremms “scheme” read beginning on page 5, paragraphs a. thru h. of the Bar’s [November 24 allegation](#). Then, scroll to paragraph 32 under the title “Hirestremmslaw.com” and learn how “various deceits were employed to secure the homeowner signatures, and in some cases those signatures were allegedly forged.”

**NOTE #4:** While not easily deciphered, at least not by this author, an opinion from the Florida Bar (39873) addresses the issue of “the propriety of a law firm accepting referrals from a public adjusting company and protecting the adjuster’s interest in the recovery” and found that a

“number of ethical problems existed.” It was also stated that “Opinion 92-3 holds that such an arrangement constitutes improper fee splitting with a non-lawyer” and that the attorney “...could be aiding the Public adjuster in the unlicensed practice of law if the adjuster was settling claims with a tortfeasor’s insurance company.” See last page (p.21) paragraph 2 of [Request for Ethics Opinion Regarding A Public Adjuster’s Fees in Homeowner Insurance Litigation Matters](#).

**NOTE #5:** Sources told me this case has settled and that no one wanted “...an opinion...that would make it abundantly clear public adjusters cannot charge a percentage on a global settlement.” I sent the case to DFS to inquire if such would be a code violation.

**NOTE #6:** It’s not likely that Scot Stremms would be charged with a crime, but...it’s possible. Lesser known but no less applicable in matters such as these are the following two statutes: [Fs. 877.01](#) and [Fs. 877.02](#). I requested and received an [analysis from Citizens legal department](#), of these two sections and also offer the following redacted analysis.

- ***“Whoever...offers...anyone...any valuable thing whatsoever...for the purpose of...influencing...others...to bring suit, or seek professional legal services or advice, shall be guilty...”***
- ***“Whoever...receives or accepts...any valuable things whatsoever...with the intent or purpose of...influencing...others...to bring suit, or seek legal services...shall be guilty...”***

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## Collapse of an Evil Empire! PART IX—Thumbs UP, Thumbs DOWN?

January 11, 2021 - Opinions by Scott Johnson



For those who just joined you can review “Collapse of an Evil Empire” starting with [PART I](#) then subsequent PARTS II thru VIII.

For now you need to know that Scot Stremis is still fighting as hard as he can. Recall the recommendation by referee, Judge Dawn Denaro of the 11<sup>th</sup> Circuit Court that, instead of permanent disbarment sought by the Florida Bar, Stremis should serve only a two-year suspension followed by one-year of supervised probation. **(See Note #1 below)**

Last month, December 22nd, Stremis’ team formally requested Oral Arguments before the Supreme Court, simultaneously submitting a detailed 52 page “Initial Brief” alleging Denaro’s sentence was too harsh and requesting a reduction to “a probationary term with the same conditions outlined in her...Report...” Stremis did admit to some rule violations but argued “A two-year suspension is excessive and not supported by existing case law.”

He also pointed to Denaro’s remarkably accurate understatement that “...education provided by law schools today does not typically include training to run a successful law practice.” Stremis said this “... goes a long way towards explaining how, over a matter of weeks, [he] went from operating a successful statewide firm to the Bar seeking his suspension on an emergency basis.”

It’s a good argument, at least in texture, and it’s certainly more credible than the insufferable accusation that Stremis “...also faced the efforts of the insurance lobby who coordinated with the Bar in order to reduce Respondent’s effectiveness as an adversary.”

His argument of blaming a “Large and accelerating case load” makes much more sense—his firm had up to 10,000 cases in the hopper and some attorneys were handling 750 suits each. While that’s still of his own doing, it’s far less desperate sounding than a theory about the Bar and insurers locked in a conspiracy to bring him down because he was a successful litigator. Insurers provided information, of course, but who can blame them for pushing the bar to do something about so many lawsuits they believed to be frivolous?

Also Stremis reasoned that he should not be vicariously responsible for subordinate attorneys’ “... when he did not direct the subordinate lawyer’s actions or know of any misconduct at a time when consequences could be avoided.” It may be more a matter of law than fact, but...it’s better than the conspiracy theory for sure. I was still unconvinced, however. **(See Note #2 below)**

Stremis brief also continues an attack on judges Holder and Barbas—their accusations, I contend, were more likely to have spawned the Bars initiative than anything the insurance industry could muster. Their testimony was so jarring that Stremis’ simply had to attack it. As presiders over hundreds of Stremis’ cases, Judges Gregory Holder and Rex Barbas, asserted other judges were also aware the Stremis firm violates the Rules of Professional Responsibility in... “virtually every case where he and his firm enter an appearance.”

They provided 17 examples from other judges, of admonishments, including monetary sanctions against the firm. Judge Holder specifically stated that during one in-chamber meeting an attorney with the Stremis firm told him Scot Stremis instructed him to file cases without proper support, to allege damages not supported by evidence or the insurance contract, to refuse to

allow plaintiffs to participate in EUO's or depositions and to refuse to cooperate with the insurer in basic discovery.

These accusations were vehemently denied during the hearings and in post-hearing documents, by Stremms and his team, of course. And, who knows, maybe the insurance industry put the two judges up to it.

But here's what *you* should do. As a double check on my opinions and interpretations, and to minimize the impact of any unintended bias in my reporting, please read the pertinent portions of Stremms brief; especially Statements of Case & Facts, B2 thru B5—this, for the full breadth of his viewpoint and arguments. He admits wrongdoing and acknowledges mistakes were made. He's remorseful asserting it was mostly due to mismanagement of a highly active law practice, not the Bar's allegation of "contumacious" behavior.

Regardless of whether you're "thumbs up or thumbs down" on Stremms, any formal adjudication has been put off until sometime in February, maybe later. This, because on January 8, 2021, the Bar was granted an "Extension of Time" to January 26, 2021 to answer the Stremms appeal.

That's approximately three weeks more for the Bar to carefully analyze Stremms brief, draft a response and once again, I suspect, request that his license to practice law be permanently revoked. (**See Note #3 below**)

**##end##**

**NOTE #1:** You can read more on the Stremms case in reports from Raychel Lean at [LAW.COM](#) reporting on behalf of the [Daily Business Review](#). Especially see: [Anatomy of an Insurance Scam: Citizens Property, Florida Bar Detail a Florida Lawyer's Alleged Fraud](#). Also, [Allegations Mount against South Florida Lawyer Accused of Cheating Insurers: "Something Else Going on Here"](#)

