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IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR MIAMI-DADE COUNTY, FLORIDA

SCOT STREMS,

Plaintiff,

CASE NO.: 2023-007728-CA-01

COMPLEX BUSINESS LITIGATION

v.

THE PROPERTY ADVOCATES, P.A. f/k/a THE STREMS LAW FIRM, P.A., a Florida professional association, and HUNTER PATTERSON, ESQ., an individual,

Defendants.
_____/

DEFENDANT, THE PROPERTY ADVOCATES, P.A. F/K/A THE STREMS LAW FIRM, P.A.'S RESPONSE IN OPPOSITION TO PLAINTIFF'S VERIFIED EMERGENCY MOTION FOR APPOINTMENT OF RECEIVER

Defendant, The Property Advocates, P.A. f/k/a The Strems Law Firm, P.A. ("TPA" or the "Company"), by and through the undersigned attorneys, files its Response in Opposition to Scot Strems' ("Plaintiff") Verified Emergency Motion for Appointment of Receiver filed on March 22, 2023 (the "Motion") over TPA (the "Response").[1]

INTRODUCTION

From July 2020 through January 2023, Plaintiff represented to TPA that it need not pay the full installment amounts due to him under the Promissory Note entered on July 9, 2020 (the "Note"). Plaintiff believed that his Florida law license suspension would eventually be lifted and he would be restored to owner of TPA. However, on December 22, 2022, Plaintiff was disbarred

[1] This Response is being submitted on behalf of TPA without waiving TPA's objection to venue, jurisdiction, or any other procedural objection and for the singular purpose of preserving its position as to Plaintiff's Motion. TPA has not been served by personal service with these pleadings. Accordingly, TPA retains the ability to supplement its Response within the lawful time frame for doing so following being served a copy of same by personal service.

by the Florida Supreme Court. *Fla. Bar v. Strems*, Nos. SC20-806, SC20-842, 2022 Fla. LEXIS 1940, at *1 (Dec. 22, 2022).[2] In its decision, Florida's Supreme Court found that Plaintiff (i) brought proceedings without any basis in law or fact;[3] (ii) submitted false or misleading affidavits and provided false evidence to the courts;[4] (iii) attempted to "triple" his attorney's fees in a case at his client's expense;[5] (iv) mismanaged TPA;[6] and (v) violated multiple Rules Regulating the Florida Bar.[7] The Supreme Court further found that Plaintiff undertook these actions as a result of a "dishonest or selfish motive." Only after the Florida Supreme Court issued its order disbarring Plaintiff did he claim that TPA failed to make payments due under the Note.

Despite his own proven wrongdoing, Plaintiff now claims that TPA and Hunter Patterson, Esq. ("Patterson") committed unlawful acts requiring the appointment of a receiver premised on a fundamental misrepresentation – that that TPA's assets are in danger of being wasted or squandered because TPA made distributions to Patterson, Christopher Narchet, Esq. ("Narchet") and Orlando Romero, Esq. (collectively, the "Lawyers") and made payments to Michael Patrick, Esq. ("Patrick"), Cristina Romero ("Romero") totaling nearly Thirty Million Dollars, rendering TPA unable to pay its creditors.[8] As set forth in detail below, that claim is demonstrably false.

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[2] The Florida Supreme Court's Opinion is attached hereto as Exhibit "A".

[3] *See* Ex. A*, Fla. Bar v. Strems*, Nos. SC20-806, SC20-842, 2022 Fla. LEXIS 1940, at *1, *15-16 (Dec. 22, 2022).

[4] *Id.* at *5; *id.* at *17-18; *id.* at *26.

[5] *Id*. at *24.

[6] *Id.* at *5; *id*. at *12.

[7] *Id.* at 12-20.

[8] *See* Motion at ¶¶ 16, 17, 27, 28, 29, 30. Plaintiff's claims are not founded upon any factual allegations. Instead, Plaintiff hurdles widely exaggerated accusations against Patterson's character

Moreover, the Note that Plaintiff seeks to enforce in these proceedings was procured by fraud and is unenforceable. Further, even assuming *arguendo* that the Note were enforceable, Plaintiff modified and/or waived the requirement for TPA to make the required installment payments. Thus, because the alleged default upon which Plaintiff's claims are based did not occur, there is no justification for the appointment of a receiver.[9] In sum, Plaintiff cannot substantiate any of his claims, and there is no justification for the extraordinary equitable remedy of appointing a receiver to manage TPA in derogation of TPA's fundamental property rights.[10]

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without any basis by including predicates such as "upon information and belief" prior to making his allegations against Patterson. *See* Motion at ¶ 28 and 29.

[9] All capitalized terms otherwise not defined herein shall refer to the identical terms as defined in the Motion.

[10] TPA objects to this matter being heard on an emergency and expedited basis. Plaintiff's Verified Complaint (the "Complaint") and Motion were sent to counsel for TPA, but not served on TPA on Saturday, March 25, 2023. That same day, counsel for the Plaintiff sent a letter to the Court requesting an emergency or expedited hearing. The Motion and Complaint do not disclose that the Plaintiff first asserted the Note was in default on January 20, 2023, and first alleged that fraudulent transfers were made on February 3, 2023. The Plaintiff's letter to the Court also did not disclose the fact that nearly two-months had passed from the time he first asserted that TPA's assets were being dissipated and the filing of his Complaint. As a result, on Monday, March 27, 2023 at 9:28 a.m., the Court set the Motion for a two-hour in-person hearing for that same day at 3:00 p.m. before TPA was served by service of process and before it could respond to Plaintiff's letter to the Court. During that hearing the Court directed TPA to file an affidavit contesting the claims raised in the Complaint and Motion by 12:00 p.m. Wednesday, March 29, 2023, or it would grant the Motion and appoint a receiver. The Court also set an eight-hour evidentiary hearing on the Motion for Thursday, March 30, 2023 beginning at 9:00 a.m. in the event TPA filed an affidavit contesting Plaintiff's claims. This procedure, undertaken before TPA has even been served with process in this matter is a violation of TPA's due process as it does not provide TPA with reasonable notice and a reasonable opportunity to be heard. *See A.W. v. Humana Med. Plan, Inc.*, 270 So. 3d 400, 402 (Fla. 4th DCA 2019) ("The essence of due process is reasonable notice and a reasonable opportunity to be heard.") (quoting *Citizens v. Fla. PSC*, 146 So. 3d 1143, 1154 (Fla. 2014)).

FACTUAL AND PROCEDURAL HISTORY

I. THE CREATION OF THE PROPERTY ADVOCATES, P.A.

In or around June 2020, the Florida Bar began to investigate Plaintiff for violation the Florida Bar's rules of professionalism. On June 5, 2020, the Florida Bar sought a Petition for Emergency Suspension of Plaintiff's law license based on the premise that "Mr. Strems and his firm are causing great public harm."[11] To disassociate the law firm from his name, Strems rebranded the law firm as "The Property Advocates, P.A.". On June 9, 2020, Plaintiff's law license was suspended and Plaintiff ordered to "stop disbursing or withdrawing any monies from any trust account related to [Plaintiff'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."[12] Despite the Supreme Court's Order, Plaintiff engaged Robert E. Bueso ("Mr. Bueso") from the Valuation Group, Inc. (the "Valuation Group"), to appraise TPA. At that time, Plaintiff owned one hundred percent (100%) ownership interest of TPA. Mr. Bueso's report was prepared "with the explicit intent of present to ownership [Plaintiff] an index of the fair value of [TPA]."[13] However, on June 8, 2020, just one day before his suspension, Plaintiff withdrew at least $9,765,728.53 from TPA's operating accounts.[14] Plaintiff failed to disclose that withdrawal to Mr. Bueso, who was provided with copies of TPA's 2019

[11] *See* Petition for Emergency Suspension of Law License filed June 5, 2020 at ¶ 1 and attached hereto as Exhibit B.

[12] *See* June 9, 2020 Supreme Court Order at ¶ c. and attached hereto as Exhibit C.

[13] *See* the Declaration of H. Patterson attached hereto at Exhibit D at ¶ 12 and Decl. of H. Patterson, Ex. 2.

[14] Ex D at ¶ 6, Ex D. at Ex. 1.

Balance Sheet and 2019 Profit and Loss Statement.[15] Thereafter and on July 9, 2020, Plaintiff and TPA executed the Note, the Redemption Agreement dated July 9, 2020 ("Redemption Agreement"), and the Security Agreement dated July 9, 2020 (the "Security Agreement"), and a Stock Escrow Agreement dated July 9, 2020 (the "Escrow Agreement")(collectively, the "Transaction Documents"). At no time prior to the execution of the Transaction Documents did Plaintiff disclose to any person, including the successor shareholders of TPA that he had withdrawn these funds from TPA.[16]

Following the execution of the Transaction Documents, TPA's new shareholders determined the extent of malfeasance committed by Plaintiff during his management of TPA. For example, asked Plaintiff where the money that had been in TPA's Chase bank accounts as there were no money left.[17] Plaintiff feigned ignorance.

The Note required TPA to make semi-annual payments to Plaintiff of $2,000,000.00, beginning on December 31, 2020. Before the first installment payment was due, Plaintiff informed Patterson that he would accept "anything feasible" as TPA's payment on the Note and that "[he] didn't want to handicap [TPA]".[18] In subsequent correspondence regarding the amount TPA could pay on the Note, Plaintiff stated, "Whenever…[TPA] must be good".[19] To date, TPA has paid to Plaintiff $4,914,014.10.[20] Plaintiff accepted each payment without objection assuring TPA and its

[15] *See* Ex. D ¶ 6.

[16] *See id.* ¶ 7.

[17] *See* October 12, 2020 Text Messages attached hereto as Exhibit E; *see also* Ex. D, ¶ 22.

[18] *Id.*

[19] *Id.*

[20] *Id.*

shareholders that he would accept "anything feasible".[21] Now, and only after his disbarment from the practice of law, has Plaintiff changed his tune.

In 2021, the shareholders of TPA did not take any distributions from TPA outside the ordinary course of business.[22] In contrast, during the last year that he was TPA's sole shareholder (July 9, 2019-July 9, 2020), Plaintiff took distributions totaling $21,912,941.66.[23] In 2022, TPA's shareholders received $3,026,000.00 in distributions.[24] These distributions were taken only after remitting payment to TPA's creditors, including Plaintiff.

TPA's shareholders do not pay for their personal items out of TPA's operating or trust accounts. TPA's shareholders ensure to properly issue distributions pursuant to TPA's ordinary course of business and only when responsibly able to do so. Plaintiff's assertions to the contrary are simply untenable.

LEGAL STANDARD

A party is not entitled to an appointment of a receiver as a matter of right. *Recarey v. Rader*, 320 So.2d 28, 29-30 (Fla. 3d DCA 1975). Because the appointment of a receiver is a rare and "extraordinary equitable remedy", as a general rule, a receiver should not be appointed for an ongoing entity unless are exigent circumstances, there are no other adequate available remedies, and it is absolutely necessary to do complete justice based on the circumstances and facts of a case. *Gonzalez Plaza v. Gonzalez Plaza*, 78 So.3d 4, 6 (Fla. 3d DCA 2011); *Recarey*, 320 So.2d at 29-30; *see also U.S. v. Bradley*, 644 F.3d 1213, 1310 (11th Cir. 2011). As a result, Courts exercise

[21] *See id*.

[22] *See* Ex. D. ¶¶ 32-37; *see also* Ex. D., Exs. 4-6.

[23] *See id.* at ¶ 40-41.

[24] *Id.* at ¶¶ 32-34.

great caution and are reluctant to appoint a receiver because the appointment is a drastic last-resort remedy that is in derogation of a party's fundamental property rights. *Barnett Bank of Alachua, N.A. v. Steinberg*, 632 So.2d 233, 234-35 (Fla. 1st DCA 1994)(affirming the trial court's denial of appointment of receiver because under the circumstances and facts of the case, appointment would be inconsistent with the extraordinary nature of receivership as a remedy and would not advance any recognized purpose of a receiver); *Recarey*, 320 So.2d at 30. Otherwise, it is an abuse of discretion for a Court to appoint a receiver in the absence of a showing that the property in litigation is being wasted or is otherwise subject to serious risk of loss. *See Alafaya Square Ass'n., Ltd. v. Great Western Bank*, 700 So.2d 38, 40 (Fla. 5th DCA 2007)(reversing the trial court's order appointing receiver upon finding that the facts of the case did not justify extraordinary remedy of receivership because there was no evidence that property in litigation was being wasted).

In *Recarey*, the appellees/plaintiffs alleged that the appellant/defendant misused his position as an officer of a healthcare corporation for his own personal benefit to the detriment of the corporation. *Recarey*, 320 So.2d at 29. The appellees/plaintiffs filed a motion for the appointment of a receiver to take control of and manage the hospital owned by the corporation because the appellees/plaintiffs believed that the appellant/defendant mismanaged the hospital and wrongfully concealed records from the appellees/plaintiffs. *Id.* As a result, the plaintiffs/appellees claimed that a genuine emergency existed regarding the continued operation and management of the hospital and that the appointment of a receiver was necessary in order to prevent its financial collapse. *Id.* The trial court granted the appellees'/plaintiffs' motion to appoint a receiver. *Id.* The defendant/appellant appealed the trial court's order and stated that the appointment of a receiver was an abuse of discretion by the lower court and was not supported by the evidence and underlying facts and circumstances in the case. *Id.*

The *Recarey* panel's analysis combined the facts and circumstances of the underlying case with the general rules and caution applied with the appointment of a receiver. *See id.* at 30. Based on its analysis, the Court in *Recarey* reversed the trial court's ruling. *Id.* In doing so, the *Recarey* panel found and opined that based on the facts and circumstances, the trial court abused its discretion because it was not necessary to have a receiver appointed and could have granted other adequate and effective relief. *See id.*

In this case, the Court should not appoint a receiver over TPA to manage its business and affairs. Plaintiff cannot establish that there is any waste or mismanagement occurring to TPA to merit the award of such an extraordinary remedy. To that end, Plaintiff's Complaint and Motion assert, falsely, that TPA's assets were fraudulently transferred in the past, not that there is a danger of waste or mismanagement occurring in the future. Moreover, Plaintiff's claims are merely accusations against the people attempting to correct the trail of destruction blazed by Plaintiff when he was permitted to practice law. Now that he is disbarred, Plaintiff is desperate to wring any remaining funds from TPA for himself as evidenced by his pursuit of this lawsuit only one month after he was disbarred.

ARGUMENT

I. PLAINTIFF LACKS ANY EVIDENCE OR SUBSTANTIATION OF HIS ALLEGATIONS OF MISAPPROPRIATION AGAINST TPA

As set forth above, the shareholders have not placed TPA in peril or engaged in any wrongful or fraudulent conduct to enrich themselves. Patterson has not given himself a raise beyond what was reasonably and historically provided in the ordinary course of business. Ex. D at ¶ 43. Further, Patterson has not provided to any other person within TPA or associated with TPA any payments or remuneration outside the amounts typically provided in its ordinary course of business. *Id.* at ¶ 44. The Lawyers were not overcompensated by Patterson nor were they provided

any remuneration that they were not entitled to. *Id.* at ¶ 45. Ms. Romero did not and has never received distributions from TPA. *Id.* at ¶ 37 n. 1. Instead, payments were made to Ms. Romero, with Plaintiff's knowledge and approval, as an independent contractor. *Id.*

Most importantly, the evidence filed by the Plaintiff on March 28, 2023 demonstrates that his claim that "Patterson caused TPA to make nearly $30 million in purported shareholder distributions" is false. *See* Plaintiff's Notice of Confidential Information Within Court Filing (the "Notice"). *Id.* at ¶ 30-31. As part of the Notice, Plaintiff included a Certification of Business Records Pursuant to Florida Statutes §§ 90.902(11) and 90.803(6) executed by TPA's former accountant, Mark Liebman, as well as records purporting to show distributions made by TPA to the Lawyers from 2020 to 2022.[25] Those records reflect total distributions of $11,230,838.80 as follows: (i) $450,000.00 in 2020; (ii) $7,468,838.75 in 2021; and (iii) $3,312,000.00 in 2022. *See* Notice at Liebman000001; *id.* at Liebman000003-4. Thus, Plaintiff's verified allegation that TPA made nearly $30 million in purported shareholder distributions, is yet another instance of his providing false or misleading evidence to a court. *See Fla. Bar v. Strems*, Nos. SC20-806, SC20-842, 2022 Fla. LEXIS 1940, at *5, *17-18, *26 (Dec. 22, 2022).

Moreover, a cursory review of the records attached to the Notice demonstrates that the distributions made by TPA from 2020 to 2023 did not render it unable to pay its creditors. Plaintiff's Motion hinges on his claim that the distributions made by TPA rendered it insolvent and unable to meet its obligations to creditors. *See* Motion at ¶ 30, At the end of 2021, after all distributions were made, TPA had $7,468,838.75 in Retained Earnings, which was more than enough to pay its creditors, including Strems had he not agreed to accept less than full payments

[25] TPA objects to the Plaintiff's attempt to authenticate the records attached Certification of Business Records Pursuant to *Florida Statutes* §§ 90.902(11) and 90.803(6).

under the Note. *See* Notice at Liebman 000004 (reflecting $7,468,838.75 in retained earnings as of January 1, 2022). Similarly, as of the last distribution made by TPA's on November 6, 2022, TPA had approximately $4,336,838.75 remaining to meet it's obligations. *See id.* (calculated by subtracting total distributions of $3,132,000.00 in 2022 from retained earnings). As such, Plaintiff's own evidence demonstrates that the distributions and payments made by TPA did not render it insolvent or unable to meet its obligations as they came due.

In sum, the distributions TPA made after Plaintiff's suspension from the practice of law were taken in the ordinary course of business and did not cause TPA to become insolvent. Further, Ms. Romero's compensation also occurred with TPA's ordinary course of business. Ex D. at ¶ 39. Plaintiff knew that Patterson and the other shareholders of TPA were receiving distributions. These distributions were made in plain sight. Plaintiff knew that Ms. Romero received consultancy compensation from TPA. Plaintiff did not object to, nor refute TPA's distributions or payments. Indeed, had Plaintiff deemed these distributions unlawful, Plaintiff would have objected to TPA's distributions for 2020 and 2021. Tellingly, Plaintiff did not object until after his disbarment on December 22, 2022. Instead, Plaintiff accepted partial payments under the Note totaling in excess of $4.9 million dollars made good faith by TPA in reliance on Plaintiff's direction to pay "anything feasible". *See* Ex. D. ¶¶ 22-23.

Plaintiff's claims lack any basis in fact and are in contradiction to the evidence presented.[26] Prior to his suspension, Plaintiff liquidated TPA's accounts and denied any knowledge as to the location of the funds when confronted by Patterson. Plaintiff is simply projecting his own misdeeds

[26] *See Garofalo v. Proskauer Rose LLP*, 253 So.3d 2, 7 (Fla. 4th DCA 2018)("Fraud based upon a failure to disclose material information exists only when there is a duty to make such a disclosure. This duty arises when one party has information which the other party has a right to know because there is a fiduciary or other relation of trust or confidence between the two parties.")(internal citations omitted).

on the shareholders and TPA. Thus, the Court should deny the Plaintiff's appointment of a receiver as Plaintiff cannot support his claims of any misappropriation or fraud committed by Defendants.

II. THE REDEMPTION AGREEMENT AND PROMISSORY NOTE WERE MODIFIED BETWEEN THE PARTIES

When a written contract is silent on the question of modification, or expressly permits modification, yet fails to specify that a writing is required, an oral modification is enforceable so long as it is not precluded by statute. *Okeechobee Resorts, LLC v. EZ Cash Pawn, Inc.*, 145 So.3d 989, 992 (Fla. 4th DCA 2014); *See Schroeder v. Manceri*, 893 So. 2d 603, 606 (Fla. 4th DCA 2005) (oral extension of default date was enforceable as it was not required to be in writing by statute or terms of contract); *The Race, Inc. v. Lake & River Recreational Props., Inc.*, 573 So. 2d 409, 410-11 (Fla. 1st DCA 1991). However, the contract may be modified through a "subsequent agreement" or the parties' "subsequent conduct," provided that the amendment is "supported by proper consideration." *Professional Ins. Corp. v. Cahill*, 90 So.2d 916, 918 (Fla. 1956); *see also St. Joe Corp. v. McIver*, 875 So. 2d 375, 381, 382 (Fla. 2004).

Plaintiff contends that TPA is in default of the Redemption Note and that payments were accelerated as a result of TPA's default. However, the communications between Plaintiff and Patterson in October and November 2020, in which Plaintiff told TPA to pay "anything feasible" "whenever" clearly reflect a written modification of the Redemption Agreement and Note as permitted in Section 18 of the Redemption Agreement as follows:

> Any waiver, permit, consent, or approval of any kind or character on the part of a party of any provision or condition of this Agreement, must be in writing and be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law, or otherwise afforded to a party, shall be cumulative and not alternative.

Redemption Agreement § 18.

Indeed, the text messages constitute a modification of the Redemption Agreement which clearly reflect Plaintiff acknowledging and agreeing to receive partial payments from Patterson, who executed the Transaction Documents on TPA's behalf. This acquiescence is specifically contemplated by the Redemption Agreement.

Further, the Note also contemplates a modification at the Plaintiff's option stating:

> Obligor waives presentment for payment, demand, protest and notice of demand, protest and nonpayment, and consents to any and all renewals, extensions or modifications which may be made by Holder as to the time of payment of this Note, from time to time, and further agrees that any security for this Note or any portion of such security may be from time to time modified or released in whole or in part without affecting the liability of any party liable for the payment of this Note.

Promissory Note at ¶ 6.

The correspondence sent between Plaintiff and Patterson in October and November 2020 reflect an agreement to receive partial payments in order to preserve the financial stability of TPA. Patterson offered to make certain payments to Plaintiff which were then accepted. This acceptance is with Plaintiff's agreement as the Holder of the Note. The Note specifically contemplates modifications to the repayment terms at the Holder's discretion, which occurred in October 2020 and was modified since then for the entirety of the length of the Note. Indeed, the Note had only been effective for three months before Plaintiff and Patterson modified its terms by agreeing to pay what would allow TPA to be financially viable. *See* Ex. D, ¶¶ 22-23. For the entire length of the Note's term, neither Plaintiff nor TPA acted pursuant to the terms of the Note and instead acted in accordance with the modification as articulated in the October and November 2020 text messages.

In light of the foregoing, there is no doubt that Plaintiff and Defendants reached an alternative modified agreement than the terms of the Redemption Agreement and the Note so that TPA could continue to engage in business and be profitable to all the parties' mutual benefit. It

was only following Plaintiff's disbarment that Plaintiff no longer wanted to comply with the modified agreements between the Parties and sought to accelerate the outstanding balance due and owing and adhere to the strict terms of the Redemption Agreement and Note. However, Plaintiff's conduct does not justify the extraordinary remedy of the appointment of a receiver as Plaintiff and TPA clearly entered into a modified agreement than the Redemption Agreement and the Note. This modified agreement altered the repayment terms under the Note so that TPA could make partial payments to Plaintiff in order to preserve its financial integrity. All the parties to the Note and the Redemption Agreement subscribed to this new understanding of the repayment terms of the Note. Thus, Plaintiff's Motion should be denied.

III. PLAINTIFF WAIVED AND IS ESTOPPED FROM ALLEGEING A BREACH OF THE TRANSACTION DOCUMENTS

Plaintiff was ordered to be removed from all operations of TPA effective on July 9, 2020. Since then, TPA has made partial payments to Plaintiff in accordance with the Transaction Documents executed on July 9, 2020 and the modification to those documents as reflected in writing between Plaintiff and Patterson in October and November 2020. *See* Ex. D., ¶¶ 23-24, Ex. 3. To date, TPA has paid to Plaintiff a sum of over $4.8 million dollars since December 2020. Accordingly, Plaintiff waived his ability to reject the partial payments and accelerate the payments more than two years following the acceptance of the modified agreement between the parties. Further, Plaintiff assured TPA's President and shareholder, Patterson, that he did want to place TPA in financial ruin, and would accept whatever payment TPA would be able to provide during the repayment period under the Redemption Agreement and the Note. Indeed, Plaintiff accepted these payments for the end of 2020 and all of 2021 and 2022. It was only after Plaintiff's permanent disbarment from the practice of law that Plaintiff's position materially changed and Plaintiff then alleged that TPA was in default of the Note and the Redemption Agreement.

Waiver is the voluntary relinquishment of a known right or conduct that implies the voluntary and intentional relinquishment of a known right. *Raymond James Fin. Servs. V. Saldukas*, 896 So.2d 707, 711 (Fla. 2005). "A party may waive a covenant of a contract for whose benefit it is inserted." *American Ideal Mgmt., Inc. v. Dale Vill., Inc.*, 567 So. 2d 497 (Fla. 4th DCA 1990) (citing *Gilman v. Butzloff*, 155 Fla. 888, 22 So. 2d 263 (Fla.1945)). Further, the Court has allowed waiver where abiding by the express terms of the contract would have otherwise prohibited it. *Visible Difference, Inc. v. Velvet Swing, LLC*, 862 So.2d 753, 755 (Fla. 4th DCA 2003).

Equitable estoppel is based on principles of fair place and essential justice and arises when one party lulls another into a disadvantageous legal position. *Major League Baseball v. Morsani*, 790 So.2d 1071 (Fla. 2001) (Determining that equitable estoppel existed when "by word, act or conduct, willfully caused the aggrieved party to believe in the existence of a certain state of things, and thereby induced them to act on this belief injuriously to himself, or to alter his own previous condition to his injury.").

Plaintiff orchestrated a Valuation Report only favorable to himself and in the efforts to ensure that should he be restricted from the legal practice, that he would receive some sort of compensation from TPA moving forward. TPA relied upon Plaintiff's Valuation Report to their detriment as, Plaintiff underhandedly inflated the valuation used to set the redemption price for his shares, siphoned off millions of dollars despite the Florida Supreme Court's Order, and failed to disclose the debenture to his successor shareholders.[27]

[27] Although Plaintiff was the President and sole shareholder of TPA at the time the Transaction Documents were executed, knowledge of his fraudulent inflation of the TPA's value is not imputed to TPA. *See Davies v. Owens-Illinois*, 632 So. 2d 1065, 1066 (Fla. 3d DCA 1994) ("Knowledge acquired by officers or agents of a corporation while acting adversely to the corporation is not imputable to the corporation.").

Despite his wrongful conduct, Plaintiff has continued to receive and accept partial payments from TPA for the repurchase of his shares. Plaintiff has provided multiple assurances to TPA that he will accept whatever TPA can provide so long as it remains financially viable. From October 2020 through and continuing until January 1, 2023, Plaintiff has reassured TPA and its shareholders time and again that he would accept whatever they could pay at the time. TPA relied on Plaintiff's assurances and conduct by continuing to make partial payments to Plaintiff which were accepted.

Thus, Plaintiff has waived his right to accelerate the payments pursuant to the Redemption Agreement and the Note as his conduct clearly reflect that he relinquished his rights to exercise the acceleration provision. Further, Plaintiff's written assurances to TPA and its shareholders reflect his intent to ensure that TPA did not feel pressured to make payments in full, and instead lulled TPA into a false sense of security that it could pay whatever it could. Plaintiff and Defendants all abided by and adhered to this conduct for more than two years until Plaintiff was disbarred on December 22, 2022. Following Plaintiff's disbarment, all assurances and course of conduct was immediately abandoned by Plaintiff. However, and contrary to Plaintiff's desire, Plaintiff waived his right to accelerate the provisions of the Redemption Agreement and the Note and is equitably estopped from making a claim for those funds more than two years after accepting periodic partial payments since the inception of the Transaction Documents.

Accordingly, the Court should deny Plaintiff's Motion.

IV. LACK OF PROPER NOTICE

Florida's Rule of Civil Procedure 1.620 requires that Notice be provided to Defendants in accordance with R. 1.610, Fla. R. Civ. P. Rule 1.610 requires that,

> A temporary injunction may be granted without written or oral notice to the adverse party only if: (A) it appears from the specific facts shown by affidavit or verified

> pleading that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition; and (B) the movant's attorney certifies in writing any efforts that have been made to give notice and the reasons why notice should not be required.

Florida R. Civ. P. 1.610(a).

Here, Plaintiff has failed to provide any written or oral notice, failed to effectuate personal service on TPA or its shareholders, and has failed to provide any certification for efforts in providing personal service on TPA. Thus, Plaintiff's Motion should be denied for failure to comply with to statutory notice required to be provided to the adverse party.

CONCLUSION

WHEREFORE, Plaintiffs respectfully request the Court deny the Motion and such other relief as the Court deems just, fair and equitable.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing document has been served via electronic transmission this 29th day of March, 2023 to: Eduardo F. Rodriguez, EFR Law Firm, 800 S. Douglas Road, Suite 350, Coral Gables, FL 33134 (eddie@efrlawfirm.com) (efrlawfirm@gmail.com), Scott Randall Rost, Brennen, Manna & Diamond, P.L., 255 South Orange Avenue, Suite 700, Orlando, FL 32801 (srrost@mbdpl.com) (dsthompson@bmdpl.com) and Business Court Division 43 (cbl43@jud11.flcorts.org).

/s/Robert Clayton Roesch
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The Primary email address for electronic service of all pleadings in this case under Rule 2.516 is: litservice@shuffieldlowman.com

EXHIBIT A

Filing # 163550847 E-Filed 12/22/2022 11:29:09 AM

Supreme Court of Florida

No. SC20-806

THE FLORIDA BAR,
Complainant,

vs.

SCOT STREMS,
Respondent.

No. SC20-842

THE FLORIDA BAR,
Complainant,

vs.

SCOT STREMS,
Respondent.

December 22, 2022

PER CURIAM.

In these consolidated cases, we have for review two referee reports recommending that Respondent, Scot Strems, be found guilty of professional misconduct and suspended for two years for

the gross mismanagement of his law firm (Case No. SC20-806) and receive a public reprimand for failing to communicate with a client (Case No. SC20-842).[1]

As discussed below, we approve the referee's findings of fact in both cases, with one exception. We also approve in part and disapprove in part the referee's recommendations as to guilt and findings in mitigation and aggravation in both cases. Last, we disapprove the referee's recommendations as to discipline; instead, we disbar Strems based on his cumulative misconduct.

I. BACKGROUND

Case No. SC20-806

Strems was the sole partner and owner of the Strems Law Firm, P.A. (SLF), and the firm's caseload grew significantly from its inception. By 2016, the firm had only three litigation attorneys, with each managing approximately 700 cases. SLF's inadequate staffing and lack of sufficient office procedures resulted in client neglect, case dismissals, frustrated judges, and costly sanctions on a near weekly basis.

1. We have jurisdiction. *See* art. V, § 15, Fla. Const.

To deal with these growing pains, Strems hired a litigation managing attorney, Christopher Aguirre. Aguirre drafted policies and procedures to improve SLF's efficiency, and he kept Strems up to date on firm metrics, such as deadlines for discovery, proposals for settlement, and deposition requests. But, despite Aguirre's best efforts, SLF continued to neglect client matters and accrue court sanctions that ranged from $5,000 to $15,000 weekly.

Indeed, between 2016 and 2018, and because of SLF attorneys' willful violation of court deadlines and procedural rules, many SLF clients had their cases dismissed pursuant to *Kozel v. Ostendorf*, 629 So. 2d 817 (Fla. 1993), which established a set of factors a trial court must consider in determining whether dismissal with prejudice is warranted where an attorney has failed to adhere to filing deadlines and other procedural requirements.

In one client's case, an SLF attorney, Orlando Romero, failed to discuss a counteroffer with the client, Carlton McEkron, prior to making the offer at mediation. Further, in another case, when an SLF attorney failed to appear at a summary judgment hearing, the judge called SLF to speak with the attorney but was placed on hold for more than fifteen minutes before the judge ultimately hung up

and proceeded with the hearing without an SLF attorney. Moreover, two judges submitted affidavits describing their colleagues' frequent meetings about SLF's failure to comply with court orders and rules of procedure.

Strems knew from the *Kozel* dismissals and weekly sanctions that there were issues with the management of his firm, but he took insufficient action to rectify the situation. Rather than focus on his then-current clients and reduce the caseload SLF attorneys were expected to manage, SLF continued to accept 20 to 50 new cases per week, and Strems questioned slowdowns in accepting new cases.

Further, SLF or its clients were sanctioned under section 57.105, Florida Statutes, in some instances where SLF filed cases with unsupported claims. For example, in *Mora v. United Property & Casualty Insurance Co.*, No. 2017-010198-CA-01, order at 5 (Fla. 11th Cir. Ct. Aug. 25, 2020), in what was referred to as "a textbook example of the appropriateness of [section] 57.105, [Florida Statutes], to punish and discourage the unfettered pursuit of frivolous lawsuits," the court granted a motion for sanctions against plaintiffs and SLF, stating that they knew or should have known

that the plaintiff's claim was "so devoid of merit on the face of the record that there was little to no prospect that it would succeed." And in *Mojica v. United Property & Casualty Insurance Co.*, No. CACE 16-011382, order at 6-7 (Fla. 17th Cir. Ct. June 22, 2020), the court sanctioned Mojica after finding his deposition testimony, sworn answers to interrogatories, and responses to requests for admissions regarding repairs made to the property to be untruthful. Although the court found SLF negligent for failing to verify its client's testimony and allegations, it did not find that SLF's conduct rose to the level necessary for the court to impose sanctions.

On top of mismanaging his firm, Strems also submitted false or misleading affidavits in two cases where he had attempted to negotiate settlements. Specifically, Strems attached to an affidavit a purported email chain between himself and opposing counsel, but he failed to include seven emails from opposing counsel that directly conflicted with statements in his affidavit.

Based on these facts, the referee recommends that Strems be found guilty of violating the following provisions of the Rules Regulating The Florida Bar (Bar Rules): 4-1.4(a) (Communication – Informing Client of Status of Representation); 4-3.1 (Meritorious

Claims and Contentions); 4-3.2 (Expediting Litigation); 4-3.3(a) (Candor Toward the Tribunal – False Evidence; Duty to Disclose); 4-3.3(b) (Candor Toward the Tribunal – Criminal or Fraudulent Conduct); 4-3.4(a) (Fairness to Opposing Party and Counsel (lawyer must not unlawfully obstruct another party's access to evidence)); 4-5.1(a) (Responsibilities of Partners, Managers, and Supervisory Lawyers – Duties Concerning Adherence to Rules of Professional Conduct); 4-5.1(b) (Responsibilities of Partners, Managers, and Supervisory Lawyers – Supervisory Lawyer's Duties); 4-5.1(c) (Responsibilities of Partners, Managers, and Supervisory Lawyers – Responsibility for Rules Violations); 4-8.4(c) (Misconduct (lawyer shall not engage in conduct involving dishonesty, fraud, deceit, or misrepresentation)); and 4-8.4(d) (Misconduct (lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice)).

Further, the referee found the following four aggravating factors: (1) a pattern of misconduct; (2) multiple offenses; (3) submission of false evidence, false statements, or other deceptive practices during the disciplinary process; and (4) substantial experience in the practice of law. Additionally, the referee found six

mitigating factors: (1) absence of a prior disciplinary record; (2) absence of a dishonest or selfish motive; (3) timely good faith effort to make restitution or to rectify the consequences of the misconduct; (4) character or reputation; (5) interim rehabilitation; and (6) remorse. As a sanction, the referee recommends that Strems be suspended for two years, followed by one year of probation with special conditions, that Strems successfully complete the Bar's Ethics and Professionalism School, and that Strems pay the Bar's costs.

Strems seeks review of the referee's findings of fact; recommendations as to guilt, except as to rules 4-5.1(a) and 4-5.1(b); findings regarding aggravating and mitigating factors; and recommended sanction. The Bar also seeks review of the referee's recommended sanction and urges this Court to permanently disbar Strems.

Case No. SC20-842

SLF represented 84-year-old client Margaret Nowak in a claim against her insurer for damages sustained from a hurricane. She executed a contingency fee agreement that included the following provision:

> 2. Attorney's Fees: Litigation: Client hereby authorizes Attorney to file suit against Client's insurance carrier or other responsible party should they deny, reject, or under-pay Client's claim. If the payment of attorney's fees is required to be determined by the Court, or if settlement is achieved via negotiations with the responsible party, attorney shall be entitled to receive all of such attorney's fees, including any and all contingency risk factor multipliers awarded by the Court. If a settlement includes an amount for attorney's fees, attorney shall be entitled to receive all of its expended and/or negotiated fees. In all cases whether there is a recovery of court-awarded fees or not, by contract or statute, the fee shall be thirty percent (30%) or the awarded amount, whichever is greater. Pursuant to 627.428, Florida Statute, the Insurance Company is responsible to pay for the Client's attorney's fees when and if, the Client prevails against the Insurance Company. NO RECOVERY, NO FEE.

Nowak initially informed SLF that she was willing to accept $30,000 as her prelitigation bottom line, with Nowak receiving $22,500 and SLF receiving $7,500 in attorney's fees under the contingency fee agreement (which entitled the attorney to 25% of a prelitigation recovery). However, SLF attorney Carlos Camejo was unable to obtain an acceptable settlement offer from the insurer in prelitigation, and Nowak authorized SLF to file suit.

After suit was filed, the insurer offered to settle the case for $30,000. When informed of this offer, Nowak stated that she would have accepted this offer if she would receive $22,500 and SLF

would receive $7,500 in attorney's fees, but SLF's attorney's fees under the fee agreement would have prevented Nowak from receiving $22,500, since suit had been filed. Thus, Camejo and Nowak agreed that Camejo would try to obtain a higher settlement offer.

At this point, Strems took over the settlement negotiations. Strems failed to follow up and see if Nowak would still accept $22,500 as her bottom line. However, the file that Strems reviewed before commencing negotiations indicated that Nowak sought a higher recovery than her prelitigation bottom line, as evidenced by Nowak's emails with Camejo stating she had since had to replace an expensive tarp on the roof several times, and a mold issue arose due to the insurer's delay in settling the case. But Strems agreed to settle the case with the insurer's counsel, Matthew Feldman, for $45,000, without Nowak's knowledge or consent. Feldman then emailed Strems to confirm that they "reached a global settlement agreement" and requested that SLF provide him with the settlement check breakdown. Strems emailed Feldman with directions to pay $22,500 to Nowak and $22,500 to SLF. Additionally, Strems wrote an internal memorandum stating that he relied on Nowak's

settlement authority of $22,500 given to Camejo, and he then negotiated $22,500 for SLF's statutory attorney's fees and costs.

The referee found that Strems failed to communicate this settlement offer to Nowak, who learned of it only when SLF sent the settlement documents two months later. Nowak objected to SLF receiving half the insurer's settlement offer in attorney's fees, believing SLF was entitled to receive no more than 30% in attorney's fees pursuant to their fee agreement, and being mistaken as to the applicability of the fee-shifting statute incorporated into the agreement. Nowak emailed SLF requesting an explanation of the settlement breakdown and informed SLF that she would not be signing the documents.

Relying on expert testimony, the referee did not find the contingency fee agreement to be illegal or prohibited, nor did she find SLF's fees to be unreasonable or clearly excessive. Thus, the referee recommends that Strems be found not guilty of violating rules 4-1.2 (Objectives and Scope of Representation), 4-1.5 (Fees and Costs for Legal Services), and 4-1.7 (Conflict of Interest; Current Clients). However, the referee recommends that Strems be

found guilty of violating rule 4-1.4 (Communication) based on his failure to communicate the settlement offer to Nowak.

In recommending discipline, the referee found three aggravating factors: (1) prior disciplinary offenses, (2) vulnerability of victim, and (3) substantial experience in the practice of law. As to mitigation, the referee found the following: (1) absence of a dishonest or selfish motive, (2) timely good faith effort to make restitution or to rectify the consequences of the misconduct, and (3) character or reputation. As a sanction, the referee recommends that Strems receive a public reprimand and pay the Bar's costs.

The Bar seeks review of the report of referee, challenging the referee's recommendations of no guilt as to rules 4-1.2, 4-1.5, and 4-1.7, findings as to aggravating and mitigating factors, and the recommended sanction. The Bar asks this Court to consider Strems' cumulative misconduct and permanently disbar him.

II. ANALYSIS

A. Findings of Fact and Recommendations as to Guilt

To the extent a party challenges the referee's findings of fact, the Court's review of such matters is limited, and if a referee's findings of fact are supported by competent, substantial evidence in

the record, this Court will not reweigh the evidence and substitute its judgment for that of the referee. *See Fla. Bar v. Alters*, 260 So. 3d 72, 79 (Fla. 2018) (citing *Fla. Bar v. Frederick*, 756 So. 2d 79, 86 (Fla. 2000)). To the extent a party challenges the referee's recommendations as to guilt, the Court has repeatedly stated that the referee's factual findings must be sufficient under the applicable rules to support the recommendations as to guilt. *See Fla. Bar v. Patterson*, 257 So. 3d 56, 61 (Fla. 2018) (citing *Fla. Bar v. Shoureas*, 913 So. 2d 554, 557-58 (Fla. 2005)). Ultimately, the party challenging the referee's findings of fact and conclusions as to guilt has the burden to demonstrate that there is no evidence in the record to support those findings or that the record evidence clearly contradicts the conclusions. *Fla. Bar v. Germain*, 957 So. 2d 613, 620 (Fla. 2007).

Case No. SC20-806

We first address Strems' challenge to the referee's findings of fact and recommendation that he be found guilty of violating Bar Rule 4-5.1(c) (Responsibilities of Partners, Managers, and Supervisory Lawyers – Responsibility for Rules Violations). Under rule 4-5.1(c), a lawyer is responsible for another lawyer's violation of

the Bar Rules if the lawyer "orders the specific conduct or, with knowledge thereof, ratifies the conduct involved" or "is a partner or has comparable managerial authority in the law firm in which the other lawyer practices or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action."

Strems failed to responsibly manage SLF and hire enough attorneys to handle the mounting case load. Additionally, he failed to ensure that SLF lawyers complied with rules regarding reasonable diligence and promptness, which led to multiple *Kozel* dismissals. Strems' failure to take reasonable remedial action, given the substantially growing firm, was, in essence, ratification of his associates' actions. His attempts to resolve the case and office management issues were ineffective, and he continued to take on new cases rather than focus on the problems consistently plaguing SLF. Further, when the sanction orders were brought to Strems' attention, he admonished and spoke with the attorneys involved, but the sanctions did not stop. We reject Strems' argument that he should not be held vicariously responsible for his associates'

unproven violations because under rule 4-5.1(c), as the sole partner at SLF, Strems is responsible for what would constitute misconduct by other SLF attorneys, whether it be due to Strems' deficient firm structure or SLF's general practices. Therefore, the referee's findings of fact are supported by competent, substantial evidence and are sufficient to support the recommendation as to guilt, and we find Strems guilty of violating Bar Rule 4-5.1(c).

Next, under Bar Rule 4-3.2 (Expediting Litigation), a lawyer shall make reasonable efforts to expedite litigation consistent with the interests of the client, and under Bar Rule 4-8.4(d) (Misconduct), a lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice. Strems failed to have measures in place to prevent the eight *Kozel* dismissals, as well as the weekly sanction orders. Strems was aware that there was not enough staff at SLF to handle the volume of cases for more than two years, yet he failed to rectify the problem. Further, the record demonstrates that SLF had a larger pattern of consistently failing to adhere to deadlines and disregarding court orders. In several of the *Kozel* cases, for example, SLF failed to comply with numerous court orders and

violated multiple Florida Rules of Civil Procedure, and defendants had to file motions to compel due to SLF's late or insufficient discovery responses. Additionally, the affidavits of two trial court judges referred to SLF's "blatant obstruction of justice in virtually every case where he and his firm enter an appearance." In the judges' experience, SLF "engages in dilatory tactics in virtually every case" by "refus[ing] to participate in discovery, fail[ing] to attend properly notice [sic] hearings, violat[ing] court orders resulting in additional litigation and hearing time before the Court." Therefore, the referee's findings are supported by competent, substantial evidence and are sufficient to support the recommendations as to guilt. We find Strems guilty of violating both Bar Rules 4-3.2 and 4-8.4(d).

We now turn to Bar Rule 4-3.1(Meritorious Claims and Contentions), which provides that a lawyer shall not bring or defend a proceeding unless there is a basis in law and fact for doing so that is not frivolous. The referee found that SLF brought a frivolous case in *Mora*, as evidenced by the sanction order stating that plaintiffs and their counsel knew or should have known that plaintiffs' claim lacked merit. As an initial matter, we reject Strems' argument that

consideration of *Mora* violates his due process rights because it was not referenced in the Bar's petition and was added as an exhibit shortly before trial, because the conduct was "clearly within the scope of the Bar's accusations," and Strems was aware of "the nature and extent of the charges pending against [him]." *Fla. Bar v. Nowacki*, 697 So. 2d 828, 832 (Fla. 1997); *see also Fla. Bar v. Fredericks*, 731 So. 2d 1249 (Fla. 1999). Also, we reject his argument that *Mora* should not have been considered by the referee because it was on appeal, because referees in Bar disciplinary proceedings are "authorized to consider any evidence . . . that they deem relevant in resolving the factual question." *Fla. Bar v. Rood*, 620 So. 2d 1252, 1255 (Fla. 1993). Further, because SLF voluntarily dismissed its appeal, and the sanction order was not considered by the district court, much less reversed, Strems has not demonstrated how consideration of the case has harmed him.

With respect to Strems' claim that he was not involved in *Mora*, the record demonstrates that Strems was responsible for all settlement negotiations; thus, he presumably was involved in the case prior to suit being filed, and as sole partner of SLF, Strems was aware of all cases in the litigation stage. Moreover, after the

defendant in *Mora* served the section 57.105 motion for sanctions on SLF, which was brought to Strems' attention, SLF failed to dismiss the case during the safe harbor period. Accordingly, the referee's findings are supported by competent, substantial evidence and are sufficient to support the recommendation as to guilt. We find Strems guilty of violating Bar Rule 4-3.1.

Strems next challenges the findings of fact and recommendation that he be found guilty of violating Bar Rule 4-3.4(a) (Fairness to Opposing Party and Counsel), which provides in part that a lawyer must not unlawfully obstruct another party's access to evidence. The referee, relying on the orders in *Mora* and *Mojica*, found that Strems failed to provide information to opposing counsel regarding the plaintiffs' misrepresentations. As discussed above, we are unpersuaded by Strems' assertions that consideration of the cases violates his due process rights and that the referee did not find that he was involved in or had knowledge of the cases. Accordingly, the referee's findings are supported by competent, substantial evidence and sufficient to support her recommendation as to guilt, and we find Strems guilty of violating Bar Rule 4-3.4(a).

Furthermore, Bar Rule 4-3.3(a) (Candor Toward the Tribunal – False Evidence; Duty to Disclose) provides that a lawyer shall not knowingly make a false statement of fact or law to a tribunal. Additionally, Bar Rule 4-8.4(c) (Misconduct) provides that a lawyer shall not engage in conduct involving dishonesty, fraud, deceit, or misrepresentation. The referee found that Strems submitted false or misleading affidavits in two circuit court cases based on transcripts and orders from those cases. Contrary to Strems' claim that the referee cannot rely on judges' statements that are not incorporated into final orders, referees are authorized to consider any evidence they deem relevant to resolving factual questions. *See Rood*, 620 So. 2d at 1255. And the trial court, in one of the cases, acknowledged the doctored affidavit and Strems' removal of multiple emails from the email chain in its order granting the defendant's motion for summary judgment as well as in a separate order directing the defendant to report Strems to the Bar. Thus, because the referee's findings of fact are supported by competent, substantial evidence and are sufficient to support the recommendations as to guilt, we find Strems guilty of violating Bar Rules 4-3.3(a) and 4-8.4(c).

Additionally, Strems challenges the referee's findings and recommendation that he be found guilty of violating Bar Rule 4-3.3(b) (Candor Toward the Tribunal – Criminal or Fraudulent Conduct), which provides that a lawyer who represents a client and who knows that a person intends to engage in criminal or fraudulent conduct related to the proceeding shall take reasonable remedial measures. The referee found that SLF knew that the client in *Mora* engaged or intended to engage in fraudulent conduct. Although Strems asserts he had no knowledge of the case, "[a] person's knowledge may be inferred from circumstances." R. Regulating Fla. Bar ch. 4 pmbl. Among other things, the trial judge in *Mora* found that SLF: (1) "knew that the property had preexisting and ongoing damage to the same area of the property claimed in this lawsuit"; (2) "represented Plaintiffs in a prior action and had documents in their possession at least two years before the reported date of loss" that depicted preexisting damage at the property; and (3) "concealed these documents or failed to make any reasonable inquiry of their own." *Mora v. United Prop. & Cas. Ins. Co.*, order at 4-5. Further, SLF had multiple opportunities to dismiss the case but refused despite the plaintiffs having admitted there was

preexisting damage. The motion for sanctions was presumably brought to Strems' attention, yet he failed to take corrective measures, such as directing his subordinates to dismiss the case, and SLF continued to argue before the trial judge that the damage was covered under the policy. Thus, the referee's findings that Strems failed to take remedial measures when his client made a fraudulent claim are supported by competent, substantial evidence and are sufficient to support the recommendation that he be found guilty of violating Bar Rule 4-3.3(b).

Next, Bar Rule 4-1.4(a) (Communication – Informing Client of Status of Representation) provides in relevant part that a lawyer shall reasonably consult with the client about how the client's objectives will be accomplished. The referee found Strems guilty based on the case of Carlton McEkron, where SLF attorney Romero failed to discuss a settlement counteroffer with the client. However, we disapprove the referee's recommendation that Strems be found guilty of Bar Rule 4-1.4(a).

Assuming that Romero's conduct constitutes a violation of the rule, under Bar Rule 4-5.1(c), a lawyer shall be responsible for another lawyer's violation of the rules if: (1) the lawyer orders the

specific conduct or, with knowledge thereof, ratifies the conduct; or (2) the lawyer is a partner and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action. Strems was not present at the mediation in the McEkron case, and there is no record evidence that he had knowledge of Romero's failure to consult with McEkron about the counteroffer, or that he ordered or ratified Romero's failure to consult. Thus, we disapprove the referee's recommendation and find Strems not guilty of violating Bar Rule 4-1.4(a).

Case No. SC20-842

The Bar first challenges the referee's recommendation that Strems be found not guilty of violating Bar Rule 4-1.2 (Objectives and Scope of Representation), which states that a lawyer must abide by a client's decisions concerning the objectives of representation and, as required by rule 4-1.4, must reasonably consult with the client as to how they are to be pursued. We agree that the referee erred in recommending that Strems be found not guilty. Nowak clearly sought a higher recovery due to additional expenses that resulted from the delay in settling the case. Strems

reviewed the file prior to commencing settlement negotiations and was presumably aware that the client wanted more money, but he failed to follow up with Nowak to see if her prelitigation bottom line had changed. When the insurer offered a higher settlement, Strems attempted to give Nowak her prelitigation bottom line, which did not include the additional expenses she had since incurred, and put the difference towards his attorney's fees. These facts do not support a finding that Strems abided by Nowak's objectives of representation. We therefore disapprove the referee's recommendation and find Strems guilty of violating Bar Rule 4-1.2.

Next, the Bar challenges the referee's recommendation that Strems be found not guilty of violating Bar Rules 4-1.5(a) (Fees and Costs for Legal Services – Illegal, Prohibited, or Clearly Excessive Fees and Costs)[2] and 4-1.7 (Conflict of Interest; Current Clients). Bar Rule 4-1.5(a) prohibits an attorney from entering an agreement

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2. The Bar also asks this Court to expressly disapprove and prohibit contingency fee agreements, like that used by SLF, "that allow the lawyer to pick the fee structure that benefits him at the expense of his client." Initial Brief at 36. We reject that characterization of SLF's fee agreement, and our analysis instead focuses on Strems' application of the agreement to the facts of this case.

for, charging, or collecting an illegal, prohibited, or clearly excessive fee or cost. Bar Rule 4-1.7 prohibits a lawyer from representing a client if the representation creates a conflict of interest, especially if there is a substantial risk that the representation will be materially limited by the lawyer's own personal interests. *See* R. Regulating Fla. Bar 4-1.7(a)(2) cmt. ("The lawyer's own interests should not be permitted to have adverse effect on representation of a client.") We agree with the Bar that the referee erred in recommending that Strems be found not guilty of violating both rules while representing Nowak.

The referee relied on Strems' expert witness, who concluded that SLF's attorney's fees were not unreasonable or clearly excessive under the rule, and the fact that Nowak signed SLF's fee agreement, which communicated the basis or rate of the fees and costs, in finding that Strems' fee was not excessive under the fee agreement. And the referee found that there was no conflict of interest between Nowak and Strems. But these findings are contrary to the record evidence.

First, at the final hearing, Feldman, the attorney representing the insurer, disputed Strems' claim of a bifurcated settlement,

stating that all his settlements with SLF were resolved on a global basis and he would "never" negotiate indemnity and then negotiate attorney's fees unless there was a fee hearing. A July 30, 2018, email from Feldman to SLF stated that his client granted him additional settlement authority up to $30,000 and that he hoped to reach "a global resolution" in the case. After receiving this offer, Camejo told Nowak that he would try to obtain a higher settlement so that attorney's fees would be exclusive and Nowak would receive more, but there was no indication that Strems would only be negotiating attorney's fees.

After negotiating with Strems, Feldman emailed him to confirm that they "reached a global settlement agreement" and requested that SLF provide him with the settlement check breakdown. Feldman would not have referred to a "global settlement" and asked Strems for the settlement breakdown if they had discussed the bifurcated settlement referenced in Strems' internal memorandum. Considering all the circumstances, the referee's determination that this was a bifurcated settlement is contradictory to the record evidence.

Thus, under the terms of the contingency fee agreement, SLF was entitled to either a 30% contingency fee or a court-awarded amount. We reject Strems' argument that any amount supposedly negotiated with Feldman is equivalent to court-ordered attorney's fees. *See Fla. Bar v. Kavanaugh*, 915 So. 2d 89 (Fla. 2005). We also reject the notion that the relevant inquiry is whether a $22,500 fee would have been reasonable in light of the fee-shifting statute and the work performed on the case. Like the respondent in *Kavanaugh*, Strems attempted to collect attorney's fees exceeding an amount that is allowed under his contingency fee agreement. We therefore disapprove the referee's recommendation and find Strems guilty of violating Bar Rule 4-1.5.

Moreover, since Strems reviewed the file prior to commencing negotiations with Feldman, he was clearly on notice of Nowak's desire for a higher settlement. However, Strems sought to limit Nowak's recovery to her prelitigation bottom line, while attempting to triple his attorney's fees. Thus, the record demonstrates that there was a clear conflict of interest, with Strems unilaterally seeking to take a higher percentage of the global settlement, entirely

at his client's expense. Accordingly, we disapprove the referee's recommendation and find Strems guilty of violating Bar Rule 4-1.7.

B. Discipline

Lastly, we address the referee's recommendations of a suspension and a public reprimand as the appropriate sanctions in these two cases. Prior to making a recommendation as to discipline, referees must consider the Standards for Imposing Lawyer Sanctions, which are subject to aggravating and mitigating circumstances, and this Court's existing case law. *See, e.g.*, *Fla. Bar v. Abrams*, 919 So. 2d 425 (Fla. 2006); *Fla. Bar v. Temmer*, 753 So. 2d 555, 558 (Fla. 1999). In reviewing a referee's recommended discipline, this Court's scope of review is broader than that afforded to the referee's findings of fact because, ultimately, it is the Court's responsibility to order the appropriate sanction. *See Fla. Bar v. Kinsella*, 260 So. 3d 1046, 1048 (Fla. 2018); *Fla. Bar v. Anderson*, 538 So. 2d 852, 854 (Fla. 1989); *see also* art. V, § 15, Fla. Const.

Additionally, the Court, in its discretion, can impose a combined sanction for all cases and "determine the appropriate discipline from the totality of the conduct as though all of the charges had been presented to [the Court] in one proceeding." *Fla.*

Bar v. Greenspahn, 396 So. 2d 182, 183 (Fla. 1981) (considering cumulatively the alleged misconduct in two complaints). Given the severity of Strems' misconduct, we conclude that the referee's recommended disciplines are not supported, and disbarment is the appropriate sanction for these consolidated cases.

Most of the Standards relied on by the referee fail to account for the more troubling aspects of Strems' misconduct, particularly his submission of false affidavits, his inability to adequately manage SLF and prevent its ongoing failure to comply with court orders and procedural requirements, and the conflict of interest he created with Nowak. We conclude that the most relevant Standards are Standards 4.3(a)(1) ("Disbarment is appropriate when a lawyer causes serious or potentially serious injury to the client and, without the informed consent of the affected client[] . . . engages in representation of a client knowing that the lawyer's interests are adverse to the client's with the intent to benefit the lawyer or another . . . ."); 6.1(a)(1) ("Disbarment is appropriate when a lawyer . . . with the intent to deceive the court, knowingly makes a false statement or submits a false document . . . ."); 6.2(a) ("Disbarment is appropriate when a lawyer causes serious or potentially serious

interference with a legal proceeding or knowingly violates a court order or rule with the intent to obtain a benefit for the lawyer or another and causes serious injury or potentially serious injury to a party."); and 7.1(b) ("Suspension is appropriate when a lawyer knowingly engages in conduct that is a violation of a duty owed as a professional and causes injury or potential injury to a client, the public, or the legal system."). When the Standards are considered collectively, they provide for disbarment.

Strems' argument in Case No. SC20-806 that only Standard 6.2(c), supporting a public reprimand, is applicable lacks merit, since he was not merely negligent in managing his firm. Standard 1.2(c)-(d) defines "negligence" as "the failure of a lawyer to heed a substantial risk that circumstances exist or that a result will follow," and "knowledge" as "the conscious awareness of the nature or attendant circumstances of the conduct but without the conscious objective or purpose to accomplish a particular result." Strems mishandled numerous cases that resulted in weekly court sanctions, case dismissals, and neglected clients. Rather than focusing on his then-current clients and the high caseloads his attorneys were inadequately managing, SLF continued to accept

new cases. Strems knew from the *Kozel* dismissals and weekly sanctions that there were issues with his firm, but he consciously chose not to take appropriate steps.

Further, in Case No. SC20-842, the referee only considered the provisions regarding a suspension or public reprimand under Standard 7.1 (Deceptive Conduct or Statements and Unreasonable or Improper Fees) based on her recommendation that Strems only be found guilty of violating Bar Rule 4-1.4. However, Standards 7.1(b) and 4.3(a) are applicable, because Strems knew Nowak wanted to obtain a higher net settlement when he limited her recovery to her prelitigation bottom line while tripling his attorney's fees, and it is incredulous to believe Strems did not know this constituted a conflict of interest of his own making.

We now turn to consider the referee's findings as to the mitigating and aggravating factors. "Like other factual findings, a referee's findings in mitigation and aggravation carry a presumption of correctness and will be upheld unless clearly erroneous or without support in the record. A referee's failure to find that an aggravating factor or mitigating factor applies is due the same

deference." *Fla. Bar v. Germain*, 957 So. 2d 613, 621 (Fla. 2007) (citation omitted).

In Case No. SC20-806, we disapprove the referee's finding in mitigation of a dishonest or selfish motive under Standard 3.3, and we instead find a dishonest or selfish motive as an aggravating factor under Standard 3.2. Although the referee based her finding on Strems' representation that his goal was to provide good legal counsel for clients, this finding is unsupported by the record. If Strems' goal was to provide good legal counsel, he would not have let the problems that plagued SLF continue for four years. Rather than hiring an adequate number of attorneys to handle the voluminous caseload, he continued to take on between twenty and fifty new cases each week and questioned slowdowns in the acceptance of new cases. Strems' focus on bringing in new cases rather than implementing sufficient measures to handle SLF's volume of cases demonstrates his selfish motive.

As to Case No. SC20-842, we disapprove the referee's finding in mitigation of timely good faith effort to make restitution, because nearly sixteen months passed before Strems agreed to accept 30% in attorney's fees under the fee agreement. We also disapprove the

referee's finding of absence of a dishonest or selfish motive. Although the referee found that there was no evidence that Strems would benefit personally in Nowak's matter, as the sole owner of SLF, Strems benefited personally from all fees generated by the firm. Further, his settlement negotiation of attorney's fees amounting to 50% of the settlement offer without providing a higher amount for Nowak was clearly selfish. We also disapprove the referee's failure to find in aggravation that Strems committed multiple offenses. Strems committed several distinct types of misconduct—failing to communicate the settlement offer to Nowak, attempting to collect an excessive fee, failing to abide by the client's objectives, and engaging in a conflict of interest. *See Fla. Bar v. Patterson*, 330 So. 3d 519 (Fla. 2021) (finding multiple offenses as an aggravating factor where attorney's misconduct was not limited to multiple rule violations based on a single act but several distinct types of misconduct).

In both cases, we approve the remainder of the referee's findings as to mitigation and aggravation that are not challenged by either party.

We now consider the relevant case law. In *Florida Bar v. Shoureas*, 892 So. 2d 1002 (Fla. 2004), we suspended a lawyer for three years for agreeing to represent clients, accepting fees, and then taking little or no significant action and not responding to client inquiries. Significantly, "[a]lthough the referee did not specifically find that Shoureas 'knowingly' failed to perform the agreed-upon services, the fact that she failed to respond to repeated inquiries indicates that she was aware of, or reasonably should have been aware of, her inaction." *Id.* at 1008. Additionally, in *Florida Bar v. Adorno*, 60 So. 3d 1016 (Fla. 2011), we suspended a lawyer for three years for violating Bar Rules 4-1.5, 4-1.7, and 4-8.4 based upon Adorno's negotiating to the detriment of other class members when he settled for named plaintiffs in an amount "grossly disproportionate to the value of their individual claims" and received a $2 million fee for his firm. *Id.* at 1024.

Further, *Florida Bar v. Kane*, 202 So. 3d 11 (Fla. 2016), is somewhat factually similar to Case No. SC20-842. In *Kane*, the Court disbarred three attorneys who secretly negotiated a settlement that created conflicts of interest between lawyers and clients, abandoned clients' claims in favor of greater attorney's fees

for themselves, and withheld from clients information about the settlement to further their own interests. The Court approved the referee's finding of the following aggravating factors: (1) pattern of misconduct over several years, (2) multiple offenses, (3) false statements during the disciplinary proceedings, (4) refusal to acknowledge the wrongful nature of conduct, (5) substantial experience in the practice of law, and (6) indifference to making restitution. 202 So. 3d at 26.

As in *Kane*, there are multiple aggravating factors present in Case No. SC20-842, including a dishonest or selfish motive. However, Strems' failure to disclose the settlement to Nowak was not based on secret negotiations, nor did he abandon his client's claims; rather, he created a conflict with his client by negotiating a larger settlement but limiting Nowak's recovery to her bottom line and interpreting his fee agreement as permitting him to take nearly half the offer for his attorney's fees.

We have also considered that in excessive fee cases, the Court has previously imposed ninety-one-day suspensions. *See, e.g.*, *Fla. Bar v. Carlon*, 820 So. 2d 891, 899 (Fla. 2002); *Fla. Bar v. Richardson*, 574 So. 2d 60, 63 (Fla. 1990). And in conflict-of-

interest cases, the Court has imposed an eighteen-month suspension and a one-year suspension. *Fla. Bar v. Herman*, 8 So. 3d 1100, 1108 (Fla. 2009); *Fla. Bar v. Patterson*, 257 So. 3d 56 (Fla. 2018). Thus, Strems' misconduct in Case No. SC20-842 alone warrants a rehabilitative suspension of at least one year.

Also, *Florida Bar v. Springer*, 873 So. 2d 317 (Fla. 2004), is instructive as to both cases. In *Springer*, an attorney was disbarred for numerous instances of gross misconduct, spanning over five years, including: (1) failing to provide competent representation; (2) failing to act with reasonable diligence; (3) failing to keep his clients reasonably informed; (4) providing falsified copies of documents to clients; (5) failing to file pleadings that led to a default judgment entered against his client; and (6) failing to comply with court orders regarding discovery.