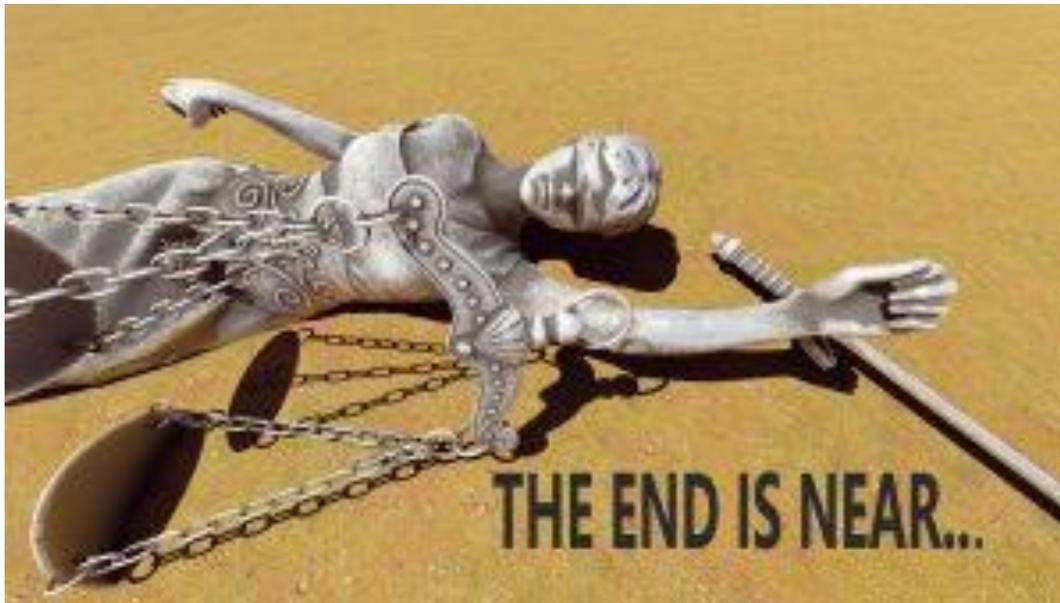
**NOTE #2:** On November 24, The [Florida Bar filed additional charges](#) against Stremms alleging "A Pattern of Deceit and Solicitation" and stating that, for years, "Stremms Consultants" pretended to be public adjusters "or some other manner of insurance professional... whose purpose it was to conscript business into his firm." These "consultants" signed up homeowners using a "cell phone or electronic tablet" resulting in a "purported attorney-client relationship with counsel not of their own choosing."

**NOTE #3:** For another look at what Stremms alleged victims experienced see the article by Ron Hurtibise for the Florida Sun Sentinel titled "[How a 'shady' insurance lawyer sucked homeowners into his alleged ripoff scheme.](#)"

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## Collapse of an Evil Empire! PART X

February 7, 2021 - Opinions by Scott Johnson



In “[Collapse of an Evil Empire! PART IX—Thumbs UP, Thumbs DOWN?](#)” I opined that the Bar’s response to Scot Strem’s “Brief” arguing that his recommended sentence was too harsh, would be that it was too light and instead of two years suspended license, the Bar would argue that he be permanently disbarred.

I was right! The Bar asserted exactly that in a 90-page “Answer Brief” filed February 5th with the Supreme Court which you can read [here](#).

Though the legacy of these proceedings will flourish for years to come, the final judicial chapter is now within site and will be available to us all when the Supreme Court decides these final assertions made by both sides.

Stay tuned for when that momentous day arrives, hopefully soon.

Meanwhile there’s much to be learned from the Bar’s attempt to re-frame Judge Dawn Denaro’s so called “light” sentence into a convincing argument for permanent disbarment.

Frankly, and for what it’s worth, I thought the Bar’s “Answer Brief” achieved its objective.

The Bar was successful, in my opinion, countering Strem’s argument that his firm’s performance over the last ten years was due mostly to bad management. The Bar stated that in 2016 “at the latest... Mr. Strem knew that he, and the associates he managed, were regularly violating the Florida Rules of Civil Procedure, courts orders, and the Rules of Professional Conduct.” And, that the pattern engaged in “involved aggressive marketing and teaming with groups like All

Insurance Restoration Services, Inc. (“AIRS”) and Contender Claims Consultants, Inc. to bring in the maximum number of clients, pushing their cases into litigation, but then understaffing the law firm and providing a law firm system that could not handle the demands of investigation, examinations under oath (“EUOs”), and pretrial discovery.”

This argument, if true, also partly refutes Strem's assertion that he's not “vicariously responsible” for the activities of other attorneys within his own firm. To the contrary the Bar asserts that “...instead of taking immediate steps to remediate this serious problem, Mr. Strem continued to grow the size of the firm...”

Indeed, Strem's litigation manager testified that the frequency of “sanction orders” against the firm was at its worst from March of 2016 to May 2017 and that those “...sanctions were being entered almost on a daily basis.”

That's right: “Sanctions on a daily basis”, hard to fathom.

Not intentionally, perhaps, but the Bar highlights the alarming litigation explosion being addressed in SB-76. Particularly the one-way attorney fee statute Fs-627.428 which it argues “...encourages a lawyer to file a lawsuit as soon as possible to transform a dispute over a relatively small amount of insurance proceeds into a substantial fee award greater than the amount of the insured's recovery.” (See NOTE #1 below)

The Bar references other issues SB-76 resolves when it says, “Judges considered Strem's practice of multiple cases involving the same parties to be a waste of precious judicial resources.” And they “...were concerned about...duplicate awards of attorney's fees in cases involving the same set of facts.”

Moreover, the Case Study (McEkron vs Security First) provided in [PART IV “Collapse of an Evil Empire!”](#) is specifically referenced in the Bar's quest to show that much of Strem's behavior was about increasing revenue, not helping clients get paid. The Bar says, in part:

***“Mr. Strem's firm pursued a fee claim in excess of \$300,000 in a dispute over a \$30,000 loss that resulted in a \$10,000 verdict. The firm would also have separate fee claims whenever multiple lawsuits were filed on behalf of the same clients for damage to the same property. Obviously, Mr. Strem was happy when Mr. Aguirre reported a higher number of cases filed because that translated into an increased likelihood of more attorney's fees in any given matter.”***

It's interesting to note the role that the many sanctions and dismissals against the Strem's firm played in assessing “remorse” on the part of Strem's himself. To me these actions against his firm, called Kozel orders, (See NOTE #2 below) display a complete disregard for the clients whose cases were being dismissed, too often with prejudice.

There were many examples cited by the Bar before 2016. In 2016 associate Greg Saldamando received a Kozel dismissal with prejudice, for example, and later that same year Scot Strem “...was served with orders in two separate cases where his client was dead.”

The order itself made it plain to the Bar that he "...has engaged in egregious willful disregard for the Florida Rules of Civil Procedure, deliberately delayed litigation and discovery in this case for over one-year," and "made misrepresentations to Defendant's counsel, and has exhibited gross indifference for the importance of candor throughout the pendency of this litigation."

It appears to me that the sanctions (Kozel's) were so numerous there's no other explanation than the Bar's allegation that "...at least some of the problem involved basic honesty and professionalism." In fact Stremms, according to the Brief "...watched the weekly sanction orders come in, and paid \$5,000 to \$15,000 per week in 2016-2017." All this while "...continuing to file 20 to 50 new claims per week. The Bar stated:

**"...we do know that his firm garnered far more Kozel orders in a few years than many large firms experience in a lifetime."**

And, finally...you may recall my criticism of Stremms' attempt to tie the Bars actions against his firm as the result of an insurance industry fed up with someone who was successful litigating against it.