Strems' cumulative misconduct in both cases, which ranged from 2016 to the time of his emergency suspension in 2020, is similarly worthy of disbarment. For example, Strems failed to communicate with Nowak regarding the settlement offer in her case prior to accepting the insurer's offer and then attempted to keep the amount offered that was above Nowak's bottom line as SLF's

attorney's fees. Additionally, multiple clients' cases were dismissed with prejudice pursuant to *Kozel* after SLF failed to comply with court filing deadlines and procedural requirements. Also, Strems submitted false affidavits, and SLF should have known that the clients' claims in *Mora* and *Mojica* were fraudulent. More significantly, Strems failed to fully address the underlying issues facing SLF that resulted from continuing to take on new cases weekly rather than focus on the firm's already substantial caseload.

When all the violations are considered together, the totality of Strems' misconduct warrants disbarment, which would achieve the three purposes of attorney discipline. *See Fla. Bar v. Dupee*, 160 So. 3d 838, 853 (Fla. 2015) ("The purposes of attorney discipline are: (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.") First, the public needs to be protected from Strems' unethical conduct, evidenced by what appears to be SLF's practice of interpreting an ambiguously drafted fee agreement in its favor, as well as its then-ongoing failure to comply with court orders and procedures. Second, Strems must

be disciplined for his misconduct, which continued into the disciplinary proceedings. Third, other lawyers must be deterred from engaging in similar misconduct. Disbarring Strems will place other lawyers on notice that this Court will not tolerate similar misconduct.

Regarding the Bar's request that Strems be permanently disbarred, Strems' misconduct in the instant cases does not warrant such a sanction. Although he has certainly engaged in ethically questionable behavior, he has not demonstrated that he is not amenable to rehabilitation. Permanent disbarment is warranted only where an attorney's conduct indicates he or she engages in a persistent course of unrepentant and egregious misconduct and is beyond redemption. *See, e.g.*, *Fla. Bar v. Norkin*, 183 So. 3d 1018 (Fla. 2015); *Fla. Bar v. Behm*, 41 So. 3d 136 (Fla. 2010).

III. CONCLUSION

Accordingly, Scot Strems is hereby disbarred from the practice of law in the State of Florida. Because Strems is currently suspended, this disbarment is effective immediately. Strems shall fully comply with Rule Regulating The Florida Bar 3-5.1(h). Strems

shall also fully comply with Rule Regulating The Florida Bar 3-6.1, if applicable.

Judgment is entered for The Florida Bar, 651 East Jefferson Street, Tallahassee, Florida 32399-2300, for recovery of costs from Scot Strems in the amount of $45,563.34, for which sum let execution issue.

It is so ordered.

MUÑIZ, C.J., and CANADY, POLSTON, LABARGA, COURIEL, and GROSSHANS, JJ., concur.
FRANCIS, J., did not participate.

THE FILING OF A MOTION FOR REHEARING SHALL NOT ALTER THE EFFECTIVE DATE OF THIS DISBARMENT.

Original Proceeding – The Florida Bar

Joshua E. Doyle, Executive Director, The Florida Bar, Tallahassee, Florida, Patricia Ann Toro Savitz, Staff Counsel, The Florida Bar, Tallahassee, Florida, and John D. Womack, Bar Counsel, The Florida Bar, Miami, Florida; and Chris W. Altenbernd of Banker Lopez Gassler, P.A., Tampa, Florida,

for Complainant

Benedict P. Kuehne and Michael T. Davis of Kuehne Davis Law, P.A., Miami, Florida; Kendall Coffey of Burlington, P.L., Miami, Florida; Mark Kamilar of Law Office of Mark A. Kamilar, Coconut Grove, Florida; Scott K. Tozian and Gwendolyn H. Daniel of Smith, Tozian, Daniel & Davis, P.A., Tampa, Florida; and Nelson David Diaz of LNL Law Group, PLLC, Miami, Florida,

for Respondent

EXHIBIT B

IN THE SUPREME COURT OF FLORIDA

THE FLORIDA BAR,

Petitioner,

v.

SCOT STREMS,

Respondent.

_____/

Supreme Court Case
No. SC-

The Florida Bar File
Nos. 2018-70,119 (11C-MES)
2019-70,311 (11C-MES)
2020-70,440 (11C-MES)
2020-70,444 (11C-MES)

PETITION FOR EMERGENCY SUSPENSION

This petition of The Florida Bar seeks emergency relief and requires the immediate attention of the Supreme Court pursuant to R. Regulating Fla. Bar 3-5.2. The Florida Bar seeks the emergency suspension of Scot Strems, Attorney No. 42524, from the practice of law in Florida based upon facts that establish clearly and convincingly that Mr. Strems and his firm are causing great public harm. The Florida Bar alleges as follows:

1. Respondent, Scot Strems, is and at all times hereinafter mentioned, was a member of The Florida Bar and subject to the jurisdiction and disciplinary rules of the Supreme Court of Florida.

2. Mr. Strems is currently the respondent in several complaints before the Florida Bar, including File Nos. 2018-70,119, 2019-70,311, 2020-70,440, and

2020-70,444. The instant petition concerns some—but by no means all—of the issues raised in those files.

3. Pursuant to R. Regulating Fla. Bar 3-5.2, this petition has been authorized by the Executive Director of the Florida Bar, as indicated below.

4. Pursuant to R. Regulating Fla. Bar 3-5.2, this petition is supported by the affidavits of Hon. Gregory Holder and Hon. Rex Barbas of the 13th Judicial Circuit in and for Hillsborough County. These affidavits are attached to this petition as Exhibits U and V respectively, and they are discussed in more detail below.

Summary of Allegations

5. As the evidence below shows, Mr. Strems sits at the head of a vast campaign of unprofessional, unethical, and fraudulent conduct that now infects courts and communities across the state.

6. Mr. Strems is the owner and the sole named partner of the Strems Law Firm, P.A. ("SLF"), which is based in Coral Gables, Florida. The firm's website boasts approximately 20 attorneys across 6 offices who have a combined 128 years of experience. *See generally* https://www.stremslaw.com/about-us/#~F8h5f52.[1] Relevant to this petition, the firm specializes in first-party property claims, in

[1] The cited page can be found by navigating to the "About Us" tab on the front page of the SLF site at www.stremslaw.com.

which it represents homeowners against their property insures. To give some sense of SLF's reach in this field, the firm's former Litigation Manager, Christopher Aguirre testified in one matter that the firm handles as many as 10,000 files at once. *See* Exhibit S, 20:10-17. He likewise testified that, as a litigation associate, he had a caseload of 700 cases. *See id.*, 11:21-12:3. Consequently, it is fair to say that SLF has a sprawling practice involving thousands of clients.

7. Despite the professional veneer of the firm's website, dockets across Florida are replete with orders sanctioning Mr. Strems and his subordinates for the delay, misrepresentation, and bad faith that have become the hallmarks of their firm's litigation practice. In that vein, an alarming number of SLF's cases follow a familiar pattern:

- Suit is **filed**, with Mr. Strems usually signing the complaint. In many if not most cases, SLF will file separate lawsuits for separate alleged losses, even though they occur under the same policy, at the same property, and at the same time. *See* Exhibit U, ¶ 4; Exhibit V, ¶ 6. After SLF files these cases, its water mitigation company of choice—All Insurance Restoration Services, Inc. ("AIRS")—subsequently files multiple lawsuits in county court relating to the same losses. Exhibit U, ¶ 4. While SLF does not typically represent AIRS in these cases, AIRS proceeds under an assignment of benefits ("AOB" or "a/o/b") executed by SLF's clients. *Ibid.* The end result is that the involvement of respondent and his firm results in "four separate lawsuits filed resulting from the same alleged occurrence." *Ibid.*[2]

[2] The tactics described in this paragraph are more fully discussed below along with the affidavits of Hon. Gregory Holder and Hon. Rex Barbas.

- From the commencement of the suit, SLF engages in a ceaseless pattern of **delay**. Deadlines for written discovery are ignored, as are duly noticed depositions. The matter invariably requires court intervention, which results in additional delay as issues are briefed and hearings are scheduled, canceled, and re-scheduled.

- SLF ignores or otherwise **violates court orders**. Orders compelling discovery responses or depositions are routinely disregarded (among other types of orders), resulting in even further litigation. When SLF does provide discovery responses pursuant to a discovery order, the responses are often incomplete, unverified, or late.

- SLF engages in **mendacious, bad-faith conduct**. In the course of litigating the case—which quickly devolves into a series of discovery and sanctions motions—SLF makes dishonest or even fraudulent statements to opposing counsel and to the court. For example, dubious reasons might be given to excuse an absence from a hearing, or SLF may conveniently forget to apprise the court of a client's death.

- The court **sanctions** SLF and/or its clients. After months (if not years) of delay and the repeated violation of court orders, the court levies heavy sanctions against SLF, including in many cases the dismissal of the entire action with prejudice. Even if the sanctions fall short of dismissal, SLF may simply cut its losses and voluntarily dismiss the matter. In either case, the end result is a massive waste of judicial resources and defense costs, and—of course—nothing for Mr. Strems's clients.

8. This pattern of conduct by Mr. Strems 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.

Standard of Review

9. Rule 3-5.2 of the R. Regulating Fla. Bar lays out the relevant standard for this petition. In short, the Florida Bar must allege facts that "if unrebutted, would establish clearly and convincingly that [the respondent] appears to be causing great public harm…."

10. Relevant to that standard, this petition addresses several sanctions orders against respondent and SLF that were granted pursuant to this Court's decision in *Kozel v. Ostendorf*, 629 So. 2d 817 (1993). In most of these orders, Mr. Strems's case was dismissed with prejudice. *Kozel* provides the following six factors to determine whether to grant such relief:

a. Whether the attorney's misconduct was willful, deliberate, or contumacious, rather than an act of neglect or inexperience;

b. Whether the attorney has been previously sanctioned;

c. Whether the client was personally involved in the act of disobedience;

d. Whether the delay prejudiced the opposing party through undue expense, loss of evidence, or in some other fashion;

e. Whether the attorney offered reasonable justification for his conduct; and

f. Whether the delay created significant problems of judicial administration.

Id. at 818.

11. Consequently, the sanctions orders in the following section include numerous findings that follow these factors, and these orders in turn weigh strongly in favor of a finding of great public harm under Rule 3-5.2 (*see e.g.,* the fourth and sixth factors, which relate to the harm to litigants and the judiciary, respectively).

The Sanctions Orders

12. Below are synopses of orders and other filings across 18 separate cases that lay bare the pattern of unethical and unprofessional conduct by respondent and SLF. They are all attached as Exhibits A through R. The orders below by no means represent the totality of sanctions issued against respondent and his firm. Indeed, the orders themselves make reference to yet more sanctions orders which are not addressed in this petition. These synopses are intended to familiarize the Court with the pattern of conduct that is the subject of this petition; the Florida Bar urges the Court to review each of the exhibits in full.

13. While many of these orders may have been issued over a year ago, this overall pattern of conduct was only recently brought to the attention of the Florida Bar. At any rate, the most recent of these orders is dated February 27, 2020, and involves a misleading affidavit signed by Mr. Strems personally.

Accordingly, while this pattern of conduct may have begun in the past, it continues presently, and will no doubt continue without the intervention of the Court.

14. The orders at issue follow:

a. ***Laurent v. Fed. Nat'l Ins. Co.***
20th Judicial Circuit, Case No. 14-CA-003012
Hon. Elizabeth Krier

- On March 2, 2016, Judge Krier entered an order striking the pleadings in the captioned case and dismissing it with prejudice. *See generally* Exhibit A.

- At length, this order details SLF's continual failure to abide by procedural rules and the court's own orders. *See id.*, ¶¶ 2-8.

- "The Plaintiff's non-compliance with discovery orders and the trial deadlines set forth by the Court demonstrates a willful and deliberate disregard for the Court's authority. The Plaintiff's willful and deliberate disregard of orders issued by the Court has severely prejudiced the Defendant's ability to prepare its case." *Id.*, ¶ 11.

- "The Plaintiff's actions have caused the unnecessary delay of this case." *Id.*, ¶ 12.

- "The Plaintiff attorney's conduct was not a result of neglect or inexperience… Moreover, the delay prejudiced the Defendant's defense of this case." *Id.*, ¶ 14.

- After further discussion of the *Kozel* factors, Judge Krier struck the pleadings and dismissed the case. *See id.*, ¶¶ 13-16.

b. ***Scott v. Security First Ins. Co.***
Broward County Court, Case No. COCE 15-002048
Hon. Stephen Zaccor

- On October 18, 2016, Judge Zaccor dismissed the captioned case with prejudice. *See generally* Exhibit B.

- At length, the court describes SLF's failure to respond to discovery requests, even after being ordered to do so. *See id.*, ¶¶ 5-11.

- Following a motion for contempt, SLF filed interrogatory answers purporting to have been answered by SLF's client. *See id.,* ¶¶ 11-12.

- Two weeks later – with their client's deposition close at hand – SLF filed a notice of suggestion of death, advising the court for the first time that their client had died nearly six months earlier. *See id.*, ¶ 13. Consequently, SLF's client was deceased at the time that her interrogatory answers were filed.

- The insurer-defendant then moved to dismiss the case for SLF's failure to substitute a party (*i.e.*, the decedent's representative), but on the eve of the hearing on that motion, SLF filed a notice of voluntary dismissal in a "deliberate attempt to avoid the Court's jurisdiction and cover up the misrepresentations and willful disregard for the court's process…" *Id.*, ¶ 18.

- "As a result of Plaintiff's counsel's willful disregard and gross indifference for the Florida Rules of Civil Procedure, as well as an Order executed by this Court, litigation had been indefensibly delayed for over 500 days, and Defendant has incurred significant expenses and wasted considerable time and resources." *Id.*, ¶ 20.

- According to the court, "Plaintiff's counsel 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 (1), made misrepresentations to Defendant's counsel, and has exhibited gross indifference for the importance of candor throughout the pendency of this litigation." *Id.*, ¶ 3.

- Consequently, Judge Zaccor set aside the notice of voluntary dismissal, and dismissed the case with prejudice. *Id.*, ¶ 22.

c. ***Scott v. Security First Ins. Co.***
Broward County Court, Case No. COCE 15-020233
Hon. Daniel Kanner

- This is a companion case to the *Scott v. Security First Ins. Co.* case above.[3] It follows the same pattern of conduct with the same result.

- "Notwithstanding the fact that the Plaintiff, Deanne Scott, passed away on September 29, 2015, Plaintiff's counsel did not notify this Court or Defense Counsel until April 20, 2016, roughly two hundred and five (205) days after the fact. Given the amount of time which lapsed, Plaintiff's Counsel either knew or should have known of the Plaintiff's death and apprised the Court of the same." Exhibit C, ¶ 5.

- "[T]his Court finds that the Plaintiff's egregious bad faith conduct, willful disregard for the Florida Rules of Civil Procedure, and gross indifference for the importance of professionalism and civility, constitute a level of fraud which gives this Court the authority to set aside the Plaintiff's Notice of Voluntary Dismissal without Prejudice and impose the foregoing Dismissal with Prejudice." *Id.*, ¶ 2.

d. ***Robinson, et al. v. Safepoint Ins. Co.***
11th Judicial Circuit, Case No. 2015-019927
Hon. Jorge Cueto

- In this case, the insurer-defendant moved to dismiss the case due to an alleged fraud on the court by the plaintiffs. Specifically, the defendant discovered phone records indicating that the plaintiffs had contacted a water mitigation company several days *before* the alleged date of the subject loss.[4]

- In his order on the insurer's motion, Judge Cueto found that "Plaintiffs had provided false and misleading testimony and documentation" for the purpose of "contriv[ing] false water damage claims in order to fraudulently recover money under Plaintiffs' homeowners insurance policy." Exhibit D-1, ¶¶ 3, 5.

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[3] Notably, both of the *Scott v. Security First Ins. Co.* cases involve two alleged losses occurring one week apart under the same policy.

[4] More specifically, the water mitigation company at issue is All Insurance Restoration Services, or AIRS. AIRS is a water mitigation company frequently used in SLF's cases, and is frequently referenced in sanctions orders against the firm.

- "The Court therefore finds that dismissal of the Plaintiffs' entire lawsuit with prejudice is warranted for perpetrating a fraud upon the Court." *Id.*, ¶ 6.

- As Mr. Strems will no doubt point out, Judge Cueto's decision was reversed and remanded by the Third DCA with instructions to conduct an evidentiary hearing on the insurer's motion before proceeding with the case. In this decision, though, the appellate court found that the record "certainly suggests that an attempted fraud on the court may have been committed…" Exhibit D-2, p. 2.

- After the lengthy wait for the resolution of the appeal, the case is back on track, with the insurer-defendant continuing to pursue its efforts to dismiss the case.

e. ***Santos v. Fla. Family Ins. Co.***
9th Judicial Circuit, Case No. 2015-CA-2791
Hon. Kevin Weiss

- In his order dismissing the case, Judge Weiss detailed SLF's lengthy history of violating discovery orders and other pretrial orders and deadlines throughout the case. *See* Exhibit E-1, pp. 2-7. In sum, "Plaintiff and his counsel [SLF] have failed to comply with this Court's Orders on four occasions, and have violated the Florida Rules of Civil Procedure on at least twelve occasions." *Id.*, p. 2.

- "This delay has prejudiced Florida Family [the insurer] through undue expense. Florida Family has unnecessarily expended fees and costs to defend this frivolous litigation. Plaintiff brought this suit against Florida Family, yet fails to obey discovery orders, produce relevant documents, and timely comply with the Rules of Civil Procedure. Defendant has been forced to file 7 motions to compel just to receive documents to which it is entitled in an attempt to defend this suit." *Id.*, p. 9.

- "This delay has caused problems with judicial administration in that the Court has unnecessarily wasted its time and resources hearing and ruling on discovery motions for discovery that Plaintiff is required, by law, to provide to Defendant. This Court should not have to hear or waste its time compelling Plaintiff and his counsel, as an officer of the Court, to comply with this Court's Orders or the Rules of Civil

Procedure. Further, this complete disregard for the Court's authority renders the justice system inoperable." *Id.*, p. 10.

- Following this analysis of the *Kozel* factors, Judge Weiss decided to dismiss the case with prejudice. *See ibid.*

- Judge Weiss vacated the dismissal upon reconsideration, and instead struck several of plaintiff's exhibits, fact witnesses, and experts, and also awarded entitlement to monetary sanctions against both plaintiff and SLF. *See* Exhibit E-2, p. 2. In the framework of the *Kozel* factors, Judge Weiss points SLF's wholesale refusal to comply with the barest requirements of discovery, the discussion of which is far too comprehensive to be summarized here. *See id.*, pp. 3-12. Among other things, Judge Weiss found that SLF "continues to exhibit no respect for this Court's authority," and notes that a prior sanction of $14,533.29 in that same case "has not deterred Plaintiff's counsel from engaging in similar litigation conduct." *Id.*, p. 9.

- According to Judge Weiss, these sanctions were warranted because "Plaintiff and his counsel [SLF] have…demonstrated 'a deliberate and contumacious disregard of this Court's authority and [] bad faith, [and] willful disregard and gross indifference to the applicable rules of civil procedure…'" *Id.*, ¶ 8 (quoting *Mack v. Nat'l Constructors, Inc.*, 666 So. 2d 244, 245 (Fla. 3d DCA 1996)).

- While Judge Weiss's second order invited the plaintiff to submit new witnesses and exhibit lists, the litigation terminated shortly thereafter. Specifically, SLF agreed to pay the defendant $15,000.00 in defense costs, and then voluntarily dismissed the case with prejudice. *See generally* Exhibit E-3; Exhibit E-4.

f. ***Casiano v. Federated Nat'l Ins. Co.***
20th Judicial Circuit (Lee County), Case No. 16-CA-000219
Hon. Alane Laboda

- In this case, SLF missed the court-ordered deadlines for expert disclosures by months. *See* Exhibit F-1.[5] The first time it addressed

[5] The magistrate's report and recommendations cited here were adopted by court order the following day, May 18, 2017.

the issue, the court declined to strike plaintiff's experts and fact witnesses, and instead offered an opportunity to correct the issue. *Id.*, ¶¶ 4-5.

- Unwilling to engage in the discovery process, SLF again failed to provide adequate disclosures in response to the court order, and witnesses further failed to appear for deposition. *See* Exhibit F-2, pp. 2-4. Consequently, several exhibits and witnesses were struck. *See id.*, ¶¶ 3-4.

- Shortly after this order, SLF dismissed its client's case with prejudice. *See generally* Exhibit F-3.

g. ***Rodriguez v. Avatar Prop. & Cas. Ins. Co.***
13th Judicial Circuit, Case No. 16-CA-000575
Hon. Elizabeth Rice

- In her July 14, 2017 order dismissing the captioned case with prejudice, Judge Rice "noted an incredible pattern of delay by Plaintiff and his attorneys from the very inception of the lawsuit." Exhibit G, ¶ 21. Furthermore, "[t]he conduct displayed in this case appears to be part of a disturbing pattern of conduct by the Strems Law Firm…" *Id.*, ¶ 23.b.

- Indeed, Judge Rice spent the greater part of her eight-page order discussing SLF's failure to attend depositions despite agreed-upon deposition dates, subpoenas, and a court order to do so. *See id.*, pp. 1-5. In fact, SLF filed two motions for protective orders to head off their client's deposition, which included various representations the court found to be false. *See id.*, ¶¶ 9-12.

- Judge Rice ordered the deposition to move forward, but SLF and their client ignored that order as well. *See id.*, ¶¶ 14-15.

- Following another blown deposition date, the defendant naturally moved for contempt and sanctions, and in the ensuing hearing, the court found that SLF "recently manufactured" its excuses for refusing to attend the court-ordered deposition. *Id.*, ¶ 20.

- After conducting the six-factor analysis required by *Kozel* (and finding that all factors weighed against SLF), Judge Rice dismissed the case with prejudice. *See id,*, ¶¶ 22-28. In the course of this

analysis, the court found that the insurer-defendant "clearly was prejudiced" by SLF's conduct, and that it "expended unnecessary time and expense in preparing for and traveling to the deposition and considerable time and expense in filing and defending motions related to Plaintiff's failure to comply with discovery – all in a case which has hovered on the brink of dismissal for substantive legal reasons since its inception." *Id.*, ¶ 23.d (emphasis in original). The court further found that "[t]he conduct of Plaintiff and his attorneys has caused substantial problems of judicial administration. The Court has expended many hours in preparing for and conducting hearings related to the matters at issue in the Motion." *Id.*, ¶ 23.f.

- After a nearly two-year appeal, the Second DCA ultimately affirmed Judge Rice's decision on May 17, 2019.

h. ***Reese, et al. v. Citizens Prop. Ins. Corp.***
11th Judicial Circuit, Case No. 2017-001281
Hon. Thomas Rebull

- Here, on the insurer-defendant's *Kozel* motion, Judge Rebull found that "the actions of Plaintiffs and [SLF] warrant[] the ultimate sanction of dismissal with prejudice. Despite prior warnings by this Court, Plaintiffs and Plaintiffs' counsel have defiantly failed to comply [with] this Court's orders on three (3) separate occasions and have violated the Florida Rules of Civil Procedure." Exhibit H, pp. 1-2.

- At significant length, Judge Rebull details SLF's failure to comply with the court's orders to: (i) attend a deposition; (ii) appear at a show cause hearing; and (iii) file a written response to the defendant's motion to strike the pleadings and dismiss the case. *Id.*, pp. 3-4. Furthermore, after all of the notices, correspondence, and motions exchanged on the issue, SLF still "ha[d] yet to provide [Defendant] the most basic discovery in this matter." *Id.*, p. 9.

- In his comprehensive application of *Kozel* analysis, Judge Rebull decided to dismiss the action entirely, characterizing SLF's misconduct as "willful, deliberate, *and* contumacious, as Plaintiffs and their counsel have flouted three (3) of the Court's order[s] in the span of just over one (1) months, the second to last of which this Court entered after *personally* admonishing Plaintiffs' and their counsel that

any further violations of this Court's orders could result in a dismissal of this action." *Id.*, p. 2 (emphasis in original).

- The insurer-defendant "incurred significant fees and costs" after two no-show depositions and three hearings. *Id.*, p. 7.

- "[T]he Court has unnecessarily wasted its time and resources reviewing, entertaining, and ruling on discovery motions for discovery that Plaintiffs (as the Court *personally* explained to Plaintiffs and Plaintiffs' counsel during the hearing held on June 26, 2017), are required – by law – to provide [Defendant]." *Id.*, p. 8.

- Judge Rebull further notes that SLF's "behavior is no aberration, as Plaintiffs' counsel has been previously sanctioned on numerous occasions for similar conduct." *Id.*, p. 3.

i. ***Rivera, et al. v. Security First Ins. Co.***
13th Judicial Circuit, Case No. 16-CA-004946
Hon. Rex Barbas

- In a sanctions order dated August 16, 2017, Judge Barbas recounted SLF's repeated failure to attend its clients' depositions, which were all coordinated with defense counsel. *See* Exhibit I-1, ¶¶ 6-44. In each instance, SLF reached out to defense counsel to reschedule the depositions at the eleventh hour, citing ostensible conflicts that SLF could not or would not substantiate. *See ibid.*

- Apparently fed up with the year-long delay in obtaining these depositions, the insurer-defendant filed a Motion for Sanctions for Continued Pattern of Delay and for Plaintiff's Failure to Appear at Deposition. *See id.*, ¶ 41. The motion sought dismissal and monetary sanctions. *See id.*, ¶ 42. Despite the relief sought by the defense, SLF filed no response. *See ibid.*

- In his order on the sanctions motion, Judge Barbas made several findings of SLF's misconduct. For example:

> 45. Plaintiffs' lawyers' actions in this litigation have been deliberate and contumacious and designed to prevent the orderly movement of this litigation.

46. The most basic discovery, Plaintiffs' depositions were deliberately delayed, and Plaintiffs failed to provide any credible or reasonable justification for the delays.

47. At some point mere foot dragging becomes conduct which evinces deliberate callousness and willful disregard of the Court's authority. *Turner v. Marks*, 612 So. 2d 610 (Fla. 4th DCA 1992).

48. Plaintiffs' lawyers have willfully disregarded the Florida Rules of Civil Procedure and the Rules of Professional Conduct and have engaged in bad faith litigation conduct.

49. The actions of Plaintiffs' lawyers have caused substantial problems of judicial administration in not only this case, but this Circuit Court.

…

51. The delays and violations of Court Orders by The Strems Law Firm, P.A. are not isolated. The Strems Law Firm, P.A. has evidenced a pattern of litigation delays and frequently violates Court Orders.

52. This Court previously sanctioned Plaintiffs' counsel and/or Plaintiffs in this case for failing to comply with a Court Order. *See Order Granting Defendant's Motion for Sanctions for Failure to Comply with Court Order*, signed 12/8/2016.

Id., ¶¶ 45-52.

- Based on the foregoing, Judge Barbas entered a sanctions award of $37,000.00 "to be paid by Scot Strems, Esq. from his personal account." *Id.*, ¶ 58. "The Court further advises The Strems Law Firm, P.A. that if another lawsuit is filed before it, Scot Strems, Esq. shall be required to appear before the Court at any hearings, and may not send any other attorney from The Strems Law Firm, P.A. to appear on his behalf. *Id.*, ¶ 60.

- Additionally, Judge Barbas referred SLF to the Florida Bar in the text of the order itself. *See id.*, ¶ 59.[6]

- Upon SLF's motion for reconsideration, Judge Barbas vacated the original sanctions order on November 29, 2017 in order to grant the parties an evidentiary hearing on the amount of the sanctions award, and in order to permit SLF and Mr. Strems an opportunity to present evidence that they did not act in bad faith. *See generally* Ex. I-2.

- While SLF was busy litigating these sanctions issues, their clients were defeated on summary judgment due to their failure to comply with post-loss obligations under the insurance policy. *See* Exhibit I-3, ¶¶ 5-7. More specifically, plaintiffs failed to submit a sworn proof of loss, failed to submit to examinations under oath, and failed to show damaged property relevant to the loss. *See id.*, p. 2. The court explicitly reserved jurisdiction to decide the sanctions issues. *See id.*, p. 3.

- SLF appealed the court's summary judgment order on or about December 27, 2017. The year-and-a-half appeal concluded with a *per curiam* affirmation of Judge Barbas's order on or about May 24, 2019.

- In the interim, SLF did nothing further to attempt to vindicate itself on the sanctions issues. Nothing on the docket indicates that the evidentiary hearing on the award or bad faith issues moved forward. As the case is currently open (as of the drafting of this petition), it appears that those issues are still pending.

j. ***Perez, et al. v. Homeowners Choice Prop. & Cas. Ins. Co.***
13th Judicial Circuit, Case No. 16-CA-010243
Hon. Gregory Holder

- The dispute in this case arose out of SLF's refusal to submit their client for contractually mandated examination under oath ("EUO"), and their refusal to submit his sworn statement. *See* Exhibit J-1, 7:8-12:14.

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[6] The Florida Bar subsequently opened this matter under File No. 2018-70119.

- In his order dismissing the case, Judge Holder found that "through the conduct of counsel for the Plaintiffs, The Strems Law Firm, P.A., this case has been continuously delayed, resulting in additional cost, time, energy, and expense expended by the Defendant. Specifically, Strems Law Firm has engaged in bad faith litigation practices both in the case and in additional matters before this Court on previous occasions… ." Exhibit J-2, pp. 1-2.

- In the hearing on the order, Judge Holder explained that SLF "has engaged in these tactics on a repeated basis, whether it's incompetence, misfeasance, malfeasance, nonfeasance, or just a lack of ethics, we will make that determination, but indeed it must stop." Exhibit J-1, 15:8-12.

k. ***Morales, et al. v. Federated Nat'l Ins. Co.***
Volusia County Court, Case No. 2016 11929 CODL (71)
Hon. Angela Dempsey

- As with several other cases, the litigation in this matter centered around SLF's repeated failure to provide responses to discovery, its failure to attend depositions, and its repeated violation of court orders. *See generally* Exhibit K, ¶¶ 2-6.

- "The Plaintiff's non-compliance with this Honorable Court's Discovery Orders demonstrates a willful and deliberate disregard for the Court's authority thereby justifying the application of the sanction of striking Plaintiffs' pleadings. The Plaintiff's actions constitute a pattern of willful, contemptuous, and contumacious disregard of lawful Court Orders." *Id.*, ¶¶ 7-8.

- "At some point mere foot dragging becomes conduct which evinces deliberate callousness and willful disregard of the court's authority." *Id.*, ¶ 11 (citing *Turner v. Marks*, 612 So. 2d 610 (Fla. 4th DCA 1992)).

- "Given the totality of the circumstances," the court struck the plaintiff's pleadings and dismissed the case with prejudice. *Id.*, ¶ 12.

l. ***Collazo v. Avatar Prop. & Cas. Ins. Co.***
13th Judicial Circuit, Case No 16-CA-1883
Hon. Paul Huey

- In this case, the insurer-defendant filed a motion to dismiss with prejudice that explains the "standard operating procedure" of SLF "to ignore the well-established law, disregard the Florida Rules of Civil Procedure, violate Court orders, and thwart insurers' attempts to conduct discovery and defend themselves." Exhibit L-1, ¶ 16.

- The insurer's motion charts out all the usual landmarks of litigation with SLF, which includes:

  - SLF's failure to respond timely (or at all) to written discovery. *See id.*, ¶¶ 48, 55, 112, 116-121, 130, 135.

  - SLF's untimely tender of deficient and unresponsive responses to written discovery. *See id.*, ¶¶ 56, 57. To give some sense of the deficiencies in these responses, it bears noting that SLF apparently raised blanket, copy-paste objections to an interrogatory requesting that SLF explain the factual allegations central to its own case. *See id.*, ¶ 90.

  - SLF's refusal to cooperate on setting hearings on dispositive motions. *See id.*, ¶¶ 59, 66.

  - SLF's failure to secure the attendance of its own adjusters/loss consultants at depositions, including depositions scheduled pursuant to court order. *See id.*, ¶¶ 62-63, 104-105, 107.[7]

  - SLF's efforts to unilaterally set hearings and depositions. *See id.*, ¶¶ 66, 95, 132.

  - SLF's violations of court orders, directives, and deadlines. *See id.*, ¶¶ 92, 94, 99, 104, 107, 112, 116, 119, 129-130, 134.

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[7] In fact, the motion gives a lengthy discussion of the relationship between SLF and its favored adjusters/loss consultants All Insurance Restoration Services, Inc. ("AIRS") and Contender Claims Consultants, Inc. ("Contender"). The motion avers, among other things, that these companies, along with SLF, "are involved in literally thousands of claims together, more likely, tens of thousands of claims." Ex. L-1, ¶ 4. Insurer's counsel "never has encountered, not once, a single case where AIRS or Contender was involved, and [SLF] was not." *Id.*, ¶ 5. "[T]he purportedly failed part [of the home] allegedly causing the problem had been disposed of, with no photographs or videos taken of the same. Significantly, this **exact** scenario happens in every single claim involving [SLF], AIRS and Contender, which again, are thousands or tens of thousands." *Id.,* ¶ 9 (emphasis in original).

- In light of these submissions (and others far too numerous for this summary) Judge Huey found that the insurer-defendant's motion was "well-taken" and dismissed the case with prejudice, finding that the submissions satisfied the *Kozel* factors. Exhibit L-2, ¶¶ 3-5.

- On March 20, 2020, the Second DCA affirmed Judge Huey's decision following a two-year appeal.

m. ***Frazer, et al. v. Avatar Prop. & Cas. Ins. Co.***
17th Judicial Circuit, Case No. CACE 16-015798 (14)
Hon. Carlos Rodriguez

- In his order dismissing this case, Judge Rodriguez found that "[f]rom the record evidence, there is no question that [SLF], Plaintiffs' public adjuster – [Contender], and the other company hired by Plaintiffs, [AIRS], have a multitude of claims together. It is equally clear that Strems, Contender and AIRS routinely fail to appear for scheduled examinations under oath as well as depositions." Exhibit M, ¶ 7.

- The court went on to discuss plaintiffs' and SLF's repeated failure to provide discovery responses and attend agreed-upon EUO's and depositions. *Id.*, ¶¶ 8-38.

- What few discovery responses SLF provided were "grossly deficient and mendacious," and "never verified." *Id.*, ¶¶ 42-43.

- On one occasion, one of the plaintiffs "appeared for deposition, but left pursuant to the instructions of Strems without giving any testimony." *Id.*, ¶ 24.

- During the court-ordered deposition of the other plaintiff, "Mr. Saldamando [an attorney for SLF] repeatedly instructed [the plaintiff] not to answer proper questions with no basis at all. Then, with a question pending and unanswered, Mr. Saldamando unilaterally declared a break over the strenuous objection of Defendant's attorney, removed [the plaintiff] from the room, and spent some twenty minutes or so discussing the case with her, again, with a question pending." *Id.*, ¶ 56.

- At another deposition, "Mr. Saldamando would not allow the deposition to proceed unless Defendant agreed to certain stipulations,

which were not only impermissible, they were in direct contradiction to the Court's directives." *Id.*, ¶ 57.

- Furthermore, Judge Rodriguez found that "the conduct of [SLF] and Mr. Saldamando here, is no aberration." *Id.*, ¶ 64.

- "[T]he Court finds that the *Kozel* factors have been satisfied, and the circumstances of this cause warrant dismissal of the action with prejudice." *Id.*, ¶ 63. Judge Rodriguez then levied sanctions of $22,877.02 against SLF and Mr. Saldamando. *Id.*, ¶¶ 65, 67.

- Judge Rodriguez offered a more itemized account of SLF's sanctionable conduct late in the order. *See id.*, ¶ 66. Without belaboring a point-by-point recitation of these findings, Judge Rodriguez held that "[t]he conduct is deliberate and contumacious. … Throughout this case and per the orders filed, in many other cases, the conduct is such that it cannot be said to be an accident or isolated conduct but has been sanctioned previously, the client may or may not be involved but the conduct appears attorney drive, the prejudice to the defense has been extreme, rendering them totally unable to defend the case, there has been no offered justification, other than an obvious, and observed by the Court in the courtroom, animosity toward the defense and finally, the administration of justice has been brought to a halt beyond just the discovery issue because this case improperly appeared on the trial docket, bumped other ready cases and wasted time." *Ibid.*

- While SLF appealed Judge Rodriguez's decision on November 2, 2018, their initial brief was not filed until December 13, 2019, following the Fourth DCA's show-cause order requiring that filing.

- On June 3, 2020, the Fourth DCA released its decision, vacating the monetary sanctions against SLF on the basis that the trial court did not provide sufficient notice and opportunity to be heard regarding those sanctions. The decision otherwise left Judge Rodriguez's findings untouched.

n. ***Ramirez et al. v. Heritage Prop. & Cas. Ins. Co.***
13th Judicial Circuit, Case No. 16-CA-3258
Hon. Rex Barbas

- In his August 23, 2018 order in the captioned matter, Judge Barbas details an extensive campaign of misconduct on behalf of Mr. Strems, SLF, and various other attorneys of the firm. Totaling 67 paragraphs, the court's findings of fact and conclusions of law recite a litany of discovery violations by SLF, including the firm's serial failure to provide written responses or appear at depositions, as well as its casual violation of several court orders. *See generally* Exhibit N, pp. 2-12. These violations are far too numerous to be individually recited here.

- In the court's words, SLF "demonstrated a 'deliberate and contumacious disregard of this Court's authority and [] bad faith, [and] willful disregard and gross indifference to the applicable rules of civil procedure,' by failing to comply with this Court's Orders on at least four occasions and spoiliating evidence." *Id.*, p. 14 (quoting *Mack v. Nat'l Constructors, Inc.*, 666 So. 2d 244, 245 (Fla. 3d DCA 1996)).

- The defendant "has had to unnecessary[ily] defend this frivolous case and has had to research and draft motions, correspond with opposing counsel, and attend hearings in order to secure discovery responses that Plaintiffs are required, by law, to provide to Defendant." *Id.*, p. 19.

- "This delay has caused problems with judicial administration in that the Court has unnecessarily wasted its time and resources hearing and ruling on discovery motions for discovery that Plaintiff is required, by law, to provide to Defendant. This Court should not have to hear or waste its time compelling Plaintiffs and their counsel, as an officer of the Court, to comply with this Court's Orders or the Rules of Civil Procedure." *Id.*, pp. 19-20.

- Judge Barbas ultimately dismissed this case with prejudice based upon SLF's "continued and willful violations of this Court's Order and for spoiliating relevant evidence…" *Id.*, p. 13.

o. ***Rodriguez v. Am. Security Ins. Co.***
10th Judicial Circuit, Case No. 2017-CA-002051
Hon. Michael Raiden

- In an order entered on November 14, 2018, Judge Raiden unpacks a litany of dilatory conduct and violated court orders too lengthy to be completely summarized here. *See generally* Exhibit O. The order grants the insurer-defendant's motion to show cause resulting from SLF's characteristic failure to comply with discovery.

- The insurer-defendant propounded written discovery on SLF on or about July 21, 2017, and SLF made no response by the time that the defendant filed the subject sanctions motion nearly 8 months later. In that time, SLF failed to respond to those discovery requests, failed to respond to counsel's follow-up correspondence, and failed to appear for a mutually scheduled deposition. *See id.*, ¶ 2.

- Though the insurer's motion imperiled the plaintiff's entire case, SLF sought to withdraw as counsel while the motion was still pending. *See id.*, ¶ 3. According to SLF's counsel on the case, they became unable to communicate with their client. *Ibid.* SLF represented that their client was aware of the lawsuit and the posture of the litigation, even though there was no indication that their client was actually mailed a copy of SLF's motion to withdraw. *Ibid.*

- SLF was able to secure the plaintiff's attendance at a November 5, 2018 hearing on the insurer's motion to show cause, and during her testimony, the plaintiff "denied ever having personally filed a claim with the Defendant, authorizing anyone else to do so, or authorizing anyone to file suit on her half." *See id.*, ¶ 4. "More disturbingly, [the plaintiff] also produced a copy of a purported contract for services between herself and the Strems Law Firm and testified that her signature had been forged on this document." *Ibid.* She further testified that she had "refused to attend [her deposition] because [SLF] did not represent her and she had not filed suit." *Ibid.*[8]

[8] Ms. Rodriguez's testimony here clearly echoes the allegations made against respondent and SLF in a recently filed class-action lawsuit captioned *Sonia Ortiz v. The Strems Law Firm, P.A., et al.*, Case No. 2020-CA-004053-O in the 9th Judicial Circuit in and for Orange County, Florida. A copy of the

- The court held a follow-up hearing on November 6, 2018, but no one from SLF attended the November 6, 2018, despite being advised that appearance would be in the firm's best interest. *See id.*, p. 1, ¶ 13(a).

- After addressing a number of sanctions orders against SLF in other matters (some of which are discussed in this petition), Judge Raiden then turned to the issue of whether dismissal of the action was appropriate under *Kozel*. While he found that the plaintiff was not personally involved in SLF's misconduct, the remaining five factors all warranted dismissal. *See id.*, ¶¶ 13(a)-13(e). In relevant part, Judge Raiden analyzed the *Kozel* factors as follows:

  (a) Whether the attorney's disobedience was willful, deliberate, or contumacious, rather than an act of inexperience.

  YES. **The history of this case reflects the same strategy of delay, delay, delay, without adequate explanation**, as those cited above. Moreover, the case at bar adds an additional wrinkle not found in those opinions, *viz.*, Plaintiff's claim that she never entered into a contract for representation with the Strems firm and never authorized this lawsuit. There are two reasons why the Court chooses to believe Ms. Rodriguez. First, what would be her motive to lie? … Most notably, this is not a situation in which the Plaintiff appeared in an effort to salvage her lawsuit. Thus her testimony that she never asked for the suit and doesn't want to pursue it is compelling. Second, as noted early on in this order, the Strems Law Firm did not send a representative to the November 6 hearing. It made that choice at its peril, as the Court suspected it might.

  (b) Whether the Attorney Has Been Previously Sanctioned.

  YES. While the Court has no information personally implicating the individual attorneys who have filed pleadings in this matter, the

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amended complaint in this lawsuit is attached as Exhibit T. While the entire pleading is well worth reviewing, paragraph 41 and its subparagraphs paint a vivid picture of how respondent and his firm allegedly use third-party runners to solicit representation from unwitting homeowners, who are unaware that they are signing retainer agreements with SLF. This scheme is characterized as a "plot of deception to thwart Florida Bar Ethics and anti-solicitation statutes." Exhibit T, ¶ 41. Based upon her testimony, it appears that Ms. Rodriguez was a victim of this scheme.

foregoing recitation amply demonstrates **a history of willful misconduct on the part of the firm in general designed to mislead insurance companies and the court system**.

…

(d) Whether the Delay Prejudiced the Opposing Party Through Undue Expense, Loss of Evidence, or In Some Other Fashion.

YES. The lawsuit has been active for nearly a year and a half with little or no meaningful discovery provided despite Defendant's repeated and reasonable efforts, including motions and hearings, to obtain it. As in several of the cases cited in this order, **the Strems firm has blamed the client for its problems in responding, which representations turn out to be true only because the client has disavowed the suit**.

(e) Whether the Attorney Offered Reasonable Justification for Noncompliance.

NO.

(f) Whether the Delay Created Significant Problems of Judicial Administration.

TO SOME EXTENT. This Court's labors do not appear to have been quite so extensive as in some of the opinions provided by Defendant, but given that **the case seems to be invalid *ab initio*** even a few hours' work on hearings and orders was unjustifiably shifted away from other, more deserving litigants.

Id., ¶¶ 13(a)-13(f) (emphasis supplied; text reformatted for ease of review).

- Finding that the *Kozel* factors were satisfied, Judge Raiden dismissed the action with prejudice, and denied SLF's motion to withdraw as counsel "pending compliance with the sanctions to be imposed in this order," which included the insurer-defendant's fees and costs, which "shall be paid exclusively by counsel with no obligation whatsoever attending to Ms. Rodriguez." *Id.*, p. 9.

- SLF's attempt to appeal Judge Raiden's order ultimately failed, and on November 13, 2019, SLF moved to vacate the order. A hearing on that motion has yet to occur.

p. ***Vera v. Am. Security Ins. Co.***
13th Judicial Circuit, Case No. 18-CA-006103
Hon. Lamar Battles

- SLF filed the captioned suit on June 25, 2018, naming Mirta Vera and Israel Perez as plaintiffs.

- The insurer successfully moved to compel appraisal, obtaining an agreed order from SLF on December 6, 2018 to submit the claim to appraisal.

- Notwithstanding the agreed order, SLF apparently refused to permit the appraisal panel to inspect the property at issue. The insurer-defendant filed a motion for precisely that relief on March 26, 2019. It also sought sanctions for SLF's violation of the agreed order.

- Furthermore, during this time a dispute apparently arose between the parties as to whether plaintiff Israel Perez was, in fact, alive.

- A hearing was held on the insurer-defendant's motion on May 1, 2019. Exhibit P-1.[9] During the hearing, Judge Battles made several findings, including:

> [The Court:] Counsel's motion today points out a pattern of violation of this Court's orders that is best described in their motion and through a litany of past orders. It's not an isolated incident.
>
> A long time ago in this very hearing room on numerous occasions, Mr. Drake of the Strems Law Firm has been ordered and required to file the notice of related cases.

[9] This transcript is included as an exhibit to SLF's motion to disqualify Judge Battles, but for the Court's ease of reference, it is filed separately here as its own exhibit.

> That was not done in this case until after 9:00 last night before this hearing today at 2:00 p.m.
>
> …
>
> Plaintiff is required to, by written submission to the record and to this Court, show cause within 10 days of the order regarding whether Israel Perez is deceased or whether the Israel Perez identified in this long-standing lawsuit is the correct party plaintiff. If this is a deceased individual, you had an obligation to immediately make counsel, the court and everyone aware. …
>
> I want to make one other thing clear. Based on this record of late submissions, violations, or close to violations of court orders, the Court in this particular case is going to order, and I want you to get this specifically, that Scott Strems, Esquire, the President of Strems Law Firm, is to appear before the Court at any further hearings in this matter. And that would be a personal appearance; no telephonic appearance. Let's be clear so there's no misunderstanding. Scott Strems will physically appear in any further hearings on this matter, along with the client or clients.

Id., 3:19-5:23.

- Ultimately, the insurer-defendant's motion was granted in part by an order issued May 2, 2019. *See* Exhibit P-2. The order provides, in relevant part:

> 3. Plaintiffs shall, by written submissions to the Court, show cause within 10 days from the date of this Order as to whether Israel Perez is deceased or whether Israel Perez is identified as a correct party Plaintiff. Plaintiffs shall also file their written submission to the Court with the Clerk.
>
> 4. Scot Strems, Esq., shall personally appear before the Court at any further hearings in this matter. Scot Strems, Esq. may not appear telephonically and may not send any other

attorney from The Strems Law Firm, P.A. to appear on his behalf.

Id., ¶¶ 3-4.

- Remarkably, shortly after Judge Battles's order, SLF moved to disqualify him from the case on May 13, 2019 citing "multiple…derogatory statements made about [SLF]" including, *inter alia*, Judge Battles's observations above. *See* Exhibit P-3, ¶ 14.

- Included as an exhibit to SLF's Motion to Disqualify is a photograph of a Verification of Israel Perez. Mr. Perez represents that he is in fact "one of the Plaintiffs in this case" and that his father who shared his same name passed away in 2002. Exhibit P-4, ¶¶ 1-2.

- Judge Battles denied the motion for disqualification on May 15, 2019. Unwilling to accept this outcome, SLF petitioned the Second DCA for a writ of prohibition, effectively seeking reversal of Judge Battles's decisions.

- The Second DCA dismissed SLF's petition on October 21, 2019, leaving Judge Battles's orders in place. Nonetheless, there has been no meaningful activity in this case since. Save for the appeal-related filings and an agreed order substituting defense counsel, SLF has not acted in this case since June 5, 2019.

- It further bears noting that, despite Mr. Perez's prior representation that he was a true party plaintiff in this action, he was quietly dropped as a plaintiff in the amended complaint filed on June 5, 2019. *See generally* Exhibit P-5. In fact, the amended complaint makes no mention of Mr. Perez at all.

q. ***Courtin v. Homeowners Choice Prop. & Cas. Ins. Co.***
11th Judicial Circuit, Case No. 2016-CA-6419
Hon. Pedro Echarte

- In the captioned action, the insurer-defendant filed a Motion for Sanctions for Fraud Upon the Court against SLF and Mr. Strems personally. *See generally* Exhibit Q-1. This motion responded to an

affidavit signed by Mr. Strems personally, which pertained to correspondence with the insurer-defendant that ostensibly suspended plaintiff's obligation to sit for an examination under oath.

- The motion avers that Mr. Strems's affidavit offers a one-sided, cherry-picked account of his correspondence with the insurer-defendant. *See id.*, ¶¶ 22-23. More to the point, "it was discovered that Scot Strems removed numerous emails sent from Aaron Ames that directly conflict with the allegations [Strems] alleges in his affidavit…" *Id.*, ¶ 24.

- From the full, unabridged correspondence between Mr. Strems and the insurer's representative, it is clear that there was never any agreement to suspend Mr. Strems's clients' obligations to sit for an EUO. *See id.*, ¶¶ 25-37. Consequently, the insurer alleged that Mr. Strems committed fraud upon the court by submitting a sworn affidavit that he knew to be false in order to avert the court's rightful disposition of the case. *Id.*, ¶¶ 41-43.

- Judge Echarte ultimately deferred ruling on the sanctions issue until the appeal was resolved on his prior decision granting summary judgment in the insurer's favor. *See* Exhibit Q-2. Judge Echarte did hear the motion, however, and he did not mince words regarding his thoughts on Mr. Strems's affidavit, expressly characterizing his claims as "false." *See* Exhibit Q-3, 18:1-6. The following exchange is illustrative:

  THE COURT: The lack of candor that Mr. Strems has exhibited in this affidavit – are you shaking your head as I'm addressing you?

  MS. GIASI: No, your Honor.

  THE COURT: I thought you were.

  MS. GIASI: I apologize. I was not.

  THE COURT: It's **stunning lack of candor**. I'm flabbergasted that a lawyer would risk his or her career to make **false claims**.

  MS. GIASI: Your Honor –

THE COURT: **It's false**. What else do you want me to say?

MS. GIASI: Respectfully, I think that the Court needs to look at this from the 30,000-level view. There were EUO's requested –

THE COURT: What on earth does that mean?

MS. GIASI: Let's look at the big picture.

THE COURT: Oh. I was looking at the small picture?

…

THE COURT: I'm going to defer ruling on the Motion to Dismiss for Fraud upon the Court in view of the fact that I have already granted a summary judgment. I will revisit this motion should the 3rd District Court of Appeals choose to reverse the granting of the motion for summary judgment. In the meantime, **I'm going to direct you to refer Mr. Strems to the Florida Bar.**

Id., 17:20-18:15, 19:7-14 (emphasis added). Consequently, Judge Echarte's order deferred a ruling on the sanctions issue, but expressly directed defense counsel in that case to report Mr. Strems to the Florida Bar based upon his affidavit. *See* Exhibit Q-2.

r. ***Watson v. Homeowners Choice Prop. & Cas. Ins. Co., Inc.***
Broward County Court, Case No. 16-3269 COCE (53)
Hon. Robert Lee

- In this case, respondent filed an affidavit that was essentially the same as the affidavit filed in the *Courtin* case above, and again the court saw through it. In its order granting summary judgment against respondent and his client, the court found:

> More troubling to the Court, however, is Plaintiff's attempt to avoid summary judgment by submitting letters and email chains as "summary judgment evidence" that are in reality settlement negotiations. Clearly, these documents could be inadmissible at trial and cannot be used to thwart summary

> judgment. *See* Rule 1.510(e). Additionally, although ultimately not necessary to the Court's decision in this case, the Defendant has some support for its contention that the email relied upon by Plaintiff that purports to waive the EUO requirement has been doctored to eliminate the reply email in which the Defendant responds forcefully that it is not waiving the EUO.

Exhibit R, p. 3. The court granted summary judgment in the insurer's favor, and reserved jurisdiction on the request for sanctions for the "doctored" material in the affidavit. *Id.*, p. 4.

- SLF commenced their appeal of the court's decision on July 23, 2018. In keeping with the SLF's signature pattern of delay, its initial brief has still not been filed in the appeal.

Affidavits

15. The following affidavits are from Hon. Gregory Holder and Hon. Rex Barbas of Florida's 13th Judicial Circuit. Each of these judges have presided over cases involving SLF and have personally witnessed the type of conduct described above. (Indeed, some of their cases are discussed above.) Consequently, these judges have a full-color, firsthand understanding of how SLF operates, and each of them is uniquely qualified to comment on the harm SLF as caused and will continue to cause to the public and the judiciary.

16. Judge Holder has served on the bench since 1994, and presently sits in the General Civil Division, where he has over ten years of experience. *See* Exhibit U, ¶ 1. In that time, he has "presided over hundreds of cases" involving Mr. Strems and SLF. *Id.*, ¶ 2.

17. Judge Barbas was elected in 1996 and served as a Circuit Court judge in the 13th Judicial Circuit since 1997. *See* Exhibit V, ¶ 1. He was assigned to the General Civil Division from 2005 through 2007 and was reassigned to that division in 2015 before being appointed as that division's Administrative Judge in May 2017—a position he holds through the present. *See id.*, ¶¶ 2-3.

Respondent's Delay and Mendacious Conduct in Litigation

18. Both Judge Holder and Judge Barbas make extensive observations about respondent's and SLF's litigation practices, all of which support the pattern of misconduct alleged above.

19. Judge Holder has approximately 40 cases filed by SLF and estimates that the 13th Judicial Circuit's General Civil Division has from 300 to 400 such cases. *See id.*, ¶ 4. As administrative judge of the General Civil Division, Judge Barbas is likewise well-apprised of the volume of SLF's lawsuits in the 13th Judicial Circuit. Indeed, Judges Holder and Barbas presided over some of the cases discussed above.

20. Judge Holder explains that he has discussed the practice of Mr. Strems and his firm with his fellow judges, and that "[u]niversally, these discussions have noted [Mr. Strems's] absolute violations of the Rules of Professional Responsibility and blatant obstruction of justice in virtually every case where he and his firm enter an appearance." *Ibid.* Judge Barbas makes essentially the same

observation: “In my discussion with my colleagues, I have confirmed that there has been a consistent pattern of obfuscation, delay, obstruction of justice and absolute unprofessional conduct by the Strems Law Firm attorneys.” Exhibit V, ¶ 5.

21. In litigation, Mr. Strems and SLF “engage[] in dilatory tactics in virtually every case,” according to Judge Holder, who further confirms that SLF and Mr. Strems “engage in mendacious, bad-faith conduct” as described in the foregoing sections of this petition. Exhibit U, ¶ 5.

22. Judge Holder further explains that he has been called upon to sanction SLF on several occasions, “based upon the willful and contumacious actions of Mr. Strems and his attorneys in failing to comply with the applicable Florida Rules of Civil Procedure involving discovery, honesty and integrity.” *Id.*, ¶ 7. In support, he cites one example where SLF repeatedly breached his orders before agreeing to a dismissal with prejudice “to avoid the inevitable sever sanctions that this Court would have imposed based upon this protracted contemptuous behavior.” *Ibid.*

23. Likewise, Judge Barbas cites a sampling of SLF matters “that are illustrative of the dilatory and unethical actions by the Strems Law Firm.” Exhibit V, ¶¶ 12-12(e). That discussion is too lengthy to reproduce here, but Judge Barbas explains that these cases “provide clear and convincing evidence of the blatant unethical actions my judicial colleagues and I have suffered. These issues and

blatant obstruction of justice by the Strems Law Firm are found within each and every Strems Law Firm case within our Thirteenth Judicial Circuit." *Ibid.*

Respondent's Duplicitous Filing Scheme

24. Both Judges Holder and Barbas also describe respondent's concerted effort to skirt procedural rules and violate standing court orders in order to maximize SLF's volume of cases in the 13th Judicial Circuit—all done for the purpose of maximizing the firm's attorney fee recovery under Fla. Stat. § 627.428.

25. Citing a recent class-action lawsuit against Mr. Strems and SLF, Judge Holder explains how SLF secures its clients through third-party loss consultants without any initial consultation before the prospective client signs a contingency fee agreement. Exhibit U, ¶ 4.[10]

26. With a signed retainer agreement in hand, SLF arranges for a water remediation company (often All Insurance Restoration Services, Inc., or "AIRS") to attend the subject property and obtain an assignment of benefits from the client. *See ibid.* "AIRS then files two separate lawsuits in the County Court against the appropriate insurance company based upon damage to two rooms in the home from the same event. The Strems Law Firm then files two separate lawsuits against the insurance company in the Circuit Court alleging damage to the same two rooms in

[10] Judge Holder refers specifically to the class action lawsuit filed against respondent and SLF, which is discussed above in n.7. *See* Exhibit T. The relevant allegations can be found at ¶¶ 6-27.

the home from the same event." *Ibid.* Judge Holder estimate that AIRS alone has some 200 active cases in the 13th Judicial Circuit. *See ibid.*

27. Judge Barbas discusses this scheme in his affidavit, observing the enormous volume of related cases filed by both SLF and the Fernandez Trial Firm, P.A. (the "Fernandez Firm"), who serves as counsel for AIRS. *See* Exhibit V, ¶¶ 6-7. The principal of the Fernandez Firm is Carlos O. Fernandez, who is a former SLF attorney, based upon information and belief.

28. In this effort, SLF routinely files Circuit Court actions against an insurer (on behalf of the homeowner) while the Fernandez Firm (on behalf of AIRS as the homeowners' assignee) brings County Court actions against the same insurers involving the same losses. These cases "involve the same parties or assignees of the same parties, the same issues of fact, the same insurance contracts, the same property, the same or virtually the same dates of loss, and the same issues of law. As a result of those cases being filed separately, the possibility of conflicting rulings arises and duplication of legal services resulting in an absolute duplication of attorney fees and a complete waste of judicial time and effort." Exhibit V, ¶ 6. "It is quite evident from the style of this case, the date of filing and a review of the contents of these cases that they are related and should therefore be consolidated." *Id.*, ¶ 8.

29. Citing an example where related cases were brought separately in Circuit and County Court, Judge Holder explains that "[i]t is intuitively obvious to even the most casual observer that these various lawsuits in both County Court and Circuit Court should be consolidated from the inception, and are only brought to allow Mr. Strems and his firm to claim attorney fees associated with the alleged breach of the insurance contract." Exhibit U, ¶ 6.

30. Particularly relevant to this issue are the 13th Judicial Circuit's Administrative Orders S-2019-047 and S-2019-44, which require plaintiffs' attorneys to notify the court of related cases so that they can be considered for consolidation. *See* Exhibit V, ¶ 10.

31. Even so, Judge Barbas is "aware of only a limited number of cases in which the Strems law firm or the Fernandez Trial Firm have notified the court of a related case. These filings were pursuant to order of the Court." *Id.*, ¶ 11.

32. Given the affidavits of Judges Holder and Barbas, there can be no doubt that respondent and SLF have endeavored to pull the wool over the eyes of the 13th Judicial Circuit in order to keep it unaware of the firm's duplicative filings and attorney's fee claims. This standing repudiation of the court's authority evinces a lawless and fraudulent intent to abuse the judiciary, and this intent pervades the entire pattern of conduct alleged in this petition.

33. In his final assessment, Judge Holder asserts that there is a "clear and present danger presented by the continued legal practice of Mr. Scott Strems and the Strems Law Firm." Exhibit U, ¶ 9. Furthermore, the conduct of Mr. Strems and SLF "has resulted in clear and unquestionable great harm" to his clients and the defendants who must combat this conduct. *Ibid.* "We must also consider the countless hours of judicial resources that must be expended to deal with these matters and the injurious effect of this behavior as to other litigants who seek their day in court." *Ibid.*

34. In that same vein, Judge Barbas explains that the cases and orders addressed in his affidavit "provide clear and convincing evidence of the Strems Law Firm's continued pattern and practice involving violations of the Rules Regulating the Florida Bar and constitute a clear and present danger to the citizens of Florida represented by Mr. Scot Strems and the members of his law firm." Exhibit V, ¶ 12.

Rule Violations

35. Based upon the foregoing evidence, respondent has violated the following Rules Regulating the Florida Bar:

a. Misconduct and Minor Misconduct, 3-4.3 – The commission by a lawyer of any act that is unlawful or contrary to honesty and justice may constitute a cause for discipline whether the act is committed

in the course of a lawyer's relations as a lawyer or otherwise, whether committed within Florida or outside the state of Florida, and whether the act is a felony or a misdemeanor.

b. Diligence, 4-1.3 – A lawyer shall act with reasonable diligence and promptness in representing a client.

c. Communication, 4-1.4(a) – A lawyer shall: (1) promptly inform the client of any decision or circumstance with respect to which the client's informed consent, as defined in terminology, is required by these rules; (2) reasonably consult with the client about the means by which the client's objectives are to be accomplished; (3) keep the client reasonably informed about the status of the matter; (4) promptly comply with reasonable requests for information; and (5) consult with the client about any relevant limitation on the lawyer's conduct when the lawyer knows or reasonably should know that the client expects assistance not permitted by the Rules of Professional Conduct or other law.

d. Meritorious Claims and Contentions, 4-3.1 – A lawyer shall not bring or defend a proceeding, or assert or controvert an issue therein, unless there is abasis in law and fact for doing so that is

not frivolous, which includes a good faith argument for an extension, modification, or reversal of existing law.

e. Expediting Litigation, 4-3.2 – A lawyer shall make reasonable efforts to expedite litigation consistent with the interests of the client.

f. Candor Toward the Tribunal, 4-3.3(a) – A lawyer shall not knowingly (1) make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer; (2) fail to disclose a material fact to a tribunal when disclosure is necessary to avoid assisting a criminal or fraudulent act by the client; … (4) offer evidence that he lawyer knows to be false.

g. Candor Toward the Tribunal, 4-3.3(b) – A lawyer who represents a client in an adjudicative proceeding and who knows that a person intends to engage, is engaging, or has engaged in criminal or fraudulent conduct related to the proceeding shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal.

h. Fairness to Opposing Party and Counsel, 4-3.4(a) – A lawyer must not unlawfully obstruct another party's access to evidence or

otherwise unlawfully alter, destroy, or conceal a document or other material that the lawyer knows or reasonably should know is relevant to a pending or a reasonably foreseeable proceeding; nor counsel or assist another person to do any such act.

i. Fairness to Opposing Party and Counsel, 4-3.4(b) – A lawyer must not fabricate evidence, counsel or assist a witness to testify falsely, or offer an inducement to a witness.

j. Fairness to Opposing Party and Counsel, 4-3.4(c) – A lawyer must not knowingly disobey an obligation under the rules of a tribunal except for an open refusal based on an assertion that no valid obligation exists.

k. Fairness to Opposing Party and Counsel, 4-3.4(d) – A lawyer must not, in pretrial procedure, make a frivolous discovery request or intentionally fail to comply with a legally proper discovery request by an opposing party.

l. Responsibilities of Partners, Managers, and Supervisory Lawyers, 4-5.1(a) – A partner in a law firm, and a lawyer who individually or together with other lawyers possesses comparable managerial authority in a law firm, shall make reasonable efforts to ensure that

the firm has in effect measures giving reasonable assurance that all lawyers therein conform to the Rules of Professional Conduct.

m. Responsibilities of Partners, Managers, and Supervisory Lawyers, 4-5.1(b) – Any lawyer having direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.

n. Responsibilities of Partners, Managers, and Supervisory Lawyers, 4-5.1(c) – A lawyer shall be responsible for another lawyer's violation of the Rules of Professional Conduct if: (1) the lawyer orders the specific conduct or, with knowledge thereof, ratifies the conduct involved; or (2) the lawyer is a partner or has comparable managerial authority in the law firm in which the other lawyer practices or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

o. Misconduct, 4-8.4(a) – A lawyer shall not violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.

p. Misconduct, 4-8.4(c) – A lawyer shall not engage in conduct involving dishonesty fraud, deceit, or misrepresentation.

q. Misconduct, 4-8.4(d) – A lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice.