***"The Florida Bar did not file this proceeding as a patsy of the insurance industry. Indeed, there are many members of the Bar who competently and diligently represent insureds in legal disputes against insurers, including those who insure homes. Instead of creating a large bureaucracy, the Legislature has intentionally enacted statutes that place lawyers in the role of protecting ordinary citizens from abuses within the insurance industry. The Bar is proud of the service those lawyers perform."***

Regardless of the outcome, this story, The Collapse of an Evil Empire, has major implications for the future of Florida's property market.

Stay tuned for the Supreme Court's final announcement on the fate of Scot Stremms.

**THE END IS NEAR...**

**##end##**

**NOTE #1:** The Bars brief states, in my opinion, exactly the problem with Florida's one way fee statute, as follows: "If a case was resolved without litigation, the firm's recovery was limited to 25 percent of the client's recovery. The average indemnity claim was closer to \$20,000 than \$40,000. If extensive work was performed on post-loss compliance under the terms of the policy, and the case was settled in negotiations prior to litigation, Mr. Stremms received a 25% recovery. But if a case was resolved after suit was filed, the firm's recovery was the greater of either 30 percent of the client's recovery or the amount of fees awarded against the insurance company under section 627.428. This fee arrangement reflects the reality of insurance litigation where the Florida Insurance Code allows insureds to recover attorneys' fees from insurers when a matter moves into litigation. See *Wollard v. Lloyd's & Cos. of Lloyd's*, 439 So. 2d 217, 218 (Fla. 1983); *State Farm Fire & Cas. Co. v. Palma*, 629 So. 2d 830, 833 (Fla. 1993)."

**NOTE #2:** Kozel is a case (Kozel vs. Ostendorf) in which the Supreme Court adopted a set of factors to apply in the application of sanctions. A Kozel order is essentially the last step before a disciplinary proceeding or a malpractice action. The six Kozel factors are:

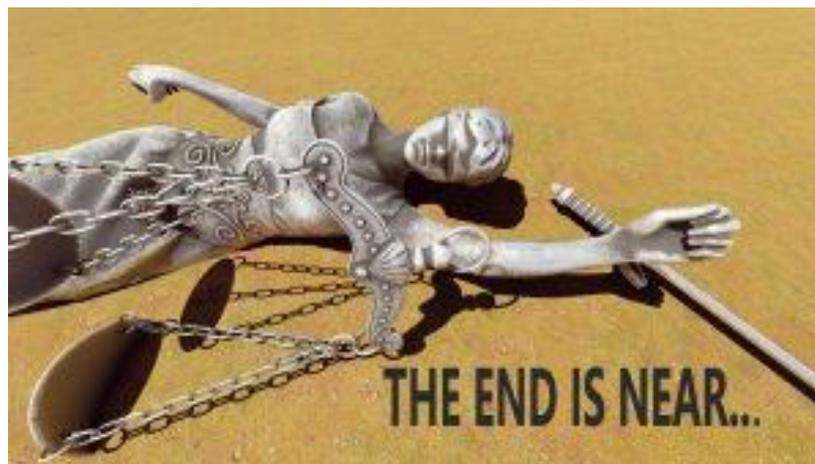
- 1) whether the attorney's disobedience was willful, deliberate, or contumacious, rather than an act of neglect or inexperience;
- 2) whether the attorney has been previously sanctioned;
- 3) whether the client was personally involved in the act of disobedience;
- 4) whether the delay prejudiced the opposing party through undue expense, loss of evidence, or in some other fashion;
- 5) whether the attorney offered reasonable justification for noncompliance; and
- 6) whether the delay created significant problems of judicial administration.

The Court explained: "Upon consideration of these factors, if a sanction less severe than dismissal with prejudice appears to be a viable alternative, the trial court should employ such an alternative."

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## Collapse of an Evil Empire! PART XI...Making Sense of Things

**July 7, 2021 - Opinions by Scott Johnson**



Two developments regarding the Strems multi-part saga may signal that, once again, the end is near.

This article attempts to fill you in on those developments while also summarizing what is becoming a complicated series of allegations, hearings, decisions and sentences. As you read, remember, I'm not a lawyer—I'm just someone trying to make sense of things for those trying to do the same.

First, recall that the Supreme Court of Florida (SCOF), approved The Florida Bar's petition to suspend, on an emergency basis, the license of Miami attorney Scot Strem. Two separate Florida Bar complaints have since been filed against Scot Strem and the Strem Law Firm (SLF) that emanated from SLF clients and others. And like the [original disbarment Complaint](#), both were assigned to Judge Dawn Denaro for review, a trial and subsequent disciplinary recommendation, if necessary.

A summary of the allegation provided in the first of those two Bar complaints dealt with a fee dispute between SLF and an 84 year old woman, Ms. Nowak, and after her passing, her two sons. Details are best understood by reading [The Nowak Complaint](#) itself. The Bar requested that Strem be "appropriately disciplined in accordance with the provisions of the Rules Regulating the Florida Bar."

But the referee concludes that even though Strem violated Rule 4-1.4 regarding "Communication" with clients, his sentence should be a "Public Reprimand." (**See Note #1 below**). This decision is also best understood by reading the [Report of Referee](#) paying attention to pages 4 and 5 regarding inaccuracies in the original complaint filed by The Bar.

The Bar subsequently filed [Notice to Seek Review of the Report of Referee](#) stating "The Florida Bar Board of Governors disagreed with the recommendation" including the "Referee's failure to find guilt as to the alleged violations..."

Now, for the second case mentioned above, which regards Strem's approach to client solicitations, and which also emanated from complaints filed with The Bar. It is likewise best explained by reading [The 34 page solicitation complaint](#) yourself. It stated, in part:

- ....Strem's Consultants presented themselves to homeowners as public adjusters or some other manner of insurance professional, when in fact they were respondent's agents whose purpose was to conscript business into his firm.
- Strem's Consultants made initial contact with homeowners and performed some manner of service, such as adjustment, estimation, or repair service.
- During the course of these services (usually upon the initial consultation), Strem's Consultants enrolled homeowners in legal services with SLF, usually without the knowledge or consent of the homeowners.
- Such solicitation was achieved by an industrious variety of deceptions.
- For example, Strem's Consultants would often solicit a signature from a homeowner (usually on a cell phone or electronic tablet) without advising them that they were signing a retainer agreement with SLF.
- In other cases, a Strem's Consultant might simply begin their work and at a later time advise the homeowner that they had been *signed up* or *turned over* to SLF.

Referee Dawn Denaro, after reviewing all of the evidence, including testimony from many of those who filed complaints, found Scot Stremms not guilty of violating any “... of the charged Rules Regulating the Florida Bar.” (See **Note #2 below**)

That’s two separate cases filed by The Bar against Stremms with only the recommendation of a Public Reprimand to show for it, at least so far.

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**IMPLICATIONS**—What do these two cases mean going forward? What about the pending two-year suspension of Stremms’ law license?

I should first (and again) state for the record, I am not a lawyer. This entire posting (as well as my previous ten blogs) is a layperson’s attempt to provide other layperson’s insight to legal matters that are very complicated.

None the less, as to the issue of how these two cases might impact Stremms pending two-year suspension, I’m guessing there would be very little impact. I’m told SCOF rarely goes against the recommendations of its’ appointed referee’s and this referee recommended that Stremms be suspended from the practice of law for two years with another year of supervised probation. That’s probably that. While SCOF can amend that recommendation, even increase it to permanent disbarment with the right to appeal in five years as some predict it might, the chances appear slim that it would do so. My opinion.

Another potential impact of the two cases above may be on the RICO style, class action suit filed against Stremms by Hale, Hale & Jacobson P.A., a prominent trial law firm. In that suit ([Ortiz v. Stremms](#)), Ortiz alleged she was a victim of Stremms solicitation practices which, based on the allegations in the suit, sound very similar to those described in the Bars’ 34-page solicitation complaint above—the one with no finding of guilt. In fact, the Ortiz suit was cited by the Bar in its solicitation complaint.

Further, the allegations in the Ortiz case significantly overlap with those in a case filed by Citizens, also against Stremms. Citizens alleges a RICO-style conspiracy between Stremms and its’ consultants which included soliciting clients in the same manner and by at least one of the same consultants, alleged in the Bar’s Solicitation Complaint. The Citizens suit hadn’t been filed at the time of the recent complaint discussed here, but... The Florida Bar maintained that it was “contextually relevant to these proceedings.” (See [Citizens v Stremms Law Firm, Contender Claims, et al.](#))

There’s also legal action involving SLF from the Department of Financial Services (DFS) which describes a close relationship between SLF and Contender Claim Consultants and deals with the issue of unlicensed public adjusting. There were numerous allegations in the DFS investigations, but the point (the question) is the same as it is with the Ortiz and the Citizens allegations, that is: since the referee has found Stremms to be not guilty on all counts that sound similar in many respects to those in Ortiz, Citizens and DFS cases, is it reasonable to expect those cases, if pursued, would have a different result? I don’t know, I’m not a lawyer.

Please note SCOF has not reacted to any of the Reports of Referee to date, to my knowledge. And, also to my knowledge, there is only one Strems matter still outstanding— the [Contempt of Court Petition](#) alleging Strems violation of the Supreme Court’s Emergency Suspension Order. This Contempt proceeding has been granted an extension of time allowing the referee until September 22, 2021 to make a final report. I suspect it’s up next and when completed will set the stage for a final ruling by SCOF on the original two year suspension of Strems license to practice law.

Let’s review:

**Nowak Case**—Referee recommended Public Reprimand. The Bar has appealed the sentence seeking permanent disbarment.

**Solicitation Case**—Referee finds Strems did not violate any Bar Rules.

**Florida Bar Disbarment of Strems**—Referee recommended two year suspension of license with one year supervised probation. The Bar indicated that a sentence of permanent disbarment with opportunity to appeal in five years could be acceptable.

**Florida Bar Contempt of Court petition**—Still pending with the time for a decision set for September 22, 2021.

Finally, for those having as much difficulty following this as I am explaining it, I’ve taken all of the “Collapse of an Evil Empire” postings (PART I thru PART XI) and placed them in one document which links to all of the materials (and more) that I’ve consulted in writing each article, including this one. It may be amended later to include any subsequent announcements regarding Strems but for now could serve as an easily accessible summary.

Stay tuned!

##end##

**NOTE #1:** The Bar’s website states that a public reprimand is a Supreme Court-ordered form of public discipline that declares the conduct of the lawyer improper. Public reprimands are delivered before the 52-member Florida Bar Board of Governors and are public record. A downloadable video of an actual public reprimand (2 min. 7 sec., 14.7MB) is available on the Bar’s website as is more information [here](#).

**NOTE #2:** The alleged rule violations dealt with whether or not clients were informed of the status of representation, whether matters were properly explained to the client, whether Strems Law Firm was truthful in all matters with a client and did not misstate material facts, and whether it attempted to violate Florida Bar Rules of Professional Conduct.

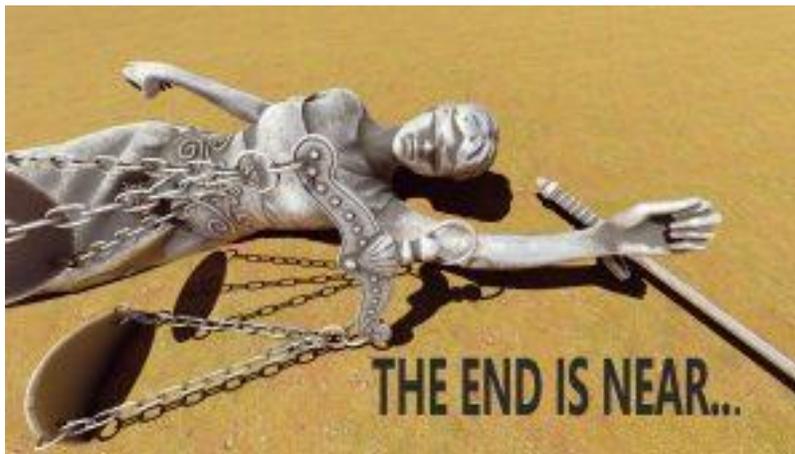
For the most complete perspective on the specific allegations and the referee’s decision and rationale for a finding of not guilty on all counts, readers should examine the Report of Referee. It not only provides a Summary of Proceedings but, also of the testimony, the Bar

Rules, the pertinent case law and the documents relied upon. You can learn why some witnesses were credible and some not so much. Why some documents were credible and why some did not jive with live testimony. And, much more. This document is 144 pages long but, depending on your particular interests, could be enlightening. It is stored on my large document site [here](#).

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## STREMS NOT GUILTY of CONTEMPT

October 1, 2021 - Opinions by Scott Johnson



Yes, once again, the END IS NEAR! For a good summary of how we got to this point and the results of trials where both sides have presented their cases on allegations against attorney Scot Strem, you should read [Collapse of an Evil Empire! Part XI—Making Sense of Things](#).

This report is about the most recent decision (September 28, 2021)—where the Bar alleges Contempt by Scot Strem for violating the Supreme Court’s June 9, 2020, Emergency Suspension of his license to practice law.

Recall that, at the time of his suspension, Strem was handling about 7,000 clients and managing 30 lawyers or so and a 120 person support staff. The suspension order prohibited him from accepting new clients, ordered him to furnish copies of the Suspension Order to a host of relevant entities and clients and to stop moving any money in or out of the firms accounts.