WHEREFORE, based on the aforementioned facts, the bar asserts that the respondent has caused, is causing, and/or is likely to cause immediate and serious harm to clients and/or the public, and that immediate action must be taken for the protection of the respondent's clients and the public. Therefore, pursuant to R. Regulating Fla. Bar 3-5.2, the Florida Bar respectfully requests this Court to:

A. Suspend respondent from the practice of law until further order of this Court;

B. Order respondent to accept no new clients from the date of this Court's order and to cease representing any clients after 30 days from the date of this Court's order. Within the 30 days from the date of this Court's order, respondent shall wind down all pending matters and shall not initiate any litigation on behalf of clients. Respondent shall withdraw from all representation within 30 days from the date 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 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.

C. Order the respondent to furnish a copy of the suspension order to all clients, opposing counsel, and courts before which Scot Strems is counsel of record as required by Rule 3-5.1(h) of the Rules of Discipline of The Florida Bar and to furnish Staff Counsel with the requisite affidavit listing all clients, opposing counsel and courts so informed within 30 days after receipt of the Court's order.

D. Order respondent to refrain from withdrawing or disbursing any money from any trust account related to respondent's law practice until further order of this court, a judicial referee appointed by this Court or by order of the Circuit Court in an inventory attorney proceeding instituted under R. Regulating Fla. Bar 1-3.8, and to 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 after issuance of this Court's order of emergency suspension, into a specified trust account from which withdrawal may only be made in accordance with restrictions imposed by this Court. Further, respondent shall be required to notify bar counsel of

The Florida Bar of the receipt and location of said funds within 30 days of the order of emergency suspension.

E. Order respondent to not withdraw any money from any trust account or other financial institution account related to respondent's la practice or transfer any ownership of any real or personal property purchased in whole or in part with funds properly belonging to clients, probate estates for which respondent served as a guardian, and trusts for which respondent served as a trustee without approval of this court, a judicial referee appointed by this court or by order of the Circuit Court in an inventory attorney proceeding instituted under R. Regulating Fla. Bar 1-3.8.

F. Order respondent to notify, in writing, all banks and financial institutions where the 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 this Court's order and to provide all the aforementioned banks and

financial institutions with a copy of this Court's order. Further, respondent shall be required to provide Bar Counsel with an affidavit listing each bank or financial institution respondent provided with a copy of said order.

G. Order respondent 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.

H. And further authorize any Referee appointed in these proceedings to determine entitlement to funds in any trust account(s) frozen as a result of an Order entered in this matter.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I certify that this document has been E-filed with The Honorable John A. Tomasino, Clerk of the Supreme Court of Florida, with a copy provided via email to Scott Kevork Tozian, attorney for respondent, at stozian@smithtozian.com; and that a copy has been furnished by United States Mail via certified mail No. 7017 3380 0000 1082 8437, return receipt requested, to Scott Kevork Tozian, attorney for respondent, whose record bar address is 109 N. Brush Street, Suite 200, Tampa, Florida 33602, and a copy provided via email to Mark Alan Kamilar, attorney for respondent, at kamilar@bellsouth.net; and that a copy has been furnished by United States Mail via certified mail No. 7017 3380 0000 1082 8406, return receipt requested, to Mark Alan Kamilar, attorney for respondent, whose record bar address is 2921 SW 27th Avenue, Miami, Florida 33133, and via email to John Derek Womack, Bar Counsel, jwomack@floridabar.org.

Dated, on this 5th day of June 2020.

PATRICIA ANN TORO SAVITZ

Staff Counsel
The Florida Bar
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(850) 561-5600
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psavitz@floridabar.org

NOTICE OF DESIGNATION OF PRIMARY EMAIL ADDRESS

PLEASE TAKE NOTICE that bar counsel in this matter is John Derek Womack, Bar Counsel, whose address, telephone number and primary email address are The Florida Bar, Miami Branch Office, 444 Brickell Avenue, Rivergate Plaza, Suite M-100, Miami, Florida 33131-2404, (305) 377-4445 and jwomack@floridabar.org. Respondent need not address pleadings, correspondence, etc. in this matter to anyone other than bar counsel and to Patricia Ann Toro Savitz, Staff Counsel, The Florida Bar, 651 E. Jefferson Street, Tallahassee, FL 32399-2300, psavitz@floridabar.org.

MANDATORY ANSWER NOTICE

RULE 3-5.2(a), OF THE RULES REGULATING THE FLORIDA BAR, PROVIDES THAT A RESPONDENT SHALL ANSWER A COMPLAINT.

EXHIBIT C

Filing # 108583349 E-Filed 06/09/2020 12:01:32 PM

Supreme Court of Florida

TUESDAY, JUNE 9, 2020

CASE NO.: SC20-806
Lower Tribunal No(s).:
2018-70,119 (11C-MES);
2019-70,311 (11C-MES);
2020-70,440 (11C-MES);
2020-70,444 (11C-MES)

THE FLORIDA BAR vs. SCOT STREMS

Petitioner(s) Respondent(s)

The Petition for Emergency Suspension filed pursuant to Rule 3-5.2 of the Rules Regulating the Florida Bar is approved and it is hereby ordered that Respondent is suspended from the practice of law until further order of this Court, and Respondent is ordered:

a. 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;

b. 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;

c. 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;

d. 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

representative, guardianship estates for which Respondent served as guardian, and trusts for which Respondent served as trustee 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;

e. 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

f. 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.

The Court hereby authorizes any Referee appointed in these proceedings to determine entitlement to funds in any trust account(s) frozen as a result of an Order entered in this matter.

Not final until time expires to file motion for rehearing, and if filed, determined. The filing of a motion for rehearing shall not alter the effective date of this suspension.

CANADY, C.J., and POLSTON, LABARGA, LAWSON, and MUÑIZ, JJ., concur.
COURIEL, J., did not participate.

A True Copy
Test:

John A. Tomasino
Clerk, Supreme Court

ca
Served:

JOHN DEREK WOMACK
MARK ALAN KAMILAR
SCOTT KEVORK TOZIAN
PATRICIA ANN TORO SAVITZ

EXHIBIT D

IN THE CIRCUIT COURT OF THE
ELEVENTH JUDICIAL CIRCUIT
IN AND FOR MIAMI-DADE COUNTY, FLORIDA

CASE NO.: 2023-007728-CA-01

SCOT STREMS,

Plaintiff,

v.

THE PROPERTY ADVOCATES, P.A. f/k/a THE STREMS LAW FIRM, P.A., a Florida professional Association, and HUNTER PATTERSON, an individual,

Defendants.
_____/

DECLARATION OF HUNTER PATTERSON

I, Hunter Patterson, do hereby declare as follows:

1. My name is Hunter Patterson, I am over 18 years of age, and I am a resident of the State of Florida.

2. I make this declaration based on my own personal knowledge after a reasonable inquiry into the facts herein, and in opposition to Plaintiff, Scot Strems', Verified Emergency Motion for Appointment of Receiver (Filing No. 169426249).

Background

3. I am the President, and a shareholder of, The Property Advocates, P.A. (hereinafter "TPA"), a Florida professional association.

4. TPA was formerly known as The Strems Law Firm, P.A., a professional association of attorneys focused on first party homeowner's insurance claims.

5. The Strems Law Firm, P.A., was 100% owned by Scot Strems, the Plaintiff in this matter.

6. On June 8, 2020—one day before Mr. Strems was suspended from the practice of law by the Florida Supreme Court—Mr. Strems transferred at least $9,765,728.53 from the firm to his personal bank account ending in -5550. Firm records reflecting these transfers are attached hereto as **Composite Exhibit 1**.

7. These transfers were not disclosed to me before the promissory note and related documents (discussed below) were executed.

8. Through counsel, TPA requested that Mr. Strems immediately return these amounts to TPA. To date, Mr. Strems has not done so.

9. On June 9, 2020, Mr. Strems was suspended from the practice of law in the State of Florida effective July 9, 2020.

10. In light of his suspension, Mr. Strems filed Articles of Amendment to TPA's Articles of Incorporation that removed his association with the firm.

11. Shortly thereafter, Mr. Strems entered into a Redemption Agreement with TPA for redemption of his shares in TPA in exchange for a $40,000,000 promissory note (the "Note") secured by TPA's assets.

12. The price for the redemption of Mr. Strems' shares in TPA was determined by using a "Valuation Report" prepared by The Valuation Group, Inc. and dated June 25, 2020. Mr. Strems retained the Valuation Group on behalf of TPA. A copy of the "Valuation Report" is attached hereto as **Exhibit 2**.

13. The Valuation Report was based on information provided by Mr. Strems. Mr. Strems did not disclose the fact that he had withdrawn nearly Ten Million Dollars from the Firm's

accounts in early June 2020. Instead, Mr. Strems provided the Valuation Group with copies of TPA's December 31, 2019 Balance Sheet, January-December 2019 Profit & Loss Statement, and 2018 Tax Returns.

14. Further, the Valuation Report assumed that Mr. Strems was under no duress to sell TPA, despite the fact that he had been suspended from the practice of law.

15. As such, the $40,000,000.00 price for the redemption of Mr. Strems shares was grossly and fraudulently inflated.

16. Mr. Strems refused to provide me with an initial copy of the Valuation Report until July 7, 2020, which was merely two days before execution of the Redemption Agreement, Note and related documents.

17. Repayment of the Note was secured by a Security Agreement executed by Mr. Strems and TPA that provided Mr. Strems a security interest in most of the assets of TPA and 100% of the shares of TPA's stock.

18. Pursuant to a separate Stock Escrow Agreement, TPA's shares were placed with an escrow agent until the amounts due under the Note were repaid or TPA defaulted.

19. I, along with Christopher Narchet, Esq. and the late Orlando Romero, Esq., each purchased 4,000 shares in TPA.

20. I was subsequently elected as President and Director of TPA.

21. Under my leadership, TPA continued to operate despite the significant negative publicity associated with Mr. Strems' disbarment.

TPA's Payments to Mr. Strems

22. Prior to the due date of the first installment payment under the Note, Mr. Strems informed me that the Firm need not pay the full amount due. Specifically, on October 12, 2020, Mr. Strems wrote to me:

> I have a bank battle on my hands. Is the firm in a position to pay me something? I'd like to show the bank that some payment has been made so I can argue same will continue etc etc.

I replied that the Firm could pay "something" but "nothing crazy". Ultimately, Mr. Strems agreed to payment of "anything feasible" and that he did not want to "handicap the firm."

23. As a result, based my discussions with Mr. Strems, TPA made a series of payments to Mr. Strems, which, based on my review of firm records, are as follows:

Date	Amount
November 2, 2020	$250,000.00
November 25, 2020	$250,000.00
January 6, 2021	$167,000.00
February 8, 2021	$167,000.00
March 8, 2021	$167,000.00
April 7, 2021	$199,007.05
May 6, 2021	$199,007.05
June 8, 2021	$167,000.00
July 6, 2021	$167,000.00
August 10, 2021	$167,000.00
September 13, 2021	$167,000.00
October 6, 2021	$167,000.00
November 3, 2021	$167,000.00
December 3, 2021	$167,000.00
December 22, 2021	$730,000.00
January 10, 2022	$330,000.00
February 1, 2022	$330,000.00
March 16, 2022	$50,000.00
April 18, 2022	$100,000.00
May 16, 2022	$100,000.00
June 15, 2022	$106,000.00
July 18, 2022	$100,000.00
August 16, 2022	$100,000.00
September 15, 2022	$100,000.00

October 17, 2022	$100,000.00
November 16, 2022	$100,000.00
December 19, 2022	$100,000.00
Total	**$4,914,014.10**

24. Documentation of these payments referenced above is attached hereto as **Composite Exhibit 3**.

25. At no time prior to January 20, 2023, did Mr. Strems indicate that the partial payments made by TPA were insufficient or a breach of the Note or Redemption Agreement. Similarly, at no time did Mr. Strems inform TPA that he expected it to pay the full amount of the installment payments moving forward.

26. On December 22, 2022, Mr. Strems was disbarred by the Florida Supreme Court.

27. On January 20, 2023, Mr. Strems sent a Notice of Default to TPA, for the first time claiming that TPA had breached the Note by failing to pay the full amount of the installment payments.

28. Around this same time, Mr. Strems requested that the Escrow Agent sell the shares he was holding.

29. On February 9, 2023, TPA delivered an affidavit to the Escrow Agent signed by me that controverted the claim of default by Mr. Strems.

No Fraudulent Transfers Were Made

30. TPA has not made any fraudulent transfers.

31. Specifically, TPA did not make $30 million in shareholder distributions to myself, Chris Narchet and Orlando Romero as alleged in Strems' Complaint.

32. To the contrary, firm records reflect that TPA made the following distributions to me:

Date	Amount
October 1, 2020	$150,000.00
January 14, 2021	$150,000.00
January 19, 2021	$50,000.00
February 11, 2021	$200,000.00
March 8, 2021	$200,000.00
April 9, 2021	$200,000.00
May 3, 2021	$200,000.00
June 2, 2021	$200,000.00
July 1, 2021	$200,000.00
August 2, 2021	$200,000.00
September 1, 2021	$200,000.00
October 1, 2021	$200,000.00
November 1, 2021	$200,000.00
December 1, 2021	$200,000.00
December 22, 2021	$730,000.00
January 10, 2022	$330,000.00
February 1, 2022	$330,000.00
March 16, 2022	$50,000.00
April 14, 2022	$100,000.00
May 16, 2022	$100,000.00
June 15, 2022	$106,000.00
July 18, 2022	$100,000.00
August 16, 2022	$100,000.00
September 15, 2022	$100,000.00
October 17, 2022	$100,000.00
November 16, 2022	$100,000.00
Total	**$4,796,000.00**

33. Documentation of these distributions referenced above is attached hereto as **Composite Exhibit 4**.

34. Firm records also reflect that TPA made the following distributions to Christopher Narchet:

Date	Amount
October 1, 2020	$150,000.00
January 14, 2021	$150,000.00
January 19, 2021	$50,000.00
February 11, 2021	$200,000.00
March 8, 2021	$200,000.00
April 9, 2021	$200,000.00
May 3, 2021	$200,000.00

June 2, 2021	$200,000.00
July 1, 2021	$200,000.00
August 2, 2021	$200,000.00
September 1, 2021	$200,000.00
October 1, 2021	$200,000.00
November 1, 2021	$200,000.00
December 2, 2021	$200,000.00
December 22, 2021	$200,000.00
December 22, 2021	$330,000.00
December 22, 2021	$200,000.00
January 10, 2022	$330,000.00
February 1, 2022	$330,000.00
March 15, 2022	$50,000.00
April 14, 2022	$100,000.00
May 16, 2022	$100,000.00
June 15, 2022	$106,000.00
July 18, 2022	$100,000.00
August 16, 2022	$100,000.00
September 15, 2022	$100,000.00
October 17, 2022	$100,000.00
November 16, 2022	$100,000.00
Total	**$4,796,000.00**

35. Documentation of these distributions referenced above is attached hereto as **Composite Exhibit 5**.

36. Firm records also reflect that TPA made the following distributions to Orlando Romero:

Date	Amount
October 1, 2020	$150,000.00
January 14, 2021	$150,000.00
January 19, 2021	$50,000.00
February 11, 2021	$200,000.00
March 8, 2021	$200,000.00
April 9, 2021	$200,000.00
May 3, 2021	$200,000.00
June 2, 2021	$200,000.00
Total	**$1,320,000.00**

37. Documentation of these distributions referenced above is attached hereto as **Composite Exhibit 6**.[1]

38. In total, TPA distributed **$10,912,000.00** to me, Christopher Narchet, and Orlando Romero.

39. These distributions were consistent with TPA's ordinary course of business.

40. At no time did those distributions result in TPA being unable to pay its creditors.

41. While the sole shareholder of TPA, Mr. Strems transferred exceedingly large amounts of TPA's funds to himself, amounts that dwarf those distributed to shareholders after Mr. Strems' departure from the firm.

42. For example, in the last year he was a shareholder, Mr. Strems received $21,912,941.66 in distributions. Firm records documenting these distributions referenced above are attached hereto as **Composite Exhibit 7**.

43. Since 2020, TPA has not provided me a raise beyond what was reasonably and historically provided in the ordinary course of business.

44. Nor has TPA made any payments or remuneration outside the amounts typically provided in its ordinary course of business.

45. I have not authorized or caused the overcompensation of any lawyers at the firm, including the shareholders, during my tenure as President and CEO.

46. As of the time I am executing this declaration, neither I nor TPA have been served with process in the lawsuit instituted by Mr. Strems.

---

[1] In addition to the distributions made to Mr. Romero as a shareholder, the Firm paid Mr. Romero's widow, Christina Romero, as an independent contractor after his death. Mr. Strems was aware of, and approved of, those payments.

Pursuant to Section 92.525, Florida Statutes, under penalties of perjury, I declare that I have read the foregoing declaration and that the facts stated in it are true.

Dated: 3/29/2023

Hunter Patterson, individually, and as President of The Property Advocates, P.A.

COMPOSITE EXHIBIT 1

6/8/2020

Scot Strems. **6,765,728.53

Six Million Seven Hundred Sixty-Five Thousand Seven Hundred Twenty-Eight and 53/100**********

Scot Strems.

Transfer to Chk...5550

The Property Advocates, P.A.
General Journal Transaction
June 8, 2020

Num	Name	Memo	Account	Class	Debit	Credit
87816...		Transfer to C...	Shareholder Distrib...		3,000,000.00	
		Transfer to C...	Chase Operating (5...			3,000,000.00
					3,000,000.00	3,000,000.00
TOTAL					**3,000,000.00**	**3,000,000.00**

EXHIBIT 2

I. Preamble

The Valuation Group, Inc., was engaged to perform a valuation of a law practice that has been eminently successful, the **Strems Law Firm, PA.** The practice has offices in Miami, Orlando Jacksonville, Tampa, Coral Gables, California, and Broward County, Florida. The firm has one shareholder, **Scot Strems, Esquire,** and has approximately **20** employees, per its website. The practice focuses on the following branches of law: **property insurance claims, worker's compensation issues, and personal injury.**

The company website states: "**Mr. Strems**, *the founding partner,* worked as a trial lawyer in the Miami Dade County Public Defender's Office as well as the Alachua County Public Defender's Office. He defended thousands of criminal cases and over 1,000 DUIs (Driving Under the Influence cases) and has experience in both jury and bench trials. He understands all clients deserve personal attention and strives to keep his clients well informed throughout every stage of the litigation process. **Mr. Strems** has used the skills gained in prosecuting and defending criminal cases, to protect the right of the citizens of Florida in the civil arena.

He earned his Juris Doctor at the University of Miami, where he concentrated on the areas of litigation and trial advocacy. While in law school, he gained invaluable experience in the areas of civil litigation, criminal prosecution, and criminal defense.

Mr. Strems is licensed to practice in all Florida state courts and the United States District Courts for the Southern, Middle and Northern districts of Florida, as well as the United States Court of Appeals for the 11th Circuit"

As support, Mr Strems and the firm have the following named attorneys and staff to carry the enormous workload, trial calendar scheduling, depositions, discovery, and negotiations that a law firm with a standing case load of approximately 9,000 to 9,500 cases at any one time implies.

Table I.I[1]
Employees of the Strems Law Firm

Name	Occupation	Name	Occupation
Luz Borges	Attorney	Gregory Saldamando	Attorney
Cecile Mendizabal	Attorney	Jonathan Drake	Attorney
Diana Zapata	Comptroller	Chastity Delgado	Attorney
Christopher Narchet	Attorney	Lea Castro	Attorney
Georgina Perez	Pre-Litigation Manager	Carlos Camejo	Attorney
Hunter Patterson	Attorney	Orlando Romero	Attorney
Pandora Castro	Managing Paralegal	Brenda Subia	HR Manager
Karina Rios	Attorney	Michael Patrick	Attorney
Jennifer Jimenez	Attorney	Maria Mondragon	Accounting Supervisor

II. Introduction

When attempting to place a develop a business valuation for the use of an asset, business, shares of a business, or a partnership, or llc, or any other entity, or a specific type of transaction we often recur to scientific models and attempts at quantifying future events as well as establishing a pattern, or trend, of past, or historic events. The field of valuation is currently regulated by professional associations and boards that have established programs of certification and codification to the process of placing a value on shares, entire companies and even industries. **The Valuation Group, Inc.,** adheres to the exacting standards of the **American Institute of Certified Public Accountants,** the **Florida Institute of Certified Public Accountants,** the **Appraisal Foundation**, and other like professional bodies.

[1] **Per the company website**

The Valuation Group, Inc., committed to producing a business valuation for **Hash,** in a manner consistent with the canons of the appraisal profession, and consistent with guidelines established by the **American Institute Of Certified Public Accountants (AICPA), the Florida Institute of Certified Public Accountants (FICPA), the Society of Certified Valuation Analysts, The Appraisal Foundation,** and others**,** and in accordance with the **Standards of Professional Appraisal Practice of the Institute of Business Appraisers and with the Rules of Professional Conduct and Report Writing Standards of the National Association of Certified Valuation Analysts.**

We have addressed the requirements set forth by the **Supreme Court of the US**, as well as **US Tax Courts** and appellate rulings that are pertinent to the process of presenting a standard and scientific approach to valuation, and business plan preparation. **The Supreme Court** has ruled in *Daubert v. Merrel Dow Pharmaceuticals, Inc., General Electric Co. v. Joiner, Andrew J. Whelan, et al. v. Tyler Bell, Frymire-Brinati v. KPMG Peat Marwick , Kumho Tire Co. v. Carmichael,* and lower courts have ruled in cases such as *Strong v. Strong, Saltzman v. Commissioner, Estate of Jephson v. Commissioner, Goldstein v. Commissioner-Matador Capital Management Corp v. BRC Holdings, Inc Barge v. Commissioner,* the manner in which a valuation process should take place.

We have followed all the recommended guidelines that attempt to standardize and inculcate the highest level of professionalism to the field of valuation and finance. Ultimately, however, it must be admitted that as much science as has been developed for the process, and as much codification and supervision as has been developed by professional bodies that regulate the profession, it is still an "art" form. No one can state unequivocally that a result in a valuation is equivalent to the mere arithmetic function of multiplying through by a formula. This is not physics, and thus it is subject to premises, assumptions and educated guesses as to the comportment of the economy, the managerial results of the team charged with the task of leading the firm, and the conditions that reflect the environment within which the firm works.

What we can state for the record is that we have developed our mathematical and arithmetic assumptions as grounded in common sense, and that the conclusions that follow from these assumptions are logically consistent and unbiased.

From a different perspective, we can state that after 30+ years of working in this field, we have developed a close feel for what the numbers should be, given our experience in 5 continents and over 29,371 valuations of businesses assets and shareholder interests. Moreover, the work we have undertaken in privatization also contributes to fine-tune the calculations, as this work has taken us through labor union negotiations, entire economy or partial economy conversions, and proven conclusively to us that there are universal and widely applicable methods of valuation that are more applicable than others in any given assignment. Thus, even though we know it is an art form, and recognize that intangibles, different

variables, discount rates, projections and other factors must be attenuated by judgment, we trust the many years of working in the industry will make our indices as close an approximation of reality as can be expected.

III. Specific Nature of Assignment

The law firm is being valued **as a going concern entity,** as it has received tens of millions of dollars in revenue in the years it has been in business. It thus has every claim to have an existence beyond the next fiscal cycle.

We will determine a fair market value for the enterprise, using established methods, as of the month of June, 2020.

IV. Standard of Value

The standard of value that is used in this report, one that is used throughout the world, is that known as **fair market value** and is measured by **assuming the company has a going concern value.** The fair market value of a company according to **Revenue Ruling 59-60**, is that which a willing buyer would pay a willing seller for the business, or entity. The buyer is assumed to be under no duress, or need to buy the enterprise, and the seller is equally assumed to be under no duress to have to sell the enterprise in question. Both parties are assumed knowledgeable, possessing all relevant information regarding the subject of the intended transfer of ownership interests. In similar fashion, the premise is made that there are no complications of title, of availability of funds to close, or of credit to assume a loan for the expeditious transfer of ownership. Likewise, the transfer is to be between two legal entities, whether they be persons, corporations, partnerships or any other individual or communal or governmental organization. The two parties to the transaction, being cognizant and capable of sustaining their mutual and respective responsibilities are assumed to defer to the price mechanism, or the market-clearing price, as that which they pay or receive for the entity in question. The underlying premise is that acquiescence to an offer constitutes the realization of market valuation for the **Strems Law Firm** and the conveyance of an offer constitutes the same from the perspective of that entity that is actually purchasing the enterprise. In this particular case, it would measure what an investor would risk to own all of the enterprise or a portion of it. Tangentially, it measures what a financial institution, acting as an informed financial intermediary, could lend to the entity.

V. Methodology

The value of the company has entirely been determined with a view towards the intrinsic value of its assets, the value of its income flow, and the fair market value of its equity in the marketplace. The following factors have been considered in arriving at our ultimate conclusion:

A) The nature and history of the enterprise, from its inception;
B) The economic outlook in general and the condition and outlook of the specific industry in particular;
C) The book value, adjusted book value;
D) The financial condition of the business;
E) The earnings capacity of the business;
F) Dividends and dividend paying capacity;
G) Goodwill or other intangible value;
H) Sales of similar businesses and the size of the block valued; and,
I) The market price of businesses engaged in the same or in a similar line of business having their stocks actively traded in a free and open market.

Different methods of valuation consider different elements of value in arriving at an overall conclusion. For instance, incisor C) in the preceding paragraph, book value and adjusted book value, consider the original cost of assets, when booked, as the determinant of value of the business's assets. This method, of course, can lead to conclusions that vary dependent on whether the firm's underlying assets are increasing [as is the case in a patent for a cure for cancer, perhaps], or decreasing in value [as may be the case of a construction related cutting implements, rolling stock, and other depreciating assets].

Income methods, including capitalization of earnings, the capitalization of excess earnings, discounted cash flow and dividend-paying capacity on the other hand concentrate on revenue streams and income flows as the principal determinant of value. In the following sections, we consider the appropriateness of the methods and present a value from each one that was utilized to determine value. Some of the measures used are stand alone methods, or absolute measurements of value, while others are relative, and merely help round out an opinion in the process of valuation. Valuation should use at least five methods at any given time to value a business, in order to compare and contrast values. Relative measures serve to buttress or to rebuke absolute methods. We have used relative, absolute, rule of thumb, and basic accounting standards and tried to reconcile them.

It is worth noting that all approaches to valuation rely on three basic perspectives: asset, income, and market. Asset theories hold that the value of the enterprise is a linear function of its business assets.

Income theories hold that value is determinable by the earnings of the enterprise and, market theories hold that the value is determined by the sales prices of similar enterprises (industry, size, locale, and other factors held constant). All are reliable determinants, and all have strong points and weaknesses. This is why in a section following our individual method conclusions, we reconcile the values of all the approaches we use, and consider, in our conclusion section, a value that is consistent with all of them.

VI. Economic Conditions As of The Date of The Appraisal

American Economy Background:

The United States is the world's largest national economy in nominal terms and second largest according to purchasing power parity (PPP), representing 22% of nominal global GDP and 17% of gross world product (GWP). The United States' GDP was estimated to be $ 18.5 trillion for 2015, and over $ 20 trillion for 2019. The U.S. dollar is the currency most used in international transactions and is the world's foremost reserve currency, backed by its science and technology, its military, the full faith of the US government to reimburse its debts, its central role in a range of international institutions since World War II and the petrodollar system. Several countries use it as their official currency, and in many others it is the de facto currency. The United States has a mixed economy and has maintained a stable overall GDP growth rate, a moderate unemployment rate that currently stands at about 4.6%, and high levels of research and capital investment. Its seven largest trading partners are Canada, China, Mexico, Japan, Germany, South Korea, and the United Kingdom.

In 2011, the 20 largest U.S.-based companies by revenue were Walmart, ExxonMobil, Chevron, ConocoPhillips, Fannie Mae, General Electric, Berkshire Hathaway, General Motors, Ford Motor Company, Hewlett-Packard, AT&T, Cargill, McKesson Corporation, Bank of America, Federal Home Loan Mortgage Corporation, Apple Inc., Verizon, JPMorgan Chase, and Cardinal Health. The U.S. is the world's largest producer of oil and natural gas. It is one of the largest trading nations in the world as well as the world's second largest manufacturer, representing a fifth of the global manufacturing output. The US not only has the largest internal market for goods, but also dominates the trade in services. US total trade amounted to $4.93T in 2012. Of the world's 500 largest companies, 128 are headquartered in the US. The consumer market of the US represents the largest in the world. The United States has one of the world's largest and most influential financial markets. The New York Stock Exchange is by far the world's largest stock exchange by market capitalization. Foreign investments made in the US total almost $ 2.4 trillion, while American investments in foreign countries total over $3.3 trillion. The economy of the U.S. leads in

international ranking on venture capital and Global Research and Development funding. Consumer spending comprises 71% of the US economy in 2013. The United States has the largest consumer market in the world, with a household final consumption expenditure five times larger than Japan's. The labor market has attracted immigrants from all over the world and its net migration rate is among the highest in the world. The U.S. is one of the top-performing economies in studies such as the Ease of Doing Business Index, the Global Competitiveness Report, and others.

The US has abundant natural resources, a well-developed infrastructure, and high productivity. It has the world's ninth-highest per capita GDP (nominal) and tenth-highest per capita GDP (PPP) as of 2013. Americans have the highest average household and employee income among OECD nations, and in 2010 had the fourth highest median household income, down from second highest in 2007. It has been the world's largest national economy (not including colonial empires) since at least the 1890s. A 2012 Deloitte report published in STORES magazine indicated that out of the world's top 250 largest retailers by retail sales revenue in fiscal year 2010, 32% of those retailers were based in the United States, and those 32% accounted for 41% of the total retail sales revenue of the top 250. Amazon.com is the world's largest online retailer. The US economy went through an economic downturn following the financial crisis of 2007-2008, with output as late as 2013 still below potential according to the Congressional Budget Office. The economy, however, began to recover in the second half of 2009, and as of November 2015, unemployment had declined from a high of 10% to 5%. It is now, as of December 2016, at 4.6%.

In December 2014, public debt was slightly more than 100% of GDP. Domestic financial assets totaled $131 trillion and domestic financial liabilities totaled $106 trillion. In 2013, eight of the world's ten largest companies by market capitalization were American: Apple Inc., Exxon Mobil, Berkshire Hathaway, Wal-Mart, General Electric, Microsoft, IBM, and Chevron Corporation.

Manufacturing in the United States is a vital sector, although its importance to the U.S. economy has been declining for the past forty years. The United States is the world's second largest manufacturer, with a 2010 industrial output of approximately $1,696.7 billion. In 2008, its manufacturing output was greater than that of the manufacturing output of China and India combined, despite manufacturing being a very small portion of the entire U.S economy, as compared to most other countries. If the top 500 U.S.-based manufacturing firms were counted as a separate country, their total revenue would rank as the world's third-largest economy. The largest manufacturing industries in the United States by revenue include petroleum, steel, automobiles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, and mining.

The United States produces approximately 21 percent of the world's manufacturing output, a number which has remained unchanged for the last 40 years. A total of 3.2 million-one in six U.S. factory jobs-have disappeared since the start of 2000, however. The job loss during this continual volume growth is explained by record-breaking productivity gains. In addition, growth in

telecommunications, pharmaceuticals, aircraft, heavy machinery and other industries along with declines in low end, low-skill industries such as clothing, toys, and other simple manufacturing have resulted in U.S. jobs being more highly skilled and better paying.

The general economic outlook that pervades the US at the time of an appraisal is exceedingly important to the valuation process. The base from which extrapolations or opinions of value are formulated cannot be divorced from reality. Moreover, it is important to consider the inter-temporal element when performing a valuation of a company in order to include trends that are forming and cycles that are ending at the time the valuation process takes place. **Thus, we looked at the prevailing climate that affected the United States, as of the June 25, 2020 timeframe.**

Almost four years ago, the burning questions of the USA Presidential race was answered in November, 2016, and the business world received tax cuts, and tax reform, that led to recapitalization, increases in employee salaries, and some repurchase of shares; the medical and insurance sector still, however, were anticipating some form of relief through Congress, the engineers and urban planners were hoping for an infrastructure bill to spur the economy along and the first quarter growth rate from **2017** was an interesting **2.6%.** The second quarter for **2017** tabulated a **3.0%** growth rate!

The U.S. economy expanded an annualized 2.3 percent on quarter in the first quarter of 2018, below the 2.9 percent in the previous period but beating market expectations of 2 percent. Still, it was the lowest growth rate in a year, the advance estimate showed. Personal consumption eased amid lower spending on cars, clothing and footwear and residential investment stalled.