The Bar alleged Strem failed to meet those requirements, in part, by forming another firm (Property Advocates) which allegedly continued to accept new cases, did not file notices to withdraw from existing cases all while Strem continued to hold himself out on social media as an attorney. (See **NOTE #1 below**)

The Supreme Court appointed referee; Judge Dawn Denaro who gave both sides ample opportunity to present their cases. Her just released decision finds Strem to be **not guilty** and states he “Gave sufficient credence to the severity of the action of the Supreme Court of

Florida...hired knowledgeable, experienced and well respected attorneys...to navigate the...Court’s Emergency Suspension Order.” (See **NOTE #2 below**)

Frankly, the following conclusions by Judge Denaro appear to directly juxtapose allegations made by the Bar:

*Mr. Stremms, the sole shareholder of SLF, could have dissolved SLF and jeopardized the interests of its numerous clients, attorneys, and support staff. Instead, Mr. Stremms endeavored to timely comply with the mandates of the Suspension Order by divesting himself from his namesake SLF, securing corporate continuity of life for the firm, protecting approximately seven thousand (7,000) clients’ interests, and minimizing any negative impact to the thirty (30) employee attorneys and one hundred and twenty (120) law firm staff members that were dependent on SLF for their livelihoods.*

What’s next? I’m not a lawyer but, the lawyers I’ve talked to believe that the next step in this arduous episode will be the Supreme Court formally ruling on the original recommendation from Judge Denaro that Stremms license be suspended for two years with one additional year of supervised probation.

Some opined the Supreme Court might up the referee’s recommendation to permanent disbarment with the right to appeal in five years, **IF**...he’d been guilty to any degree on any other Bar complaints. This Not Guilty finding, however, has pretty much dashed those hopes.

However, those believing this is all bad news for Florida’s “dire” property insurance market should keep the following in mind:

- Scot Stremms will likely be on probation for two years and unable to practice law in any capacity.
- Scot Stremms will be under direct supervision, including scrupulous and timely reports and onsite visitation by a Florida bar appointed supervisor during his one year of probation.
- Thanks to reforms implemented since this saga began, Stremms and every other plaintiff attorney will no longer be able to file multiple suits for the same client regarding the same policy—a practice pretty much pioneered by the Stremms firm.
- Also, thanks to SB-76 Stremms and all other plaintiff firms will have to comply with the new pre-suit notice requirements before simply filing any property claim, which should cut down materially on frivolous litigation.
- Stremms and every other plaintiff attorney will have to comply with the new limitations placed on Florida’s one-way attorney fee statute and a shortened statute of limitations on filing claims. The former is likely responsible for a substantial reduction in new suits in August and September immediately following the July 1 effective date of SB-76. (See **NOTE #3 below**)

Next up will be the Supreme Courts’ final decision on the suspension of Scot Stremms license to practice law.

**##end##**

**NOTE #1:** For more in depth analysis you may want to read my early blogs touching on the contempt allegations and related matters. Keep in mind, my previous opinions were based on the

known facts and allegations at the time the blogs were published. More facts have come into focus in the subsequent hearings regarding each of the Bars allegations. The contempt hearing, like those regarding solicitation practices and fee arrangements, is over... so my opinion on technical guilt or innocence has changed accordingly. My opinion on the importance and market implications of this entire saga has changed very little, however. Form your own opinion by reviewing: [Part III](#) and Part [IV1/2](#) of the “Collapse of an Evil Empire” blogs. Also, review the [Bar’s petition](#) alleging contempt.

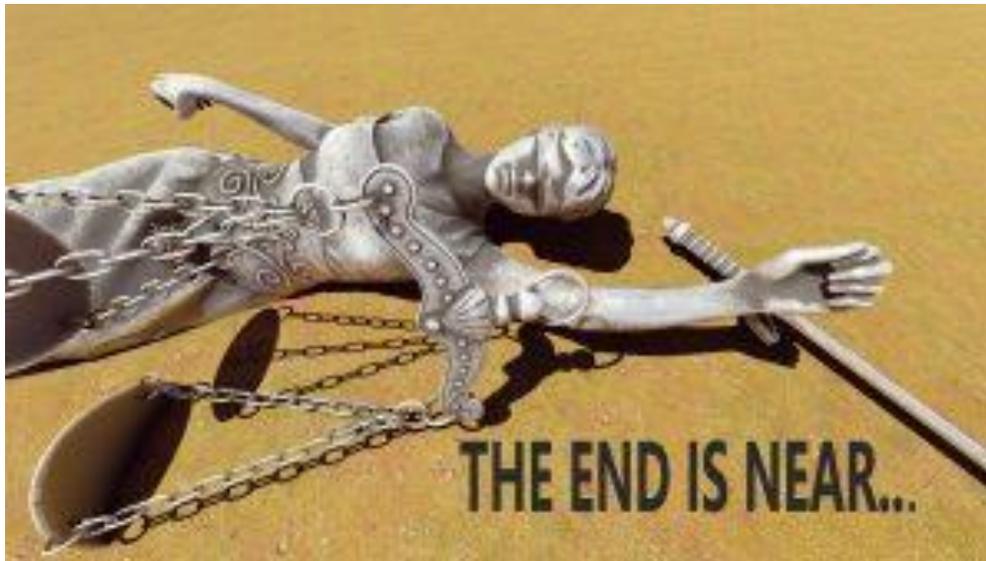
**NOTE #2:** The contempt hearing revealed many weaknesses in the Bar’s contempt allegation, in my opinion. But it’s important, as with all of the Bar’s complaints, that you form your own opinion, separate from mine, and based on the documents that I’ve tried to make available. The Referee’s Report can be viewed on my large documents site at Box.com, here: <https://app.box.com/s/wjjxqb32rwhtdqgirqzyf51tjw1piu7b>. Over 65 other documents available from Johnson Strategies regarding the Stremms affair are available by scrolling down to the word “Stremms” in my online library page here: <http://johnsonstrategiesllc.com/aob-on-and-after-reforms-effective-july-1-2019>

**NOTE #3:** Many plaintiff attorneys believe that SB-76 only applies to lawsuits for claims made after July 1, 2021 under policies that were issued or renewed after July 1, 2021. That’s how the AOB statute was written and that language was in the original House version of SB-76. Plaintiff’s argue the Mendez case and the change in the medical malpractice statute in support of their contention that SB-76 can not be applied retroactively. That issue is being actively litigated around the state at the present time and Johnson Strategies is gathering information for future publication.

**##end##**

## **SCOT STREMS UPDATE by BARRY ZALMA!**

**August 4, 2022 - Opinions by Scott Johnson**



Last month was the two-year anniversary of the two-year emergency suspension of Scot Strem's license to practice law—the result of Florida Bar investigations regarding “...mendacious, bad-faith conduct.” All initiated before data became available showing Florida has close to 80% of America’s total property insurance lawsuits.

The Supreme Court of Florida (SCOF) has not ruled, to my knowledge, on the suspension or numerous additional actions brought by the Bar and heard by the appointed judicial referee, Judge Dawn Denaro. Her recommendations often included only a public reprimand, or a finding of innocence as reported in these pages. **(See NOTE #1 below)**

However, two more actions regarding Strem's could indicate how SCOF might finally rule on the suspension, including the possibility of permanent disbarment. Both complaints, deal with settlement practices at the firm and could be instructive on at least one aspect of what’s driving Florida’s fraud-soaked property insurance system.

Who better to tell those stories than JS expert contributor [Barry Zalma, Esq. CFE](#). Enjoy!

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## Another Complaint on Strem's

**By Barry Zalma, Esq. CFE**

Scot Strem's, the pain in the bank accounts of Florida insurers could see his two-year suspension completed in July 2022. But allegations by the state Bar could result in new sanctions or even a permanent disbarment. A 25-page complaint, separate from previous allegations, charges that Miami attorney Strem's and his law firm, in 2018 informed a client of a settlement with a

property insurance company but then secretly settled with the insurer for twice as much and attempted to pocket a large, unauthorized fee.

Strems also provided false and misleading information to the Bar when investigators asked him about his actions in representing the 85-year-old homeowner, Margaret Nowak, in a Hurricane Irma claim.

Strems was touted as a living example of widespread abuse of the legal system by some Florida plaintiffs' attorneys. He was charged with filing thousands of suits against insurers, many of them on the same claim, and was suspended from law practice in 2020. The Bar had asked for disbarment, but a referee in the case recommended a two-year suspension. The Supreme Court granted an emergency suspension in June 2020, noting that the lawyer was suspended until further order from the court.

The Nowak matter began in 2017 when she filed a claim with her insurer, Florida Peninsula Insurance Co. The Bar complaint did not explain how Nowak came to hire the Strems Law Firm, but the contingency agreement noted that the firm would charge a 25% fee. If the claim went to litigation, the firm would receive or 30% of the award or the court-awarded amount, whichever was greater.

Strems' firm hired Contender Claims Consultants, a public adjuster firm, which estimated that Nowak's home had suffered \$64,000 in damages in the storm. Contender Claims is familiar to Florida insurers. Insurers and their counsel contend Contender worked closely with Strems to exaggerate damages in many assignment-of-benefit and other claims. In May, the adjuster firm, a restoration company and Strems agreed to settle for \$1 million a lawsuit brought by Citizens Property Insurance Corp. that had accused the principals of fraud in hundreds of insurance claims.

In the Nowak claim, Florida Peninsula informed the Strems' firm that it would settle the claim for \$30,000, leaving \$22,500 for the homeowner and a \$7,500 attorney fee for Strems. One of Nowak's sons agreed, but Strems law firm attorney suggested he could get a little more, the Bar complaint explained. Despite several attempts by Nowak's son to reach Strems' firm in the following weeks, though, the law firm did not readily respond.

It turned out that Strems' firm had negotiated a \$45,000 settlement with Florida Peninsula and arranged for the insurer to send a \$22,500 check for Nowak and another \$22,500 check to the Strems firm. When informed of the 50% attorney fee, Nowak's sons were angered. When the Bar investigators asked Scot Strems about the case, the lawyer offered a "gross misrepresentation of fact." Strems said Nowak had never been a client and that he had not personally provided legal services, the Bar said. He also failed to turn over all documents requested by the investigators but did say that the attorney fee practice was "standard procedure."

“From the foregoing facts, it is apparent that the allegations in this complaint are not the result of an isolated indiscretion,” the Bar complaint argues. “Rather, the misconduct alleged in this complaint is systemic within respondent’s practice.”

Strems faces other pending disciplinary actions by the Bar, which could result in further suspensions or a permanent end to his law practice.

After Strems’ 2020 suspension, the Bar moved to find Strems in contempt over the way his law firm was dissolved, with most firm attorneys simply moving to a new firm known as The Property Advocates. The Florida Bar is now urging the state Supreme Court to take a harder line, arguing that the referee misunderstood the nature of Strems’ actions, which were aimed at avoiding some of the impact of the earlier suspension on his law firm. Strems also notified his clients of his suspension in a way that the Bar said was misleading, Bar attorneys wrote.

## Another Strems Attorney Suspended

By Barry Zalma, Esq. CFE

In Addition, Another Strems Law Firm Attorney Suspended by Florida Supreme Court Fallout from the infamous Strems Law Firm’s litigation practices in Florida continues. Two years after Coral Gables plaintiffs’ attorney Scot Strems was suspended from practice for filing thousands of unnecessary lawsuits against property insurers and violating other Bar rules, and two years after the Florida Bar filed a complaint against another attorney with the firm, the state Supreme Court has suspended the lawyer for 91 days.

**Gregory Saldamando**, 39, represented a South Florida couple in a sinkhole damage claim against American Integrity Insurance Co., after a claims adjuster had the couple sign a retainer agreement with the Strems firm, the Bar explained. Saldamando also did not provide the clients with any invoices or substantiation of the fees claimed by the firm. And although Saldamando withdrew as counsel before settling the case, the Strems firm took \$30,000 from the final settlement obtained by new counsel, for fees and costs.

A judicial referee appointed to hear Saldamando’s disciplinary case recommended in April 2021 only that he be publicly reprimanded and that he reimburse the Bar \$8,100 for its investigative costs. Referee Dawn Denaro, who normally works as a children’s court judge in Miami, said that Saldamando did not appear to have a selfish or dishonest motive and had taken steps to resolve the fee dispute with the clients.

But the Florida Supreme Court, as it has done several times in the last year, overruled the referee and imposed the 91-day suspension, plus the cost reimbursement. The court said in its March 31 order that Saldamando had violated three Bar rules of professional conduct. The court said it “disapproves the referee’s recommendation as to discipline, and instead imposes a ninety-one day suspension from the practice of law, effective thirty days from the date of this order so that

respondent can close out his practice and protect the interests of existing clients,” reads the order, endorsed by all seven justices. The 91st day makes a difference. A lawyer suspended for 90 days or less is automatically reinstated after the suspension is completed; the Florida Bar explains on its website. A suspension for 91 days or more is considered “rehabilitative,” which requires the attorney to show he has changed his ways before eligible for reinstatement. The reinstatement process can take several months, the organization said. The Bar counsel must investigate the petition for reinstatement, and then it goes back to the original referee for another hearing. Lawyers who continue to practice while suspended can be held in contempt of court and may face further disciplinary action or disbarment.