Personal consumption expenditure (PCE) contributed 0.73 percentage points to growth (2.75 percentage points in the previous period) and rose 1.1 percent (4 percent in the previous period). Services (2.1 percent compared to 2.3 percent in the previous period) and nondurables (0.1 percent compared to 4.8 percent) slowed and spending on durable goods shrank 3.3 percent, following a 13.7 percent rise in the previous quarter. Fixed investment added 0.76 percentage points to growth (1.31 percentage points in the previous period) and increased 4.6 percent (8.2 percent in the previous period). Investment slowed for equipment (4.7 percent compared to 11.6 percent) and stalled for residential (12.8 percent in the previous period). On the other hand, it rose faster for structures (12.3 percent compared to 6.3 percent) and intellectual property products (3.6 percent compared to 0.8 percent). Private inventories added 0.43 percentage points to growth after subtracting 0.53 percent in the previous period. Meanwhile, both exports (4.8 percent compared to 7 percent) and imports (2.6 percent compared to 14.1 percent) eased. As a result, the impact from trade was 0.2 percent, better than -1.16 percent in the previous period. Government spending and

investment added 0.2 percentage points to growth (0.51 percentage points in the previous period). It increased 1.2 percent, compared to 3 percent.

The year 2016 experienced **Brexit vote** with all its consequences is still an open question in 2020, although the British economies are not that major anymore and their impact on American GDP is seen as minor. As such, they are not a significant factor in world economic affairs, but one is forced to recognize that they are very significant in political and military affairs. The Chinese incursions in the South China Sea, their secrecy about what has been termed a Wuhan virus, their elbowing out other countries such as Japan, Vietnam, Korea, Malaysia and now the Philippines for control of Asia's seas, and most recently their border flare ups with India over the Kashmir region and their selling of faulty medical equipment has caused consternation and there will be repercussions after the dust settles. The continued Russian hacking of the American political parties' data bases and e-mails, as well as their past meddling in the French election, and their recalcitrance with regard to the Crimea and the Ukraine are still burning issues; but at least, in the rear view mirror, is the Greek economic debacle. Currently there are ongoing negotiations with North Korea in the news and a possible formal end to the war is hoped for; there were ongoing trade negotiations with China, and the EU over tariffs, even if with China the outcome and the process have been put into disarray over the Wuhan virus. Mexico and Canada joined the USA in renegotiating NAFTA and the new agreement, the US, Mexico and Canada Agreement, known as the USMCA, has been signed sealed and delivered.

The economic indicators that are released by the US Labor Department and are gathered and analyzed by the US Bureau of the Census, Department of Commerce, showed a greater deal of optimism about the direction of the economy. From California to Florida, from Texas to Michigan, real estate prices adjusted in new factors in demand and supply for housing, office space, industrial and manufacturing needs, and even agricultural land changes. With relatively low interest rates (for the time being) and a careful monetary policy from the FED that is skeptical of Congress' ability to continue to pass meaningful fiscal policy, real prices are starting to increase. This was all prior to the virus taking center stage.

Wages over the last decade have not kept up with inflation in most districts, including the south Florida market. This is starting to change. Minorities and wage earners are starting to see their paychecks increase, courtesy of tax cuts and a renewed economic competition for labor. There is now talk of the problem stemming from an unequal distribution of wealth, as the USA has receded with regard to its Gini Coefficient and wealth consolidation. This is a Democrat talking point.

The Index of Consumer Expectations focuses on three areas: how consumers view prospects for their own financial situation, how they view prospects for the general economy over the near term, and their view of prospects for the economy over the long term. Each monthly survey contains approximately 50 core questions, each of which tracks a different aspect of consumer attitudes and expectations. The samples for the Surveys of Consumers are statistically designed to be representative of all American households, excluding those in Alaska and Hawaii. Each month, a minimum of 500 interviews are conducted by telephone. The Consumer Price Index, the Wholesale Price Index, the Producers Price Index and so many other indexes are an abstraction to many because of the complexity in whether they are measuring the cost of goods that are important to us or not. The "core rate" of inflation, for instance, does not take into account foodstuff price changes or petroleum price changes and that is what the consumers sees every day. The price of fuel at the pump, the price of milk and butter, the price of eggs, are what the housewife looks at and the concept of the indexes is totally lost in her reality. For many purposes, the most important index is not what Bloomberg new follows, or the price of spot prices of commodity trading in gold, silver, or platinum, or the price of WTI crude or some other index. Most consumers do not buy crude oil. However they do develop a "feel" for the economy. Their confidence level has been tracked by the University of Michigan across time and it is most helpful, I feel in what their collective expectations say about what may happen. Thus the Consumer Confidence Index is highlighted in the following pages.

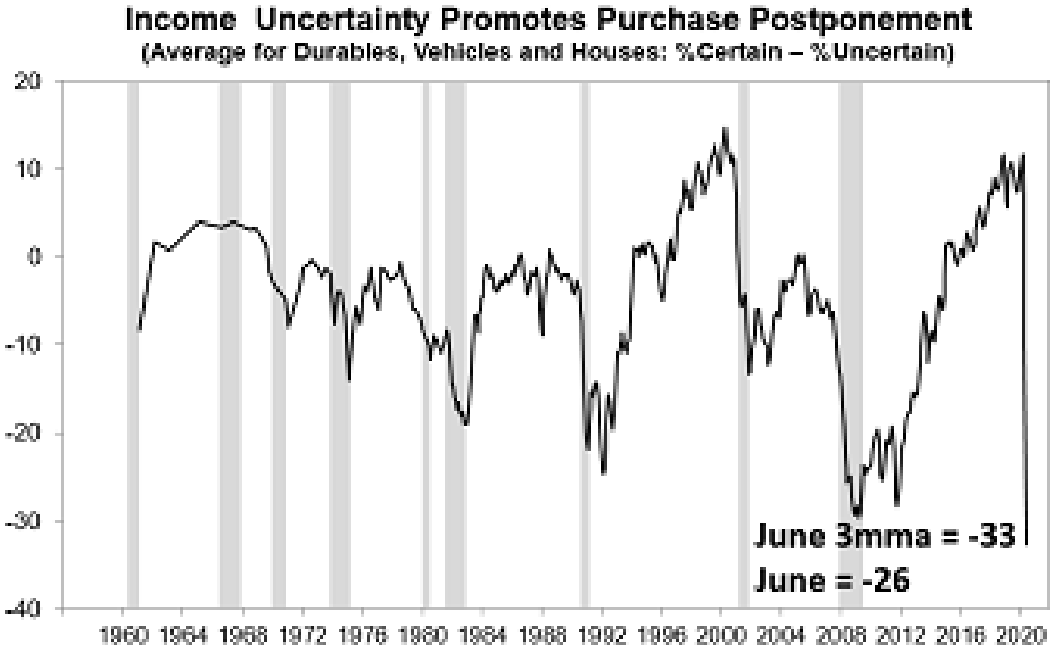
CURRENT DATA

Consumer sentiment posted its second monthly gain in early June, paced by gains in the outlook for personal finances and more favorable prospects for the national economy due to the reopening of the economy. The turnaround is largely due to renewed gains in employment, with more consumers expecting declines in the jobless rate than at any other time in the long history of the Michigan surveys. Despite the expected economic gains, few consumers anticipate the reestablishment of favorable economic conditions anytime soon. Bad times financially in the economy as a whole during the year ahead were still expected by two-thirds of all consumers, and a renewed downturn was anticipated by nearly half over the longer term. The most often cited cause of a renewed downturn is a resurgence in the spread of the coronavirus, and the most often cited cause of a slow economic recovery is the financial damage from persistently high unemployment. Each of these factors have increased the uncertainty consumers now attach to their expectations. The resulting record level of income uncertainty has had a significant impact on consumers' willingness to make discretionary purchases, although uncertainty has slightly eased recently (see the chart). Importantly, these concerns have also been mitigated by deep discounts on prices and interest rates. NBER's cyclical peak in February and recession call was no surprise to consumers: during the past three

months 89% to 95% have judged the economy in decline, up from the recent low of 24% in January of 2020.

Chart VI.I

2020 Consumer Confidence Shifts/ Income Uncertainty



The Valuation Group, Inc.

Table VI.I

Consumer Confidence Indices

2020-2019

	Jun	May	Jun	M-M	Y-Y
	2020	2020	2019	Change	Change
Index of Consumer Sentiment	78.9	72.3	98.2	9.1%	-19.7%
Current Economic Conditions	87.8	82.3	111.9	6.7%	-21.5%
Index of Consumer Expectations	73.1	65.9	89.3	10.9%	-18.1%

Chart VI.II
Consumer Confidence Index
2000-2020

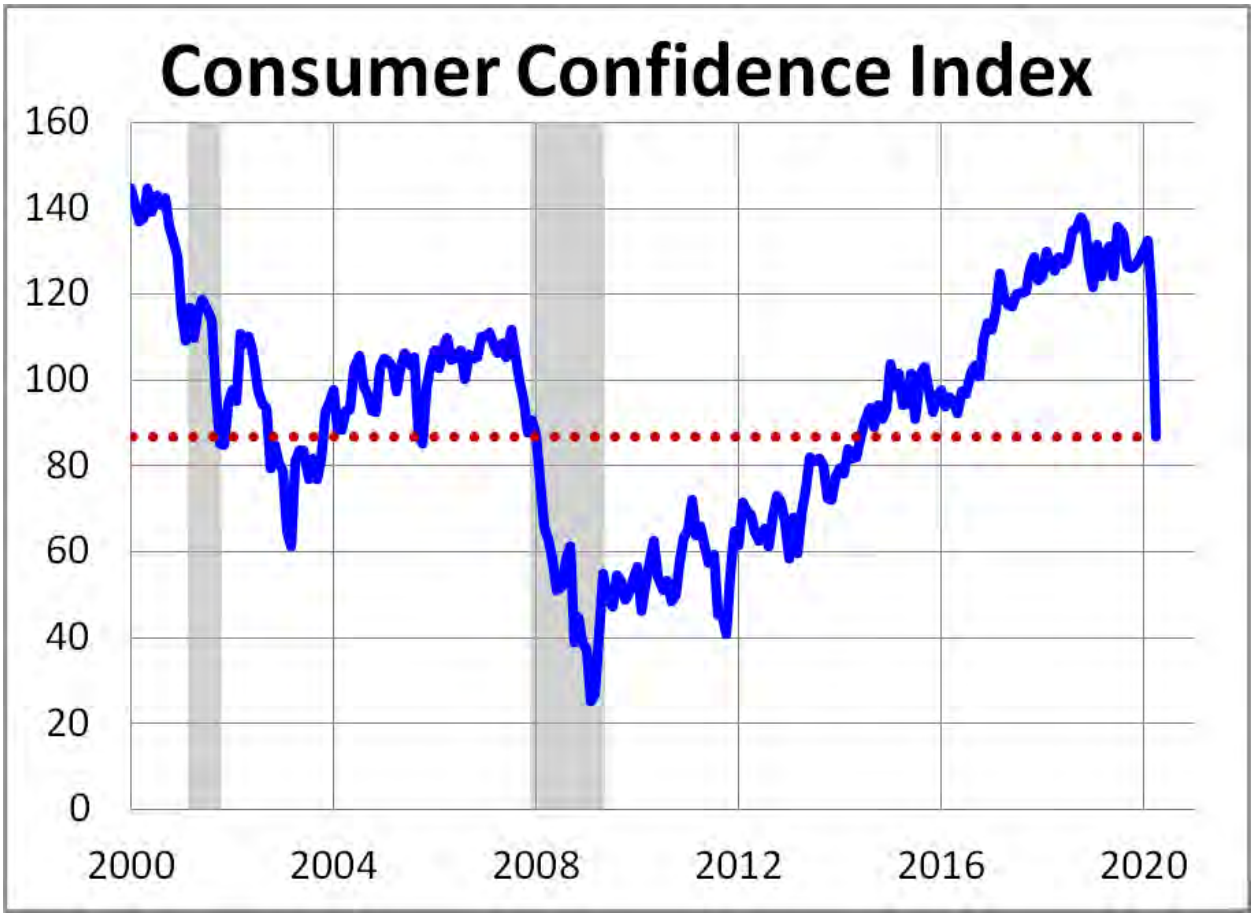
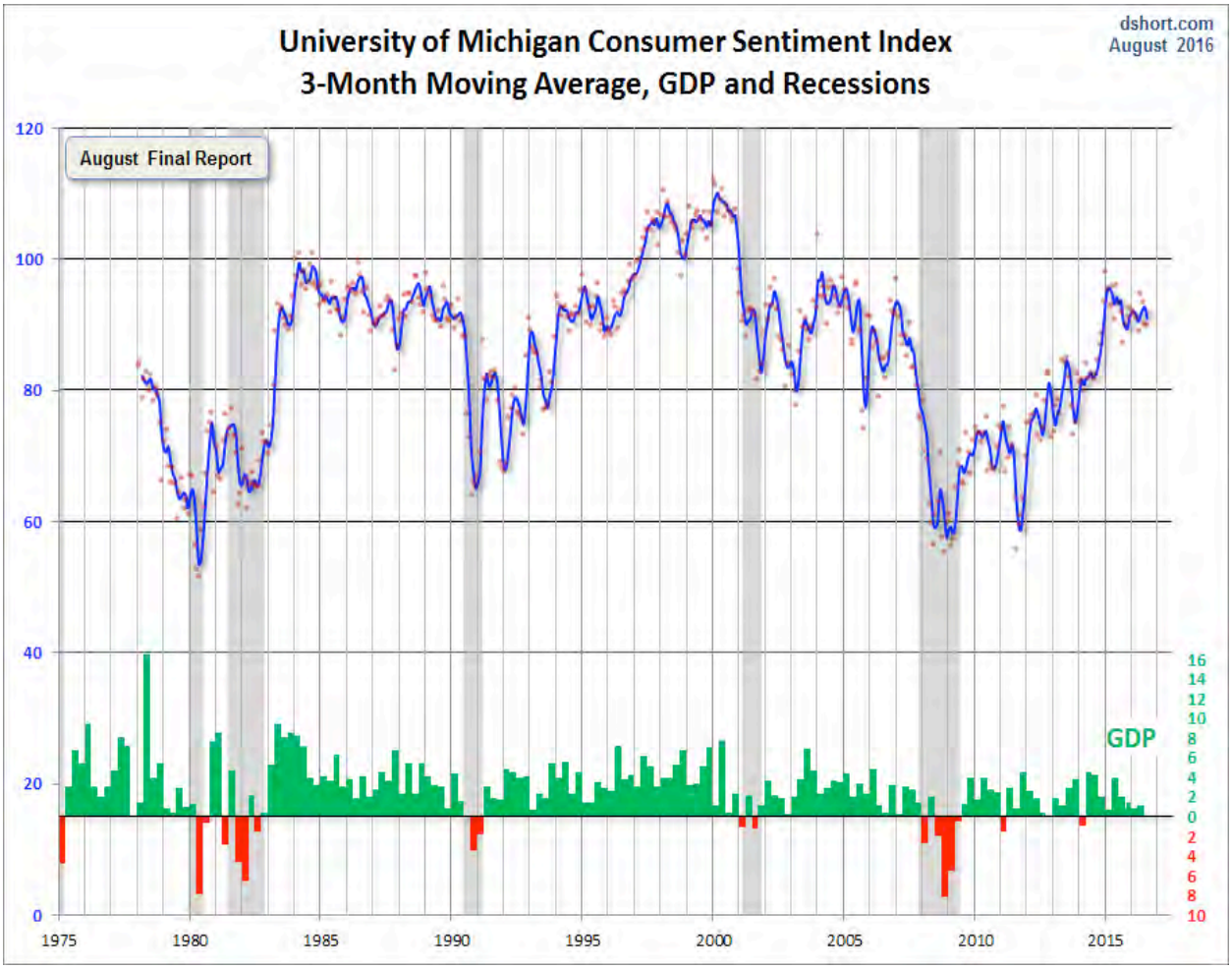


Chart VI.III



For the sake of comparison, here is a chart of the Conference Board's Consumer Confidence Index. The Conference Board Index is the more volatile of the two, but the broad pattern and general trends have been remarkably similar to the Michigan Index.

Chart VI.IV

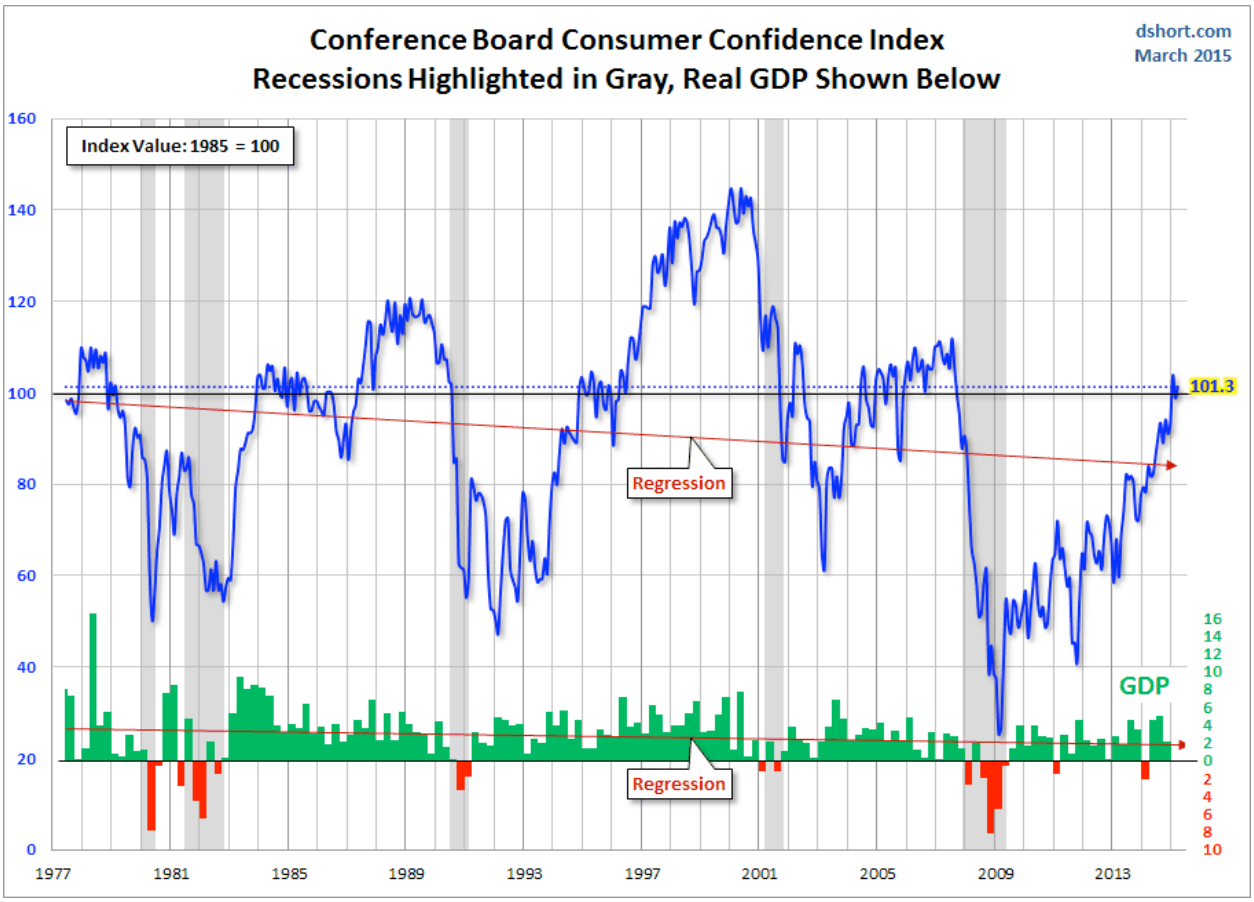
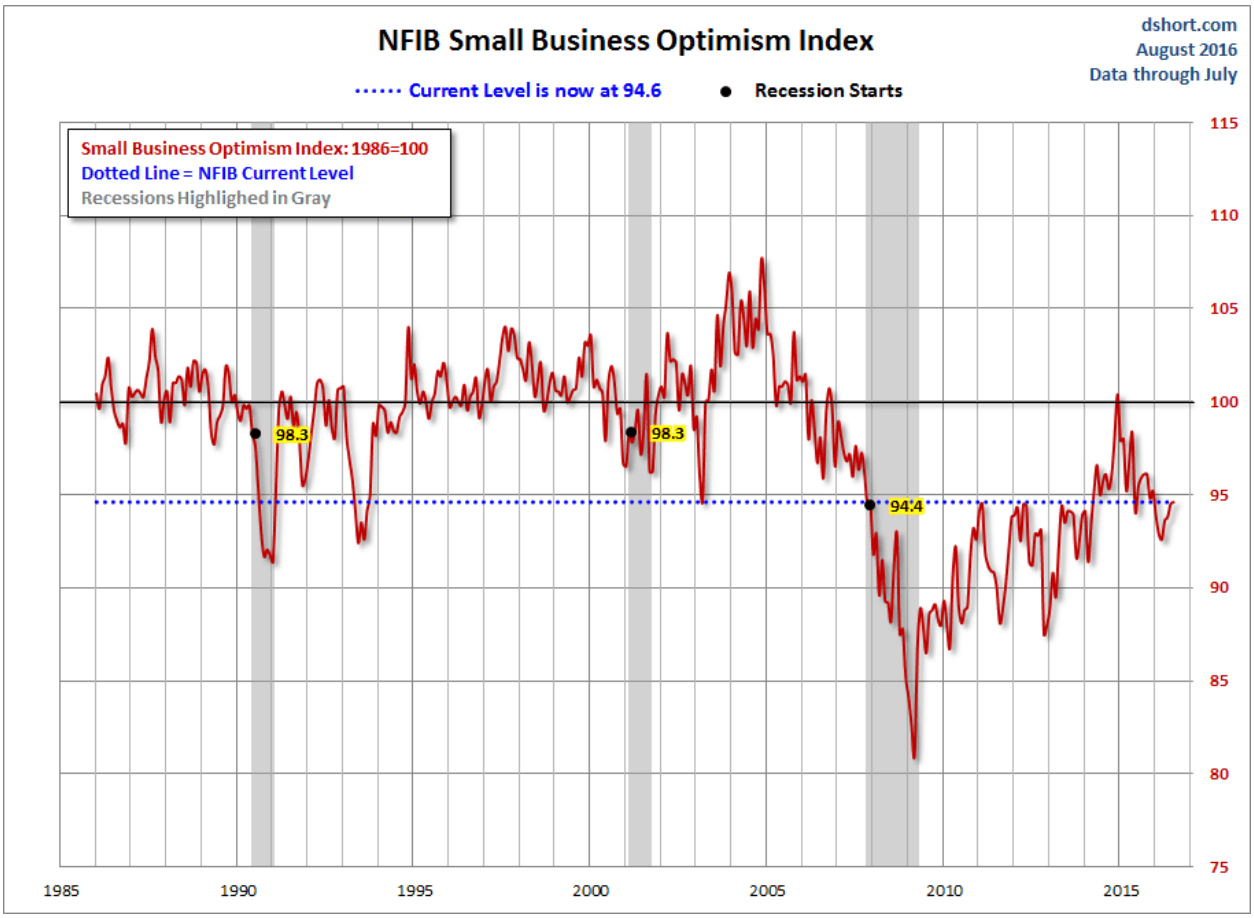

Conference Board Consumer Confidence Index
Recessions Highlighted in Gray, Real GDP Shown Below
dshort.com
March 2015
Index Value: 1985 = 100
101.3
Regression
Regression
GDP
160
140
120
100
80
60
40
20
0
16
14
12
10
8
6
4
2
0
2
4
6
8
10
1977
1981
1985
1989
1993
1997
2001
2005
2009
2013

Chart VI.V



And finally, the prevailing mood of the Michigan survey is also similar to the mood of small business owners, as captured by the NFIB Business Optimism Index

Recent Performance

The economy had started to perform according to the expectation of economists, which means it was predictable; in the past it had oscillations and starts and stops. The economy has maintained a predictable, and highly sustainable pattern since the 2016 election up to and until the coronavirus pandemic hit the world. While it is still not as fast as it should be, the nadir from whence it came in the March to April dive into the nadir from hell gives us hope in the construction, real estate, automotive, banking, energy and avionics sectors of the economy.

The economy has started to perform well again in spite of gargantuan drops in energy prices and now an unsteady set of conditions in oil prices brought about by the uncertainty in Venezuela, Iran, Russia and Iraq, among others, and the price wars between Russia and Saudi Arabia; also starting to raise the indexes is the effect of rising food prices. The labor force is growing, albeit there is still a lot of slack in the employment market as only **62.5 %** of the labor force was participating full-time (full-time or full time equivalent hours of work per week), pre-virus, so that wages are not seen to be under pressure at this juncture and there is a consensus general understanding that there will be better economic times ahead.

The Economic Outlook for 2021–2022

The Department of Labor, presenting the raw data tabulated by the **US Census Bureau** in its **Economic Census**, and subsequent mid-census updates, anticipates and expects a rate of growth of between 1.5% to 1.75 % for the economy over and above the rate of inflation for the next 24 months, excluding the unseen Coronavirus 19 pandemic of 2020.. The energy sectors were undergoing a vast transformation. The USA had become energy self-sufficient and was poised through a variety of business initiatives and political efforts that include pipelines and directional drilling techniques as well as use of natural gas and shale as an energy exporter to supply the world. With supply far outstripping demand, the cost of oil continued to fall precipitously. While this had an unwanted consequence in the petroleum derivative employment sector the rest of the economy is enjoying the respite from high gas and natural gas prices.

Housing starts increased to accommodate the markets' low interest rates, the increased wages from an improving economy, the suppressed housing demand started to become unleashed, and the consumer optimism reigned.

Imbalances for 2020

The Republican-Democrat political, budgetary and philosophical stand-offs, particularly heading into a reelection cycle that is just getting underway, and a possible retry at impeachment thrown in to arrest the the presidency, the effects of a Coronavirus worldwide pandemic, the direction of the FED's interest rate program (that is toying with negative interest rates for the first time in history), especially under a relatively new FED chair, that is being chastised by markets and the Administration, the potential weakening of the Chinese economy, and the hardening of US and world feelings against doing business with China, as well as a new potential trade war with the USA, and the uncertainty around the European economies, as well as potential tariffs and taxes levied on them, particularly with a Biden win, and how these can affect our economy are the key variables to watch in our domestic economy. The European economies' ability to stay disciplined and within required limits in Greece, Portugal, Spain and Italy, and the Sunni-Shia standoff with all possible permutations are the international sector areas to watch.

Summary

Our economy has proven itself sufficiently strong to withstand the international morass affecting, at different times, Russia, Thailand, Mexico, Germany, Greece, Portugal, Italy, Ireland, etc. The Russians were affected by an attempt at transformation from communism to capitalism. The experiment has had its dark moments and predictably, no one is pleased. It is not an easy task to revamp nearly seventy -three years of command economy status, nor is it easy to overcome internal organized crime and international financial collusion in "Robber- Baron" mentality. Germany's more limited attempt at assimilating the eastern portion of the country in the 1990's has proven more costly than they imagined in terms of finance, patience, political will, educational and infrastructural transformation and development and other intangibles.

For the most part this potentially devastating experiment to the European economies has proven successful, even though it has been a slower and more agonizing process than at first envisioned. The creation of the Euro has benefitted Germany, permitting it to export its products to the rest of Europe and the world. The battles over fiscal austerity waged with Greece, Italy, Ireland, Portugal and now Spain will eventually be worked out. It behooves Europe to stay together, although a bank- like the Bank of European Reconstruction or an agency like the such as the OECD will most likely have to usurp some level of sovereignty from individual member States and impose fiscal restraint.

The late 1990's Thai debacle, bringing with it a debasing of their currency, was successfully overcome. Even though the short-term effects of Thailand's sudden collapse were devastating, the

international lending agencies were able to make a consorted effort to temporarily alley the economic meltdown and the markets within and outside Thailand have adjusted, so that the mid-to-long-term effects have been to bolster the Asian economies. The feared domino effect did not occur and the area's economies are registering improved and notable gains in their economic activity. Mexico, after receiving a loan from the United States, has not only correctly aligned its economy, but successfully repaid every dime it borrowed. The bridge loan gave Mexico the financial where-with-all to buy the necessary time to convince internal and international investors that it would not default on its loans and that it had a long-term viable prospect.

Outlook for 2020 and Beyond

Economic activity **will definitely rise** between **2020 and 2021**. The continued machinations of a yet unsettled economy brought about by the pandemic of 2019- 2020 and the concomitant closing of the economy at first saw a drastic increase in unemployment around the world and in the USA it reached a high of 40 million people, as well as a loss of economic activity estimated to reach over $ 7 trillion dollars is foreseen by seven of our eight proprietary models for long-range and short-term forecasting as continuing growth in the **third quarter of '20**, irrespective of weather and other seasonal factor effects felt in the first quarter, and the much welcomed sustainable economic growth continuing in the **fourth quarter of '20**, if there is no recession in China, or a market correction in America. We believe the price of oil will remain relatively low for the next three years, in spite of temporary price increases brought about by debacles in oil producing countries affecting production in refineries and that this will not be a major setback to Latin American, European, or Chinese economies. This inspire also of Iranian provocations and Russian meddling.

Mid- Term Forecasts

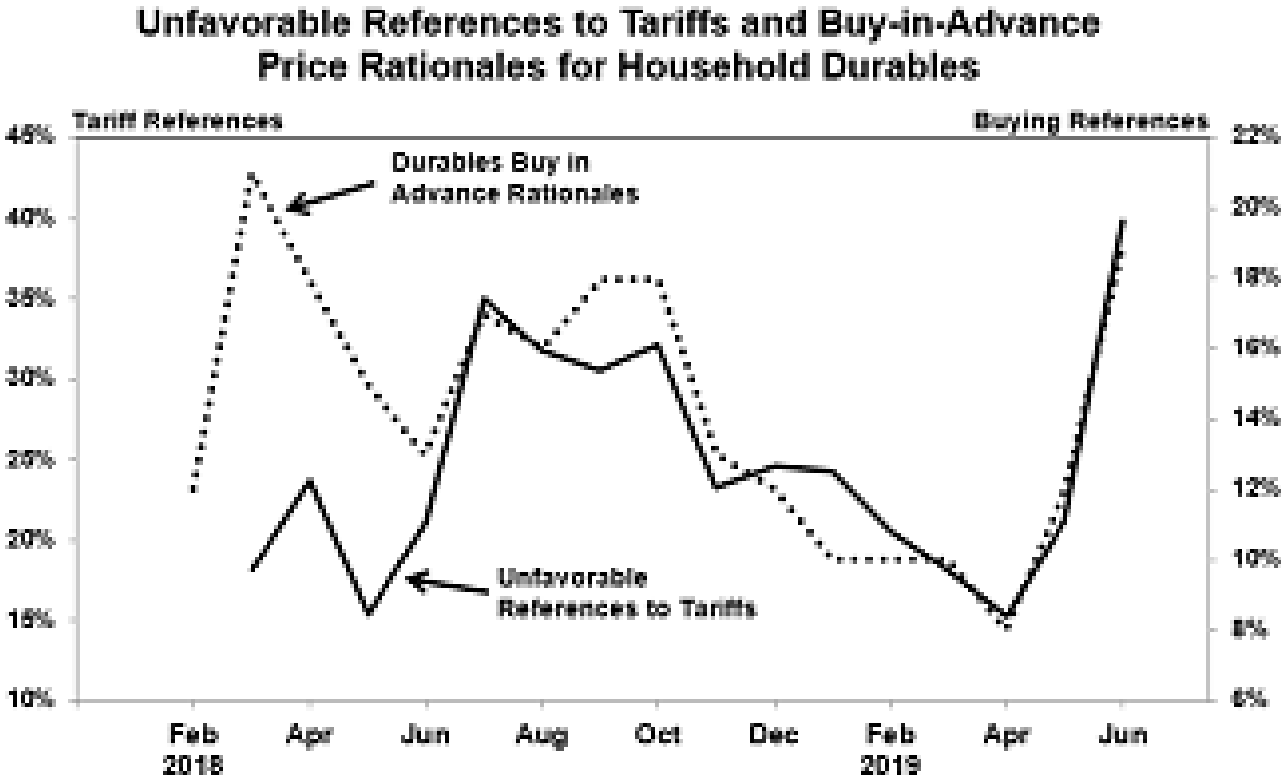
From **2020 to 2022** the rate of increase of new construction, adjusted for inflation will oscillate from **1.75% to 2.5%,** with **2020** enjoying a **2.45** percent rate of growth, **2021** enjoying an estimated **2.21** per cent rate of growth and **2022** experiencing an increase of **1.9** percent. The reason for the increase in the rate of growth will be the fact that the maturation of the economic cycle will be closer to its apex in 2019, and the net rate of growth will eventually begin to decrease as other sectors regain momentum and markets become saturated. The zenith will not be reached for a while, albeit the rate of increase will slow, primarily due to oscillations in the Federal Reserve Board policies, but also, and very importantly, the self-corrective forces of the market will make fewer and fewer development projects viable. There is a plethora of reasons why this occurs, not the least of which is the declining return on investment and return on assets and the increased time horizon for selling-out additional projects. The assumption is that higher return projects will be undertaken first

and that more attractive projects (for buyers) will remove an increasingly larger proportion of the available effective demand (purchasing power and willingness to buy) that currently exists. The relative stability of the long bond (30-year maturity) during the next four years will remain intact, in spite of temporary, short term fluctuations affected by the volatility of Greece, Ireland, Italy, Spain, Portugal, and now (politically) France; also, the Chinese economy is increasing in output once again.