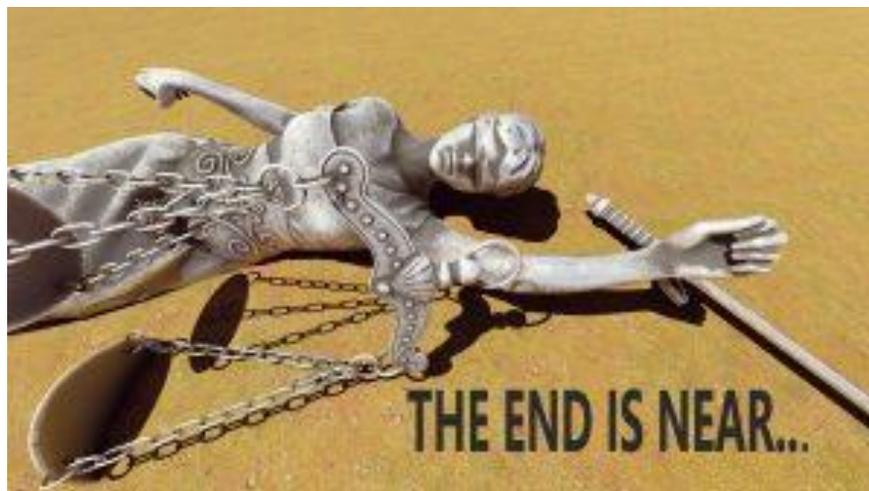
**##end##**

**NOTE #1:** SCOF has not rendered a final judgement on any of the cases pending against Stremms by the Florida Bar or the Reports of the Referee to which they were assigned. For those desiring a historical review I’ve taken all but the latest of my “Collapse of an Evil Empire” postings (PART I thru PART XI) and placed them in one document which links to all of the materials (and more) that I’ve consulted in writing each article. You can review and print it [here](#). It may be amended later to include this post and any subsequent announcements regarding Stremms but for now could serve as an easily accessible compendium with links to all the cases and more.

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## Collapse of an Evil Empire! PART XII...A Settlement

**May 12, 2022 - Opinions by Scott Johnson**



There’s been another development in the Stremms saga indicating that once again... “THE END IS NEAR.”

You may recall in this series of articles (Collapse of an Evil Empire, Parts I thru XI) that the Strems Law Firm (SLF) and its' owner, Scot Strems were subject to a class action suit filed by Hale, Hale & Jacobson P.A., a prominent trial law firm. In that RICO-style suit ([Ortiz v. Strems](#)), Ortiz alleged she was a victim of unsavory and illegal Strems solicitation practices and that such practices were being committed on a large scale. (See **NOTE #1 below**)

The allegations in the Ortiz case were similar to those in a case filed by Citizens, also against Strems. Citizens alleged a RICO-style conspiracy between Strems and its' consultants which included soliciting clients in the same manner and by at least one of the same consultants, alleged in the Ortiz case and in the Florida Bar's Solicitation Complaint against Strems, see: [Citizens v Strems Law Firm, Contender Claims, et al.](#)) (See **NOTE #2 below**)

Both suits were part of allegations still pending at the Supreme Court of Florida (SCOF) by the Florida Bar seeking the disbarment of Scot Strems.

Yesterday, in a joint press conference with CFO Jimmy Patronis, Citizens President Barry Gilway announced a \$1million settlement in the complaint filed by Citizens.

The significance of the settlement seems to depend on who you talk to but, it's likely that the practices generally described in the complaint will not continue, at least not with the defendants named in this suit and that others employing (or contemplating) similar approaches will also be dissuaded. Strems did not admit guilt as part of the settlement but, by virtue of this press conference, Citizens is apparently declaring victory.

At this point the Supreme Court has not rendered a final decision in any of the cases pending against Scot Strems, who is still subject to emergency suspension of his license to practice law with a final decision by the court regarding disbarment allegations expected within the next several months.

For now here's the full text from yesterday's press conference.



Law firm, co-defendants settle fraud claims with Citizens for \$1 million

**May 12, 2022 – Tampa**—A Miami-based law firm and its co-defendants have agreed to a \$1 million settlement with Citizens Property Insurance Corporation (Citizens) after the state-created insurer filed a lawsuit that alleged fraudulent claims involving the firm in collusion with a public adjusting firm and a water mitigation company.

The settlement was announced today at a press conference in Tampa hosted by Florida Chief Financial Officer Jimmy Patronis, who lauded Citizens' efforts and urged other insurance companies to take an aggressive stance against property insurance fraud.

Citizens Special Investigations Unit (SIU) initiated its investigation of the Stremms Law Firm in 2016 after detecting suspicious patterns linking the law firm to the public adjusting and water mitigation companies. Investigators combed through more than 5,000 claims and sent more than 400 cases to the Department of Financial Services' Division of Investigative and Forensic Services (DIFS), which initiated its own criminal investigation.

Following investigations by Citizens' SIU and DIFS, Citizens filed suit in 2020 against the Stremms Law Firm, public adjusting firm Contender Claims Consultants (CCC), and All Insurance Restoration Services (AIRS) arguing that the law firm engaged the public adjusters to create or fraudulently increase the severity of claims – mostly nonweather water loss claims – submitted on behalf of policyholders. Four individuals – Scot Stremms (Stremms), Guillermo Saavedra (CCC), Cesar Guerrero and Derek Parsons (AIRS) – were also named in the lawsuit.

The complaint alleged the defendants created false invoices and took other steps to inflate the cost of claims submitted to Citizens and other insurance companies. In Citizens' case, the alleged fraud dates back to 2014.

“Citizens and our DIFS investigators combed through 400 different cases, and it became clear that Miami-based Stremms law firm was a major player in the fraud,” Patronis said. “Had this fraud been left unchecked, it could have cost policyholders \$16 million a year. As criminal investigations continue, this action sends a loud signal that if you're ripping off customers, we're going to find you and hold you accountable.”

Citizens and other insurance companies have argued that fraud surrounding assignment of benefits agreements, non-weather water losses, and abusive litigation have been major drivers forcing premium hikes on Florida property insurance consumers. Joseph Theobald, Senior Director of Citizens SIU, has been coordinating Citizens' efforts to crack down on fraud.

“I'm proud of the work done by Joe and his SIU team and the collaborative relationship they have developed with DFS investigators,” said Barry Gilway, Citizens President, CEO and Executive Director. “I thank CFO Patronis for his support as we continue to work together to ferret out fraud.”

Under the settlement finalized March 21, 2022, Citizens is to be paid \$1 million and will dismiss the case against the defendants and all parties agreed to pay their own legal costs. Stremms and the fellow defendants continue to deny wrongdoing in the settlement agreement, while Citizens stands behind the allegations in its complaint.

The Florida Bar in 2020 initiated disciplinary action against Scot Strem, the firm's principal. Strem was suspended for two years by the Florida Supreme Court, and additional sanctions are pending. The firm was restructured and is now doing business as The Property Advocates, P.A.

"This settlement certainly accomplishes what we set out to do, which was to seek justice for what we saw as an egregious fraud and to expose the threat of this type of activity," said Theobald, Senior Director of Citizens SIU. "This action, combined with the actions of the Florida Bar and the Florida Supreme Court brought a swift end to this relationship."