All of these act as economic drivers as we see the possibilities for re-engineering the economy of the world.

The European Union needs to chart a new course in terms of its political, military and economic order to survive its Brexit drama and preclude further desertion, and is currently vacillating between increasing central government control of both monetary and fiscal policies, a step that faces great nationalistic opposition, as well as needing for sovereign governments to be willing to cede more authority, and looking at increasing reserve pools for wayward economies. The latter is theoretically easier to implement, as it "merely" calls for re-engineering debt and reallocating public and private debt with some quarters taking a large loss. The former is probably more efficient, as it would have say an oversight function over individual country's budgets and their entire fiscal policy. This action, however, entails having governments work in tandem in a non-federal system, with individual countries ceding effective control of their domestic policy. While seemingly impossible, the economic benefits of being part of the monetary marriage will eventually take the national legislatures to cede some degree of control over their budgetary processes, even if publicly they will not admit the transformation. It is possible to have a budget reviewed by the say, OECD, for compliance within a general framework, thereby neither approving or disapproving the actual budget, merely opining on whether the budget is aligned with necessary and sufficient steps to maintain the country in an economic setting that will not require eventual large bail-outs. Even though membership within the one currency system in Europe has not been universally accepted (witness England, with its Pound Sterling, Switzerland with its own less important currency, the Swiss Frank, and other abstaining countries), the Euro has greatly served the European Union's unparalleled economic growth, and increase in the economic well being of so many of its citizens.

Chart VI.VI.


Unfavorable References to Tariffs and Buy-in-Advance Price Rationales for Household Durables
Tariff References
Buying References
45%
40%
35%
30%
25%
20%
15%
10%
22%
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Durables Buy in Advance Rationales
Unfavorable References to Tariffs
Feb 2018
Apr
Jun
Aug
Oct
Dec
Feb 2019
Apr
Jun

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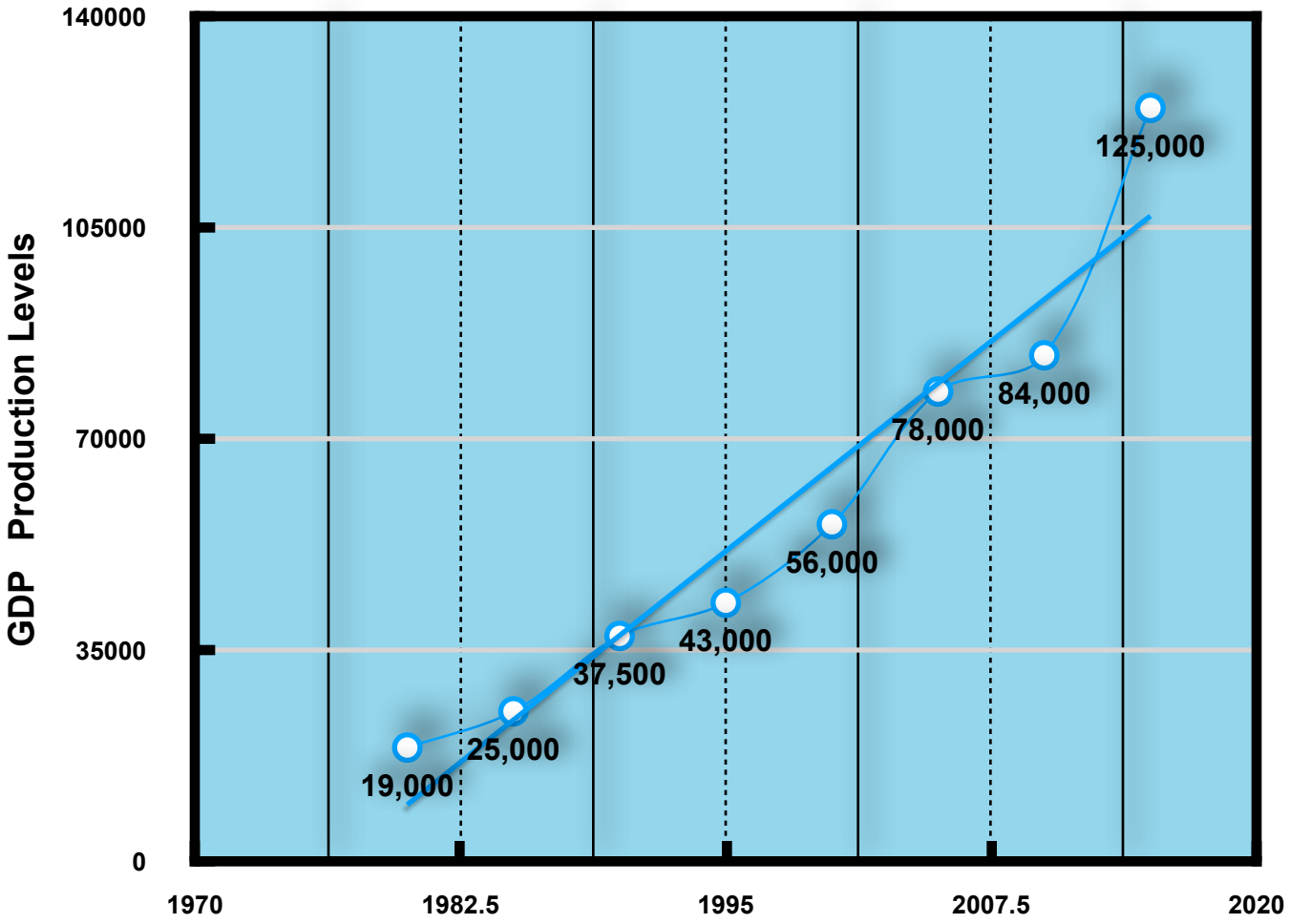
Chart VI.VII
Worldwide Economic Production
In Billions of Dollars



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245 First Street, Riverview II, 18th Floor, Cambridge, MA 02142
17th Floor Torre Magenta, Paseo de la Reforma 284, Colonia Juarez, Mexico City, 06600
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Chart VI.VIII
American Gross Domestic Product

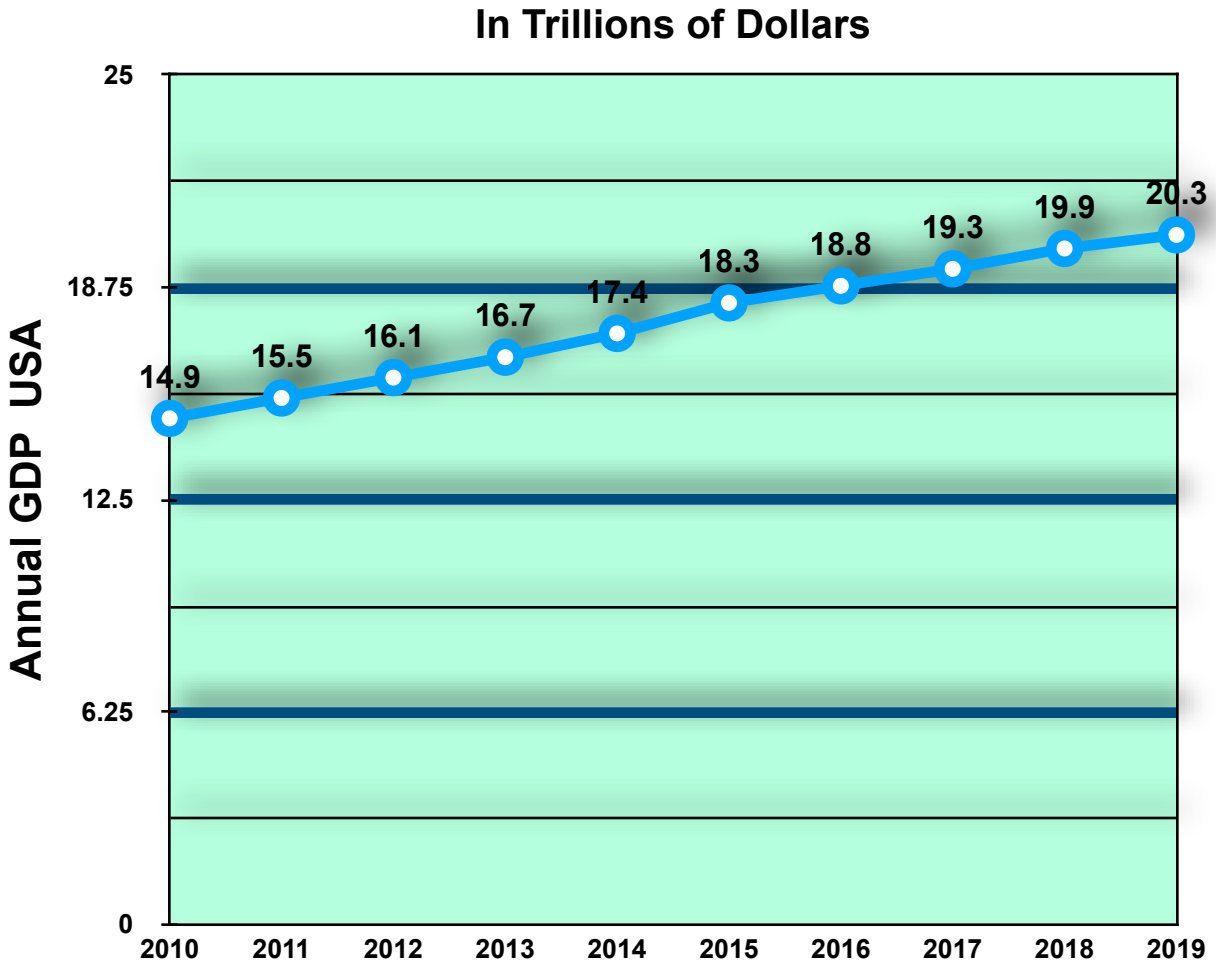

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Table VI.II

History of the Target Fed Funds Rate from December 2007 to March 2020	
Change Date	**Rate (%)**
December 11, 2007	4.25
January 22, 2008	3.50
January 30, 2008	3.00
April 30, 2008	2.00
October 8, 2008	1.50
October 29, 2008	1.00
December 16, 2008	0-0.25
December 17, 2015	0.50
December 17, 2016	0.75
March 15, 2017	1.00
December 13, 2017	1.25
March 21, 2018	1.50
June 15, 2018	2.0
December 14, 2018	2.25-2.50
July 2019	decrease to 2.00-2.25
March 2020	decrease to almost 0.0

Chart VI.IX

Table VI.III

Federal Reserve Board Funds Target Rate

Federal Funds Target Rate										
Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	0.075	1.25
Feb	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	0.075	1.25
Mar	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	1.50
Apr	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	1.50
May	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	1.50
Jun	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	1.75
Jul	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	1.75
Aug	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	2.00
Sep	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	2.00
Oct.	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	2.25
Nov.	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.050	1.00	2.50
Dec.	0.025	0.025	0.025	0.025	0.025	0.025	0.050	0.050	1.25	2.50

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Chart VI.X

Prime Rate Flatline

Table VI.IV
Prime Rate

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	3.75	4.25
Feb 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	3.75	4.25
Mar 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Apr 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
May 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Jun 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Jul 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Aug 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Sep 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Oct 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Nov 1	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.0	4.50
Dec 1	3.25	3.25	3.25	3.25	3.25	3.50	3.75	4.25	4.50

Table VI.V
WTI Crude Prices
Through March 28, 2020

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)
CL1:COM WTI Crude Oil (Nymex)	USD/bbl.	20.27	-1.24	-5.76%	May 2020	4:18 PM
CO1:COM Brent Crude (ICE)	USD/bbl.	22.69	-2.24	-8.99%	May 2020	4:17 PM
CP1:COM Crude Oil (Tokyo)	JPY/kl	23,800.00	-70.00	-0.29%	Aug 2020	4:20 PM
NG1:COM Natural Gas (Nymex)	USD/ MMBtu	1.70	0.03	1.50%	May 2020	4:18 PM

Saudi Aramco is stuck in an unprecedented price war and may need to sell a stake in its pipeline business to raise capital.

The precipitous drop in oil prices through the month has the world's largest producer strapped for cash ahead of some massive payments. The company still plans to dole out $ 75 billion in dividends this year despite the market turmoil and broad economic slump, and it faces a payment deadline for its $ 70 billion purchase of the chemicals producer Saudi Basic Industries, according to Bloomberg.

Chart VI.XI

Labor Force Statistics from the Current Population Survey

Series Id: LNS14000000
Seasonally Adjusted
Series title: (Seas) Unemployment Rate
Labor force status: Unemployment rate
Type of data: Percent or rate
Age: 16 years and over

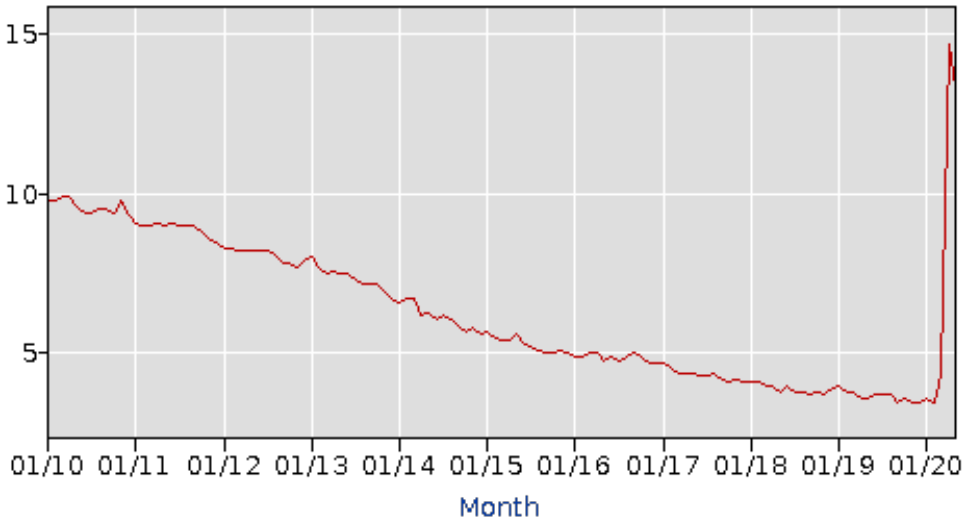

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Table VI.VI
Labor Force Statistics
Unemployment Rate
USA

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.2	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.1	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.6	5.3	5.2	5.1	5.0	5.0	5.1	5.0
2016	4.9	4.9	5.0	5.0	4.8	4.9	4.8	4.9	5.0	4.9	4.7	4.7
2017	4.7	4.6	4.4	4.4	4.4	4.3	4.3	4.4	4.2	4.1	4.2	4.1
2018	4.1	4.1	4.0	4.0	3.8	4.0	3.8	3.8	3.7	3.8	3.7	3.9
2019	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5
2020	3.6	3.5	4.4	14.7	13.3							

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Chart VI. XV
Industrial Production

Industrial Production	2012=100						% Change Change						
	2019					2020	2019						Jan. '19 to Jan. '20
	Aug	Sep	Oct.	Nov	Dec	Jan	Aug	Sep	Oct.	Nov	Dec	2020	
Total index	109.9	109.5	109.0	110.0	109.5	109.2	0.7	-0.3	-0.4	0.9	-0.4	-0.3	-0.8
Previous estimates	110.0	109.4	108.9	109.8	109.4		0.8	-0.5	-0.5	0.8	-0.3		
Major market groups													
Final Products	103.4	102.6	102.3	104.3	103.1	102.0	0.1	-0.8	-0.3	1.9	-1.1	-1.0	-1.6
Consumer Goods	105.5	104.7	104.6	106.7	105.1	104.6	-0.1	-0.7	-0.1	2.0	-1.5	-0.5	-0.8
Business Equipment	101.7	100.5	99.7	101.8	101.1	98.5	0.8	-1.2	-0.8	2.1	-0.7	-2.6	-4.5
Nonindustrial supplies	108.5	108.6	108.3	108.2	108.3	109.0	0.6	0.0	-0.3	-0.1	0.1	0.6	-0.5
Construction	117.0	117.1	116.4	116.1	117.7	118.9	0.8	0.1	-0.6	-0.2	1.4	1.0	0.9
Materials	115.6	115.5	114.8	115.2	115.3	115.3	1.3	-0.1	-0.6	0.3	0.1	0.0	-0.3
Major Industry Groups													
Manufacturing	105.2	104.5	103.9	104.9	105.0	104.9	0.6	-0.6	-0.6	1.0	0.1	-0.1	-0.8
Previous estimates	105.3	104.5	103.8	104.8	105.0		0.7	-0.8	-0.7	1.0	0.2		
Mining	133.7	133.6	133.3	132.6	134.6	136.2	2.3	-0.1	-0.3	-0.5	1.5	1.2	3.1
Utilities	104.6	106.1	106.5	108.7	102.0	98.0	-0.6	1.4	0.4	2.1	-6.2	-4.0	-6.2

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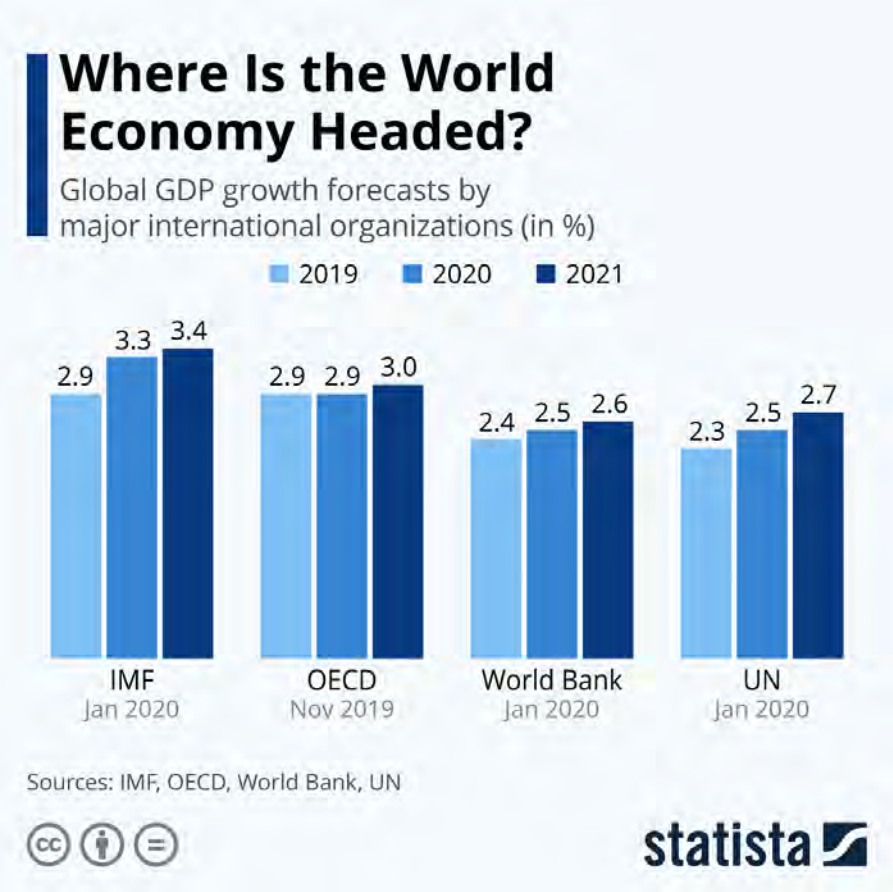
Chart V. XII
Brent Crude v. WTI Crude Prices

There are 5 key differences between WTI and Brent crude oil:

1. **Extraction location- WTI is USA, Brent is North Sea**
2. **Geopolitical difference**
3. **Composition Brent is Less Light and Sweet than WTI**
4. **Brent and WTI trading**
5. **Brent and WTI oil prices-**

Chart VI.XIII
World Economic Performance Estimates



Description: After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of 2018, reflecting a confluence of factors affecting major economies. Global growth was, before CD19, projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019 (still an estimate) before returning to 3.6 percent in 2020.

Continued Strong Foreign Capital Flows

Global economic and political uncertainty continues to drive capital to the United States, and a strategic positioning is taking place, with money moving to safe harbors ahead of a potential Sino-American impasse and future tariff escalations and currency manipulations.

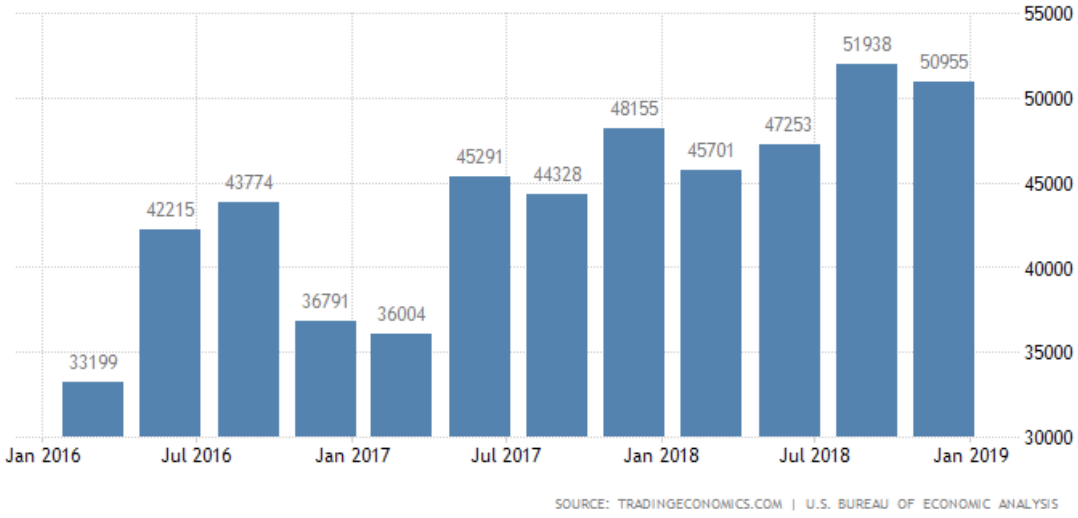
As companies seek to realign their logistic options, and consider moving to Vietnam, Laos, Cambodia, the USA, Mexico or India, or try to open store fronts in those countries to develop tri-country movements and increased step shipments as ways to evade tariffs by sending China products to other countries and then re sending them on to the USA, there is a ton of speculation of what the future will bring. While the other countries mentioned in the prior sentence may benefit from supply movements to their shore initially, we are not sure yet if these are long term movements or only shot term knee jerk reactions. Management theory would dictate a permanent move and strategic realigning over the long term, as the China USA confrontation has merely started. Their grappling for economic world dominance will not be defined in an election cycle or two, but rather in terms of decades.

The subtle outcome is a continued growth of the Indian market and an increased competition from small neighboring countries. These, however, may experience Chinese retribution in the political, economic, military, and even political levels. As China also starts to try to claim larger portions of land and sea as its domain, the stakes are rising. Land obviously refers to the 800-pound gorillas Taiwan and Hong Kong, and a few weeks ago there were massive demonstrations in Hong Kong over a Chinese attempt to allow for extradition of incarcerated Taiwanese. What will happen when the pact that was used in 1997 ends, in 2047? What will happen to Taiwan's supposed independence as China grows in strength? There are undercurrents going on in Asia that may affect the economic and military disposition of countries in Europe (read will Britain stand by as China absorbs its former colony, Hong Kong, or will the USA sit idly by as China attempts to include Taiwan in its hegemony.?)

Interest-Rate Environment

The FED has softened its position with regard to possible rate decreases and has come under severe pressure from the Trump Administration and took a drubbing from Wall Street that lead to it opening its eye to who really manages the American economy (the consumer!). A sore welcome to John Powell's ascension to the post of Chairman has led to a daily scolding from the president, a huge downslide in the stock markets at first, and upswing later and a re consideration of policy.

Chart VI.XIV
Foreign Direct Investment



Economic Effects of CoronaVirus19

We now forecast U.S. real GDP growth of negative 2.9% in 2020 (after deducting a COVID-19 impact of 5%). For global GDP, we expect a decline of 1.4%, implying a recession on par with 2008-09. Our U.S. forecast is based on our detailed scenarios as we project the overrated, as large swaths of the U.S. economy are exempt from the orders.

Meanwhile, historically large fiscal stimulus should prevent a collapse in the demand side of the economy.

Overall, we still expect a modest long-run economic impact, with GDP down 0.9%. This is much less than what is implied by the 20%-plus drop in global equities since February. In our view, a COVID-19 recession doesn't fit the mold of a 2008-style recession with longer-lasting economic impact.

VII. Industry Conditions At Time of Valuation

Size, Scope & History

Operators in the law firms industry range from sole practitioners to full-service legal firms mostly serving corporate clients. Industry growth has been modest over the five years to 2020, as businesses have expanded and corporate profit has increased. As the economy improved during the current period, the industry has benefited from increased corporate activity. An increasing number of mergers and acquisitions (M&As), coupled with the rising strength in initial public offerings (IPOs) in 2017 and 2018, is expected to support revenue growth for the industry's top firms over the coming years. These firms receive the bulk of their revenue from major corporate clients. A projected increase in corporate profit and a stricter regulatory environment, both domestically and internationally, will likely propel industry revenue growth during the outlook period. As the economy continues to grow, improving investor confidence is expected to stimulate more activity in merger and acquisition (M&A) and initial public offering (IPO) markets. Over the next five years, the value of IPOs is expected to increase at an annualized rate of 9.7%. This increase will likely spur revenue growth for the legal industry's largest firms, which aid corporations in deals and equity offerings.

The coronavirus pandemic has hd a negative effect on law firm profits but they are starting to ease back into the swing of lawsuits. Bankruptcies, renegotiated leases, landlord /tenant disputes, insurance claims, new loans and mortgages, class action lawsuits, and many other types of civil actions will spring forth as a consequence of the pandemic.

The industry is approximately $ 326 Billion a year. The State of Florida has over 100,000 lawyers although not all are practicing law.

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Table VII.I
Top 25 Law Firms by Revenue

Rank	Firm	Revenue (US$)	Lawyers	Revenue per lawyer (US$)	Country
1	Kirkland & Ellis	$3,165,110,00	2,000	$1,585,000	United States
2	Latham & Watkins	$3,063,992,00	2,436	$1,258,000	United States
3	Baker McKenzie (verein)	$2,900,000,00	4,723	$614,000	United States
4	DLA Piper (verein)	$2,634,094,00	3,609	$730,000	United Kingdom United States
5	Skadden	$2,582,325,00	1,784	$1,447,000	United States
6	Dentons (verein)	$2,360,000,00	8,658	$273,000	China United States Canada United Kingdom
7	Clifford Chance	$2,092,047,00	2,174	$962,000	United Kingdom
8	Sidley Austin	$2,036,161,00	1,873	$1,087,000	United States

Rank	Firm	Revenue (US$)	Lawyers	Revenue per lawyer (US$)	Country
9	Hogan Lovells (verein)	$2,036,000,00	2,685	$758,000	United Kingdom United States
10	Allen & Overy	$2,027,855,00	2,293	$884,000	United Kingdom
11	Morgan, Lewis & Bockius	$2,001,000,00	1,943	$1,030,000	United States
12	Linklaters	$1,963,791,00	2,305	$852,000	United Kingdom
13	Jones Day	$1,959,360,00	2,513	$780,000	United States
14	Norton Rose Fulbright (verein)	$1,958,000,00	3,339	$586,000	United States United Kingdom
15	Freshfields Bruckhaus Deringer	$1,808,467,00	1,955	$925,000	United Kingdom
16	White & Case	$1,804,200,00	2,039	$885,000	United States
17	Gibson, Dunn & Crutcher	$1,642,585,00	1,275	$1,288,000	United States
18	Ropes & Gray	$1,597,091,00	1,162	$1,374,000	United States
19	Greenberg Traurig	$1,477,180,00	1,944	$760,000	United States
20	CMS (EEIG)	$1,461,526,00	3,558	$411,000	United Kingdom

Rank	Firm	Revenue (US$)	Lawyers	Revenue per lawyer (US$)	Country
21	Sullivan & Cromwell	$1,400,790,00	812	$1,725,000	United States
22	Weil, Gotshal & Manges	$1,390,901,00	1,118	$1,244,000	United States
23	Simpson Thacher & Bartlett	$1,375,662,00	988	$1,393,000	United States
24	Mayer Brown	$1,313,000,00	1,571	$836,000	United States
25	Paul, Weiss, Rifkind, Wharton & Garrison	$1,301,773,00	1,000	$1,302,000	United States

The U.S. legal industry **suffered a net loss** of **64,000** jobs in April, although **3,200** jobs **were added** in May, according to the **U.S. Bureau of Labor Statistics.** And the overall unemployment rate across the entire U.S. economy **is 13.3%**. Jeffrey Lowe, the global practice leader of Major, Lindsey & Africa's law firm practice group, said he doesn't expect head counts to go anywhere but down across the board.

"It's going to inevitably mean a reduction in headcount at most places," Lowe said.

That's because compensation is the largest cost any law firm has to pay, Lowe said. Law firms only have so many levers they can pull to head off a downturn in business before it starts affecting their personnel, he added.

"I think a lot of firms were able to hide behind a very robust economy," Lowe said. The pandemic will make it "very clear which firms are in trouble and which will be strong enough to ride it out."

The pandemic has financially squeezed firms across the USA. In 2019, Baker McKenzie, the largest U.S.-centered law firm on the 2020 NLJ 500, saw its head count grow by 1.9%, to 4,809 lawyers. In April, the firm announced it was reducing salaries for all of its non-partner attorneys in the U.S. by 15%-in 2019, Baker McKenzie had 2,911 associates and 409 other lawyers. Baker McKenzie's 1,489 partners will also see cuts, with the 684 equity partners taking a bigger hit than others.

Other NLJ 500 firms haven't been so lucky. Dorsey & Whitney; Goldberg Segalla; Husch Blackwell; McDermott Will & Emery; Miller, Canfield, Paddock and Stone; Reed Smith; Saul Ewing Arnstein & Lehr; Seyfarth Shaw; Taft Stettinius & Hollister; and Womble Bond Dickinson-law firms whose head counts grew between 2.2% and 7.1% in 2019-have all laid off or furloughed employees as a result of the pandemic.

Major legal U.S. markets such as Houston, Los Angeles, New York, San Francisco and Washington, D.C.—as well as London —all saw head count growth in 2019, between 2.2% (Washington) and 8.3% (Houston). Chicago's numbers, on the other hand, stayed relatively flat, slightly shrinking by 0.2% year over year.

Texas continues to be an area of interest for law firms. ALM Intelligence in November 2019 reported that 82 law firms on the Am Law 200 had at least one office in the Lone Star State by the end of 2018—that's 157 offices with 4,067 lawyers. According to the 2020 NLJ 500, Houston, Dallas and Austin saw their lawyer bases increase by 8.3%, 10.2% and 12.2%, respectively.