**##end##**

**NOTE #1:** The allegation—In December of 2016 Sonia Ortiz contacted a purported Public Adjusting Firm, Contender Claims Consultants, (CCC) to request it inspect her property for damage. CCC reportedly found two losses. She had no intention of seeking legal representation and signed electronic agreements for both losses that she did not know contained agreements with SLF. In 2017 she identified another potential loss and contacted CCC specifically stating that she did not want to be with SLF. CCC's representative stated he would not turn the claim in to Strem. On December 14, 2017 Ortiz received payment for this claim that was minus a contingency fee paid to SLF. According to the complaint, paragraph 40: "The Strem Law Firm and various third parties work together to unethically and illegally solicit, engage and profit off of unwilling and unsuspecting consumers throughout the State of Florida."

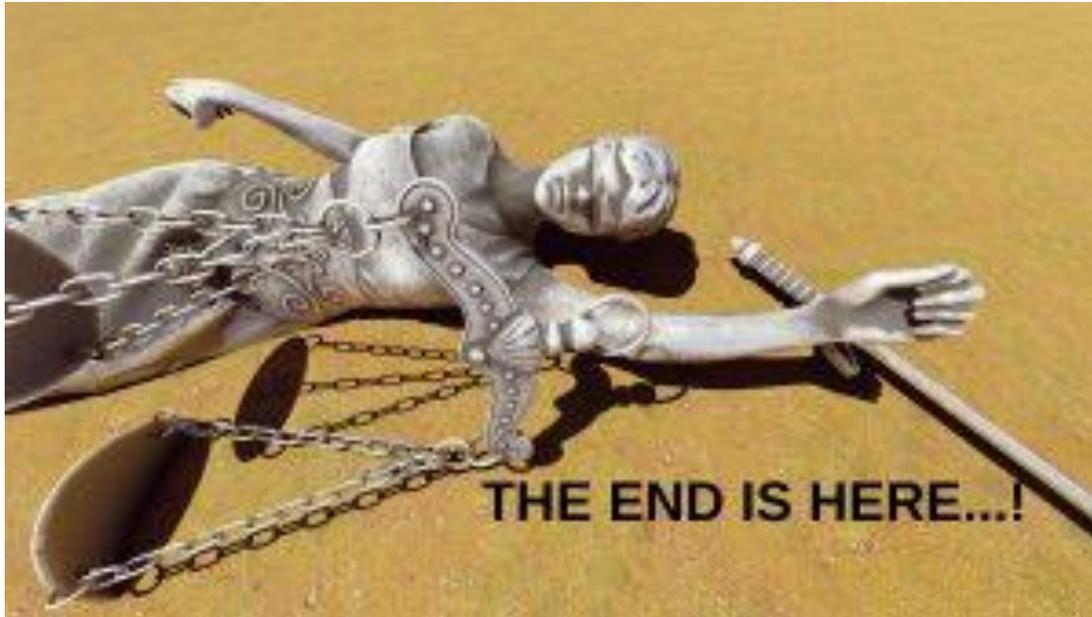
**NOTE #2:** Please note the Supreme court has not reached a final judgement on any of the cases pending against Strem by the Florida Bar or the Reports of the Referee to which they were assigned. For those having as much difficulty following this as I am explaining it, I've taken all but one of "Collapse of an Evil Empire" postings (PART I thru PART XI) and placed them in one document which links to all of the materials (and more) that I've consulted in writing each article. You can review and print it [here](#). It may be amended later to include any subsequent announcements regarding Strem but for now could serve as an easily accessible compendium with links to all the cases and more.

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(more)

## Collapse of an Evil Empire...DISBARRED!

December 22, 2022 - Opinions by Scott Johnson



Lady justice has two hands—one holds the scales of justice, the other a sword. It’s taken over two full years, but...an end is finally here to the saga penned the “Collapse of an Evil Empire.” It arrived yesterday (December 22, 2022) with a [Supreme Court decision disbaring Scot Strem](#)s from the practice of law.

Florida’s high court approved, in part, Referee Dawn Denaro’s findings of misconduct by Strem in two cases. It also approved her sentences of a public reprimand for failing to communicate with a client and the suspension of his license for two years. It also approved her *findings of fact* in both cases, but...with one notable exception as to sentencing— “...we disapprove” the justices said “... the referee’s recommendation as to discipline; instead, we disbar Strem based on his cumulative misconduct.”

Though the disbarment isn’t “permanent”, It’s a shockwave verdict, in my opinion, and the perfect culmination of good work by the anti-frivolous-litigation forces in Florida’s beleaguered property market.

The [Special Session litigation reforms](#) implemented by lawmakers just last week spawned speculation that the courts’ decision, if rendered in Strem favor, might not matter that much. They figured how much damage could be done without AOB? And why would any attorney act similar to Strem without 1-way attorney fees and no fee multipliers as carrots or when bad faith actions are prohibited without a prior final judgement against the insurer?

But, I believe the impact of this decision, in tandem with the legislature's bold actions, will feel like a tsunami to those firms inclined to behave similarly. Lawyers respond well to "sticks and carrots." Thanks to lawmakers all the carrots have been removed. And now, thanks to the supreme court and the Florida Bar, a once fragile stick has been replaced with a guillotine.

The purpose of attorney discipline is threefold: (1) to protect the public from unethical conduct without undue harshness towards the attorney; (2) to punish misconduct while encouraging reformation and rehabilitation; and (3) to deter other lawyers from engaging in similar misconduct.

Florida's high court did not waiver:

*"First, the public needs to be protected from Strem's unethical conduct, evidenced by what appears to be SLF's practice of interpreting an ambiguously drafted fee agreements in its favor, as well as its then-ongoing failure to comply with court orders and procedures.*

*Second, Strem must be disciplined for his misconduct, which continued into the disciplinary proceedings.*

*Third, other lawyers must be deterred from engaging in similar misconduct. **Disbarring Strem will place other lawyers on notice that this Court will not tolerate similar misconduct.**"* [Emphasis Added]

The two dozen or so plaintiff firms responsible for almost 80% of Florida property suits will take note, bet on it. So will insurers. After all, even though Strem's firm may have managed nearly 10,000 suits simultaneously, on occasion it was still outpaced by other firms.

Good work shutting them all down!

Now it's time to focus on finishing the job during the 2023 legislative session by eliminating the abusive solicitations and practices of public adjusters, water mitigation firms and roofers.

**##end##**

*For those who would like a single location to learn from the Strem's cases and have access to the filings, peripheral information and my opinion articles, please see my online library for the compendium of posts on ["Collapse of an Evil Empire."](#)*

*To review the Supreme Court's decision: <http://johnsonstrategiesllc.com/wp-content/uploads/downloads/2022/12/STREMS-OPINION.pdf>*