Minneapolis, which legal consultants have described as being the second-most-important market in the Midwest (the first being Chicago), saw seven new firms setting up shop in 2019, including three major mergers. But that city's contingent of lawyers shrunk by 2.5% last year. Opening an office in a new city can be a complicated, time-consuming and expensive affair in a normal circumstance. And Lowe predicted that as the pandemic continues, law firms are going to be especially careful about branching out into new markets.

Amid the pandemic, at least one firm is evaluating its expansion plans. Seyfarth, ranked 44th on the 2020 NLJ 500, increased its head count by 4.5% in 2019. Some of the lawyers Seyfarth brought on last year were supposed to act as the firm's beachhead in Seattle, which the firm planned to launch this year. Due to the financial pressures caused by the pandemic, Seyfarth has cut salaries and furloughed employees. When asked about Seyfarth's expansion plans, a firm spokeswoman said in April the firm is "evaluating everything and continuing to build for the future." In a follow-up call in May, the firm declined to comment further on their plans to expand into Seattle and Dallas.

Legal consultants believe the industry is poised to change following the pandemic. With firms reporting that they've stayed productive even as their lawyers work remotely, that might cause some law firms to reexamine their office locations in expensive major markets.

It's not a new conversation for law firms, Young and Lowe noted. Firms have already ditched their law libraries, Young said. And at some firms, partners have the same size office as associates, Young

said. However, Young noted that, in the short term, law offices will actually need more physical space in order to fully comply with social distancing guidelines various states have issued.

A study from Robert Half International, a human resources consulting firm, found that 74% of workers want to keep working remotely once the various stay-at-home orders have been lifted.

"We'll likely see more firms fully embrace a comprehensive digital work environment, with remote work becoming the norm versus the exception," said Jamy Sullivan, executive director of Robert Half Legal.

Sullivan said Robert Half is seeing law firms use contract or temporary attorneys more for contract drafting and review, as they relate to new government regulations, insurance claims and mortgage refinancing.

"In an uncertain economy, it's not unusual for firms and legal departments to rely on legal experts who are hired on a temporary, project or contract basis," Sullivan said. "While firms may feel cautious about hiring, at the same time, they have work that must get done and don't want to be understaffed."

VIII. Build Up Capitalization Rate

Build-Up Capitalization Rate

BUCR= is equivalent to what is known in financial circles as the discount rate, or the amount of annual discount that is used to make streams of income equal across time. The BUCR is developed using money market funds, and thus develops the system by which revenue streams can be effectively compared. In the extant circumstances, we have developed a model starting from risk-free rates of return to adding the inflation rate (as a residual, measured as a differential between long term bond rates and risk free returns). A component is added for the risk of placing money at risk with a company across time, and then an implied equity premium, or needed basic return, is added. This number is derived from the amount that is historically earned by similar businesses in similar markets. This section takes into account and derives a "Cost of Capital".

There has been much argued over the "Cost of Capital", since every firm by virtue of its varying financial strength has a different Cost of Capital component. If money that has been held in retained earnings is used for a project, then is the cost of borrowing zero? For a project financed

with own-funds the argument is raised that the cost of capital component should be the highest alternative use for these funds. In economics this is called an "Opportunity Cost" and in finance we refer to it as a "Cost of Capital". Alternatively, if funds were borrowed for the project, we could argue that the market price, or bank fees and interest, represents the Cost of Capital. But not all companies would have the same cost of capital.

If Kirkland & Ellis, or Latham & Watkins, or Baker McKenzie, Skadden, or DLA Piper, Denton, or White & Case, or even Greenberg Traurig, had borrowed the funds, if they could borrow the funds, for a project, would the cost not be different than if any other company had borrowed them? It is thus better to calculate an independent *and stand alone method. When we start down the road of differential loan rates, it opens up too many possibilities for argument.* The development of the BUCR starts with the US Government long-bond rate. This is arrived at by looking at the core inflation rate, and estimating the premium paid for and published for the 30 year T-Bond Rate. Next, we factor in a premium for the expected higher return on stocks over bond yields, or an equity premium. Finally, a factor is imputed for the greater risk associated with privately held investments.

The equity premium is determined from the relationship existing between the size of the company and historic returns on equity. Empirical analysis reveals a log-linear relationship between market value and historical risk premiums. In effect, the smaller the market capitalization of a public company, the larger the realized return. This relationship produces an implied equity premium that is added to the long-term bond income return. The acknowledgement of greater risk arises from subjective analysis of the many factors that could effect a hypothetical investment in a corporation, partnership, or other business interest. This risk factor ranges between 3 to 15 percent, normally, and can go even higher, like in the case of dot.com start-ups. This risk subsumes in the case of Health Family Insurance, Inc.**,** and others in the insurance industry such variables as recessions, depressions, changes in legislation covering insurance, changes in medical and hospitalization and drug costs, etc. In this particular case, we must focus on the factors relevant to a hypothetical outside investor's concerns with placing capital at risk in**,** and thus, his/her perception of risk. The company is capable of showing a profit, given its acquired multi-year expertise, financial statements, and need for the products/services offered. There are always unknown risks that affect all businesses, however, and so we are forced to consider a **3%** risk factor that must be added to the risk build up function to recognize and codify that all businesses have an on-going risk. Our total **Build-Up Capitalization Rate** is then seen to be **17.23 %, or 17** percent. This forms the subliminal number that would be used by financiers willing to enter the market and put money at risk in the real estate industry. The **BUCR** is thus as follows:

Table VIII.I
Strems Law Firm, P.A.
Build-Up Capitalization Rate

Core Inflation 2020	1.20%	
Premium	0.30%	
Yield on Long-Term Bond (Dec 31, 2018)		1.50%
Implied Equity Premium- Medical Insurance Industry	12.73%	
On-Going Business Risk-2018	3.00%	
Subtotal		15.73%
Total BUCR		17.23, or 17%

*= Implied Equity Premium derived from expected trailing P&L from reporting firms

In the table above, we determined a Build-Up Capitalization Rate (BUCR) that provides a discount rate that equalizes the flows of income in all other methods employed in this valuation. The low 3 percent is used because **Strems Law Firm** has been in business for some time, is a well established name with ample recognition, and has extensive contacts in the industry, and a track record of high profitability. The historical returns to industry wide firms in the legal services industry in 2020 are that of a compounded 12.73 per cent per annum, according to Thompson Investment Services, U-Value Services, and other companies that track law firm performance, and Hoover's Online Company Profiles. As a check on the above estimate of the BUCR, we can observe the rates the market applies generally to companies of **Strem Law's size**. The long-term rate of return (annual average returns for 1926-2001) of companies in the 10th decile by size (the smallest companies) on the New York Stock Exchange, American Stock Exchange, and the NASDAQ is 21.1%.[2]

[2] **Ibbotson Associates, Stocks, Bonds, Bills, and Inflation – Valuation Edition 2015 Yearbook, p. 122.**

IX. Financial Condition of the Company

Table IX.I
Strems LawFirm, P.A.
Balance Sheet[3]
12/31/2019

Assets	
Current Assets	$ 24,328,586.10
Fixed Assets	345,603.43
Other Assets	122,263.12
Total Asets	$ 24,796,452.65
Liabilities & Equity	
Current Liabilities	$ 3,775,347.99
Long Term Liabilities	303,640.98
Total Liabilities	$ 4,078,988.97
Capital Stock	$ 10.00
Retained Earnings	14,324,282.90
Shareholder Distributions	11,787,597.97
Net Income	18,180,768.75
Total Equity	20,717,463.68
Total Liabilities & Equity	$ 24,796,452.65

[3] Internal Firm Documents

Table IX.II
Sterms Law Firm P.A.
Profit & Loss[4]
January-December 2019

Total Income	$ 32,103,307.93
Gross Profit	32,103,307.93
Expenses	13,982,990.11
Net Income	$ 18,180,768.75

Table IX.III
Strems Law Firm, P.A.
2018 US Tax Returns[5]
Select Rubrics

Gross Receipts	$ 15,085,762.00
Compensation of Officers	151,789.00
Salaries & Wages	6,198,322.00
Depreciation	1,260,415.00
Ordinary Business Income	$ 4,459,996.00

[4] Internal Firm Documents

[5] Form 1120S The Strems Law Firm, P.A.

X. Valuation

Discounted Cash Flow & Terminal Value Discounted Cash Flow (D.C.F.) - Definition

Future cash flows *multiplied by* discount factors *to obtain present values. Discounted cash flow (DCF) includes the present value (PV) (or net present value (NPV)). DCF provides insight into financial management not possible using other techniques. The NPV of the time-phased costs over the economic life of an investment project is the best single-number measure of its life-cycle cost. NPV is well accepted for sound reasons, but it has limitations.*
For one thing, to solve for NPV, one must first calculate the "opportunity cost of capital," also called the "discount rate." This rate is used in the discounting equation to calculate NPV. Discounted cash flow analysis allows the investor to consider the timing of cash outlays and returns over the life of an investment. Based on the theory of compound interest discounted cash flow analysis uses relatively simple mathematical procedures to convert future net income to a present value. Once a net income has been projected for each period of the projected holding period the individual cash flows are discounted and summed. The discounted cash flow analysis takes into account the timing and of size of anticipated income and expenditures and can be easily adjusted for inflation and deflation.

Certain acquiring companies view a potential company purchase as an annuity, which is discounted at a desired rate of return. An investor familiar with the industry would not expect to achieve any economies of scale or a significant improvement in profits under new management. They of course, would add back the expenses not requiring cash outlays, such as depreciation and amortization, as well as adjust for projected capital expenditures and changes in debt structure and working capital. The discounted cash flow is calculated as follows: we have estimated net profits; to these profits we have added back depreciation, deducted the changes in working capital, after estimating the working capital of the firm on a year by year basis, deducted projected capital expenditures, and repaid the long-term debt. The discounted cash flow model is a 10- year model and is shown contiguous to this paragraph. The discounted cash flow model is a forward looking model, thus we must estimate profits in coming years and then discount them back to present value, in order to make meaningful comparisons across time as to the value of the business. We have used a 10-year model, to show in an equitable fashion what the long run viability of the business is, not withstanding economic downturns, cyclical, seasonal and/or random variations in economic performance. **The Valuation Group, Inc** consistently uses a 10-year period because we feel it gives a deeper and more analytical relative weight to trends, cycles and other long-term economic phenomena. A shorter five-year model may be easier to construct, but may also miss cyclical and seasonal changes, as well as not make sense of random errors. A shorter-term model may have unduly prejudiced the reader in this instance regarding the long-run viability of the firm that is the subject of the report. Moreover, the average profits in a five- year model may have unduly affected development of relative and

comparable systems, as well as absolute systems of measuring value. In the case of **Strems Law,** we have normalized the profitability of the firm, attenuating the financial statements and tax returns graciously provided to us by**,** the company's accountants, by looking at the pre-tax management fees charged the company by the Espinosa family, and adding that to the reported net income before taxes. We present in the following table the **10-year** expected profitability of the firm based on historical profit and loss statements. This is why we had to use a **17%** discount rate in our numbers, so as to calibrate the industry risk, the economic risk, and, at the micro level, the business risk.

Table X.I
Supporting Schedule, Pro- Forma Operating Results[6], Strems Law

Year	Year	Net Profit
2021	1	12,753,000
2022	2	10,854,000
2023	3	8,750,000
2024	4	7,500,000
2025	5	6,230,000
2026	6	4,215,000
2027	7	3,750,000
2028	8	2,941,000
2029	9	1,750,000
2030	10	1,216,000
Total		59,950,000

[6] **We have imputed the depreciation and built a decreasing profit percentage across time function**

The concept is outlined in our **Build Up Capitalization Rate chapter in this report.**

Table X.II
Pro-Forma Operating Results
Strems Law Firm, P.A.
Development of Net Cash Flow
$

Year	Net Profit	Depreciation	Change in Working Capital	Net Cash Flow
2021	12,753,000	750,000	16,729	13,486,271
2022	10,854,000	750,000	12,724	11,591,276
2023	8,750,000	750,000	10,543	9,489,457
2024	7,500,000	750,000	8,386	8,241,614
2025	6,230,000	750,000	6,432	6,973,568
2026	4,215,000	750,000	5,197	4,959,803
2027	3,750,000	750,000	4,639	4,495,361
2028	2,941,000	750,000	3,718	3,687,282
2029	1,750,000	750,000	2,742	2,497,258
2030	1,216,000	750,000	2,076	1,963,924
Total	59,950,000			67,385,814

Table X.III
Net Cash Flow at Present Value
Strems Law Firm, P.A.

Year	Year	Cash Flow	Cash Flow @ PV[1]
2021	1	13,486,271	13,486,271
2022	2	11,591,276	9,907,074
2023	3	9,489,457	6,932,177
2024	4	8,241,614	5,145,821
2025	5	6,973,568	3,721,445
2026	6	4,959,803	2,262,221
2027	7	4,495,361	1,752,465
2028	8	3,687,282	1,228,585
2029	9	2,497,258	711,175
2030	10	1,963,924	478,026
Total		67,385,814	45,625,260

The ten years of cash flow are discounted back to using a discount rate of **17%.** The derivation of the **17%** is explained in the section entitled, **Build-Up Capitalization Rate**. [7]

The present value of the cash flow, so discounted, is **$ 45,625,260.00**

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[7] The discount rate is derived in Section VIII, Build Up Capitalization Rate, p.42 in this report.

At the end of the ten years, the company still has value, a so-called terminal value. The present value of the terminal value must be added to the present value of the ten years' cash flow. Conventionally, the terminal value is estimated, as we have done herein, by (1) assuming that the final year's cash flow will be generated annually in perpetuity, and (2) capitalizing that perpetual cash flow with a discount rate. The discount rate used is the same as for discounting the ten years' cash flow, except that **3.1**% is subtracted for the long-term rate of inflation, to produce an inflation adjusted, or "real," interest rate of **25.90**%. The inflation rate is subtracted to make the discount rate comparable to the post-tenth year cash flow, in which no growth due to inflation (or anything else for that matter) is assumed. The terminal value is then discounted back to **June, 2018**, using the original **29**% discount rate.

Table X.IV
Terminal Value
Strems Law Firm, P.A.

Cash Flow in 10th year			**1,963,924**
(Assumed unchanged)			
Nominal (not adjusted for inflation) rate	**19%**		
Inflation rate (long-term average from Ibbotson, *Stocks, Bonds, Bills and Inflation, 2017 Yearbook, p. 28)*	**3.1%**		**16,944,987**
"Real" (inflation adjusted) interest rate	**15.9%**		
	19%		
Total Value of Terminal Value			**8,918.41**

The present value of the terminal value, so calculated, is **$ 8,918.41** A this figure takes into account all equipment and inventory, furniture and fixtures, etc still present at the end of the tenth year, and we are adding the present values of the cash flow and the terminal value, we arrive at a combined discounted cash flow value estimate for the company of **$ 45,625,260.00+ 8,918.41=**
$ 45,634,178.41

$45,634,178.00

2. Gordon Model

The **Dividend Discount Model** (DDM) is a way of valuing a company based on the theory that a stock is worth the discounted sum of all of its future dividend payments. In other words, it is used to value stocks based on the net present value of the future dividends. The equation most always used is called the **Gordon Growth Model**. It is named after **Myron J. Gordon**, who originally published it in 1959; although the theoretical underpinning was provided by **John Burr Williams** in his **1938** text **"The Theory of Investment Value".**

The variables are: P is the current stock price. g is the constant growth rate in perpetuity expected for the dividends. r is the constant cost of equity for that company. D_1 is the value of the next year's dividends. There is no reason to use a calculation of next year's dividend using the current dividend and the growth rate, when management commonly disclose the future year's dividend and websites post it.

$$P = \frac{D_1}{r - g}$$

Derivation of equation

The model sums the infinite series which gives the current price P.

$$P = \sum_{t=1}^{\infty} D_0 \times \frac{(1+g)^t}{(1+r)^t}$$

$$P = D_0 \times \frac{1+g}{r-g}$$

$$P = \frac{D_1}{r-g}$$

Assuming constant increases in growth rates and simultaneous constant discount to some "real" rate produces a smooth continuous function that is different from the discrete discounted cash flow method presented in prior pages.

The discounted cash flow is made by assuming a year's operation (within management and expert's guidelines) and then attaching an end-of-year attenuation by a discount rate. For accounting exercises it takes into account the time value of money, but it does it in a mathematically imperfect approximation. The **Gordon Model** tries to perfect the technique by assuming constant growth and constant discounts, thereby approximating more accurately what a discrete spreadsheet represents. The model requires a greater degree of mathematical prowess and the requisite computers and software capable of approximating a dynamic simulation scenario. Our results:

$ 43,921,751.00

Assuming increasing returns to scale to new offices and additional personnel the function changes to:

Assuming An Uneven Growth Rate (Multi-Stage Model) Larger than the Discount Rate:

$ 49,286,163.00

3. Book Value of the Firm
Net Book Value- Definition

The current book value of an asset or liability; that is, its original book value (original cost of an asset) net of any accounting adjustments such as depreciation. Net book value is considered not worth using in many instances because the assets may appreciate or depreciate across time, and thus their initial cost is irrelevant to the current market value of the assets owned or controlled by the firm. In the extant circumstances, in discussing rolling stock such as trucks, trailers, cabs, et, the assets will depreciate in value because of technological obsolescence as well as use and time considerations. Measuring the cost of computers, desks, and other assets used to function as a business in this case is inane. Measuring the value of the firm by this method would yield an inferior number to the "true" number sought. The system tabulates value by equating the words cost to value. Thus the initial cost of an asset becomes its value. This inherent limitation and myopic perspective is its biggest critique. By assuming that the initial cost, adjusted for depreciation, is the value of an asset it ignores the ability of the asset to earn revenues, and is thus removed from

reality in most instances. A new trailer and a used two-year old trailer that are the same size and holding constant any major changes in technological innovation are worth theoretically the same thing if you can account for their capacity to carry petroleum products. But the book value measurement would indicate that the two-year old truck is worth less than the new one by a factor known as depreciation. This depreciation could be a straight-line measure (dividing through by the useful life of the asset), or it could be a method of depreciation that allows for accelerated depreciation, further sewing the "value" of the asset as compared to what it is worth in the marketplace, and what it is worth to the company. By being compared to the company's market value, the book value can indicate whether a stock is under- or overpriced. In personal finance, the book value of an investment is the price paid for a security or debt investment. When a stock is sold, the selling price less the book value is the capital gain (or loss) from the investment.

Book value rarely bears any relationship to the true value of assets. Some investors and analysts use book value and compare it to the share price in order to determine whether a company has over valued or under valued stocks.

Taken from internal documents prepared by the firm:

	$
Assets	
Total Assets	**24,796,452.65**
	$
Liabilities	
Total Liabilities	**4,078,988.87**

Book Value of the Law Firm:

$ 20,717,463.73

4. Liquidation Value

Liquidation Value is that value placed on an asset that must be sold immediately. Liquidation value subsumes the need to liquidate, or convert an asset into ready cash. Thus, the following key variables are a part of liquidation value: time, market driven value, costs of the transaction, and indirectly, the buyer's assumption of revenue producing ability of an asset. The asset must be heavily discounted, as the assumption is that conversion to ready cash is a necessity. Moreover, buyers will tend to be from the same industry, as they may see an opportunity to buy a good asset at below market price. Liquidation assumes the dismantling of the firm, which in this case may or may not be a good assumption. A competitor (s) may wish to add productive capacity to their extant plants, or a third party, may decide to enter the south Florida market by buying an entire enterprise already in place. What keeps the price from falling too much is the opportunity cost of allowing a competitor to add productive capacity, or the possible entry into the market of a third competitor. The purpose of estimating liquidation value is to put a floor under the going-concern values. Some companies are worth more dead than alive; they have higher liquidation values than going-concern values. In these cases the liquidating value is the relevant value.

Assets		
Total salable assets with discounts	**$**	**361,512.25**
Liabilities		
Total Liabilities at 100%	**$**	**4,078,988.97**
Thus, the liquidation value is approximately		**$ 3,717,476.72**

Under a liquidation scenario, we relax this assumption and assume the entity is dissolved or in the process of being dissolved, terminated and administratively closed. It can not hurriedly force payment from related entities, nor can it assume that a shareholder will pay off his or her debt to the company.

How long the entities that have received these payments have to wait to receive the funds, how much of the funds they receive, and whether they receive them at all, and to whom they are returned (entity level or shareholder level) are questions that cannot be answered at this juncture. Moreover, what creditor matrix is constructed and what judicial fora decisions are reached are too difficult to intelligently address. Certain creditors may have superior rights to others, thus we concentrate on an amount that is attainable through a quick liquidation and ignore amounts that may be garnered much later outside an auction event, or outside any other liquidating event.

5. Ratio Analysis

Ratio analysis is a simplistic way to value a company. In this case if we weigh the net income of the firm, we do not know how well the revenue was culled and how well the costs were contained. We are just multiplying through by a number. If we merely take the top line, or how much revenue was earned we totally ignore the costs associated with its generation. In any event, the procedure is used, albeit quite simplistic. It has he advantage of giving a first and quick approximation of value. We use it in this instance because there are no publicly traded law firms and so cannot use a P/E Ratio Approach, and given the make up and style of cases processed by it, there are no other law firm sales that would compare to it, so we must eschew using the comparable sales approach.

Market-based valuation multiples vary to a large extent by law firm size. It is not unusual for a law practice grossing over $1,000,000 in annual receipts to command a price to gross revenue valuation multiple greater than 1.5 times. Anyone one approximating over $ 18,000,000 would definitely command the market multiple of 3.0 times gross revenues and 2.0 times net income.

A) Utilizing the 3.0 x Gross Revenues Approach=

3.0 x 32,103,307= $ 96,309,921.00

B) Utilizing the 2.0 x Net Income Approach=

2.0 x 18,180,768.75 = $ 36,361,537.40

XI. Summary of Valuation Results

Table XI.I
Summary of Valuation Results
Strems Law Firm, P.A.

Method	Found In Page	Type of Method	Result $
Discounted Cash Flow	74	Absolute	45,634,178.00
Gordon Model- Constant Growth Rate	51	Absolute	43,921,751.00
Gordon Model- Multi Stage Variable Growth Rate	51	Absolute	49,286,163.00
Multiple of Gross Revenue	54	Ratio Analysis	96,309,921.00
Multiple of Net Income	54	Comparative	36,361,537.00
Book Value	52	Standard Accounting	20,717,463.00
Liquidation Value	53	Financial	3,717,477.00
BUCR	42	Discounting	17%

XII. Determination of Value as of June 25, 2020:

The prior section summarized all results from the approaches taken by the appraisal process. We immediately discard the liquidation value as it is negative and there is no reason to liquidate an entity that has a going concern value and shows a net profit on an annual basis exceeding 18 million dollars.

The book value approach is merely an accounting myth that confuses the concept of value with the original cost of assets used in the business. Thus we disregard that. Although we do note that it sets the floor price of the business at $ 20 million dollars +.

We are then left with three reliable forms of observation. The first approximation of value we undertook was the **Discounted Cash Flow Method** and that yielded a value of approximately **$ 45.6 million.** This is a widely used and very respected as well as recognized method. It counts in every finite period of observation a number that is discounted back to present value. It thus considers the time value of money (when is the money earned) as well as invokes a reasoned discount rate and derives a conclusion of value. The more sophisticated **Gordon Model** is mathematically superior as it does not assume finite period adjustments but rather looks at value from a continuous function of time and revenues, as well as discounts the earnings continuously. It thus is more difficult to produce, it requires much more computation and is much more precise. This gave us a number that approximated **$ 43.9 million assuming constant growth and $ 49.2 assuming a multi-stage growth rate.** The last method used that we accepted was the **Ratio Analysis Method.** Albeit simplistic, it does have its use as a comparative and supportive figure, to question whether we are on solid ground with our estimates of value. We have a number that seems very high using multiples of gross revenue ($ 96.3 million) and one that seems too low using net earnings multiples (36.3 million).

It is for this reason that we have used a geometric mean to weigh these approaches and give a value to this company as of 06/25/2020 of:

$ 43,860,000.00

This number is equivalent to 1.36 times 2019 gross earnings.

XIII. Assumptions & Limiting Conditions

1. This report is an economic analysis designed to provide an approximation of value, under the conditions set forth in the preceding incisor. It is not an accounting report, and should not be relied upon to disclose hidden assets, or to verify financial reporting. This report is merely an opinion of value of the entity and the assets considered by **The Valuation Group, Inc.**

2. **The Valuation Group, Inc**. has accepted financial information of **Strems Law Firm, P.A.** provided to it, at face value. We have accepted all representations made to us at face value, without additional verification.

3. This report was prepared with the explicit intent of presenting to ownership an index of the fair value of the companies **as of June 25, 2020.**

4. All facts and data set forth in this report are true and accurate to our best knowledge and belief. No matters affecting the conclusions have knowingly been omitted or withheld.

5. This report and its conclusions are subject to review, at additional cost, upon presentation of data that may not have been disclosed to us as of this writing.

6. In similar fashion, this report and its conclusions may be subject to review, at additional cost, upon presentation of data that was not available as of this writing, and which may materially affect our estimate of value.

7. We assume no responsibility for the legal description of any property. Title to the subject ownership interests is assumed to be good and marketable unless otherwise stipulated.

8. The information provided by others is assumed to be reliable unless otherwise stated. We issue no warranty, or other form of assurance, regarding its accuracy.

9. Neither **Robert E. Bueso, The Valuation Group, Inc.,** or any of their affiliates, employees, subcontractors or subsidiaries *have* any interest in the **Strems Law Firm, P.A.,** the subject of the report**,** or anything else that they may also have invested in, or assets owned by any individual that produced documents for our use directly, or that we used indirectly, or any other entity that is mentioned in this report or that is a party to the valuation. None of the preceding entities owned and operated by the principal appraiser

have ever had any financial interest in the aforementioned companies, or any affiliates, subsidiaries, or joint venture partners. Moreover, *they have no contemplated future financial interest* in any of these entities, any affiliate of these entities currently in operation or any affiliate contemplated to be created in the future.

10. Unless otherwise stipulated, we have not observed and have no knowledge of the use or the existence of hazardous materials or violations of any environmental rules, regulations, or laws with regard to the subject property. We assume no responsibility for such conditions nor do we profess an opinion in this report on how to redress them.

11. Neither all, nor any part of the contents, of this report shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of **The Valuation Group, Inc.**

12. The analyses, opinions and conclusions in this report apply only to this engagement and may not be used out of the context presented herein. This report is valid only for the effective dates specified and only for the purposes herein stipulated.

13. We assume no hidden or unapparent conditions regarding the subject assets.

14. We assume adherence to all applicable laws and local ordinances, any certificates of occupancy, consents and legislative or administrative requirements. Any governmental or private entity or organization that has jurisdiction over these matters is assumed to be fully sated in its administrative and regulatory requirements.

15. We, by reason of this opinion, are not required to furnish any additional analysis, or to give testimony, or be in attendance in court with reference to the assets or ownership interests in question unless arrangements have been made previously, and at additional cost.

16. This report is intended to provide an estimate of value. Valuation analysis, however, is not an exact science and results of different professionals may vary. **The Valuation Group, Inc.** assumes no liability for the ability of any party to realize the value arrived at in this report. This report is neither an offer to sell nor a solicitation to buy any of the underlying assets in question.

XVI. Certification of Appraiser

We hereby certify the following statements regarding this appraisal:

1. To the best of our knowledge and belief, the statements and facts contained herein, and upon which our analyses and conclusions are based, are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported contingent and limiting conditions and they represent our unbiased professional estimate, proffered in good faith

3. This report was prepared on the basis of non-advocacy. We have no present or prospective future interest in the assets, properties or business interests that are the subject of this appraisal report.

4. Our compensation for making this appraisal is in no way contingent upon the value reported or upon any predetermined value.

5. Our analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the **Uniform Standards of Professional Appraisal Practice**, as promulgated by **the Appraisal Foundation**.

6. The report was structured and developed utilizing the **Standards of the Professional Appraisal Practice of the Institute of Business Appraisers**.

7. This report adheres to the canons and ethics, as well as the professional exigencies of **The American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants** and uses a generally accepted and universally applied methodology.

8. Disclosure of the contents of this report is subject to the requirements of the **Institute of Business Appraisers.**

9. No persons other than the individual whose qualifications are included herein have provided significant professional assistance regarding the development of any portion of this report.

10. We have no personal or other bias with respect to the subject matter of this report, or the parties involved in this matter.

11. All opinions included in this report are those of **The Valuation Group, Inc**. and its employees. The sole responsibility for any errors, however, lies with the author of this report, **Robert E. Bueso, Ph.D.**

12. Any questions or comments may be submitted to **The Valuation Group, Inc**. in writing at the appropriate address. For purposes of correspondence, we can be reached at **801 Brickell Avenue, 9th Floor, Miami, Florida 33131,** or **2445 M Street, Suite 700, Washington DC, 20037**.

13. The Valuation Group, Inc will not release copies of this report to any other parties other than those stipulated to by **Mr. Scot Strems, Esq.** Please make any requests for copies to the appropriate and authorized entities in this matter. We do not know all the parties that may have an interest in this matter, nor do we wish to be privy to this information. **The Valuation Group, Inc** will comply with any and all reasonable requests, but will not violate the privacy rights of our client, nor will we be willing participants in any endeavor to provide information to any person, entity or agency that either has no need to know or intends to disseminate information that may be detrimental to the client's best interests.

14. The appraiser, through this recitation, avers his lack of financial incentives towards bias of any type.

15. The appraiser, through this recitation, also avers that he did not know the shareholder of the company in question.

16. All pertinent laws were followed, in the production of this valuation, whether laws of the State of Florida, or the United States.

17. Any of the conclusions and findings of this report are subject to change and may be modified, if new information is brought to light, or if any financial statements previously accepted are recast, or in any way modified by the auditors of record.

18. This report is good only for the time stamped on the report as the official date of the analysis. Other dates may bring different valuation criteria and different values. We address these issues in the report and believe we have presented a comprehensive and complete picture of the economic environment, the productive capacity, the managerial outlook and market potential, as well as all other criteria deemed relevant by the principal appraiser that undertook this report.

For The Valuation Group, Inc.,

_____ **06/25/2020**

Robert E Bueso, Ph. D — Date
President

COMPOSITE EXHIBIT 3

11/2/2020

Scot Strems **250,000.00

Two Hundred Fifty Thousand and 00/100**********

Scot Strems

11/25/2020

Scot Strems **250,000.00

Two Hundred Fifty Thousand and 00/100**********

Scot Strems

1/6/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

2/8/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

3/8/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

4/7/2021

Scot Strems **199,007.05

One Hundred Ninety-Nine Thousand Seven and 05/100**********

Scot Strems

5/6/2021

Scot Strems **199,007.05

One Hundred Ninety-Nine Thousand Seven and 05/100**********

Scot Strems

6/8/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

7/6/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

8/10/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

9/13/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

10/6/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

11/3/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

12/22/2021

Scot Strems **730,000.00

Seven Hundred Thirty Thousand and 00/100**********

Scot Strems

Payment for promissory note

12/3/2021

Scot Strems **167,000.00

One Hundred Sixty-Seven Thousand and 00/100**********

Scot Strems

1/10/2022

Scot Strems **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Scot Strems

2/1/2022

Scot Strems **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Scot Strems

3/16/2022

Scot Strems **50,000.00

Fifty Thousand and 00/100**********

Scot Strems

4/18/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

5/16/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

6/15/2022

Scot Strems **106,000.00

One Hundred Six Thousand and 00/100**********

Scot Strems

7/18/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

8/16/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

9/15/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

10/17/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

11/16/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

12/19/2022

Scot Strems **100,000.00

One Hundred Thousand and 00/100**********

Scot Strems

COMPOSITE EXHIBIT 4

10/1/2020

Hunter Patterson **150,000.00

One Hundred Fifty Thousand and 00/100**********

Hunter Patterson

1/14/2021

Hunter Patterson **150,000.00

One Hundred Fifty Thousand and 00/100**********

Hunter Patterson

2020 Q4

1/19/2021

Hunter Patterson **50,000.00

Fifty Thousand and 00/100**********

Hunter Patterson

2/11/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

3/8/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

4/9/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

5/3/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

6/2/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

7/1/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

8/2/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

9/1/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

9/1/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

11/1/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

12/1/2021

Hunter Patterson **200,000.00

Two Hundred Thousand and 00/100**********

Hunter Patterson

12/22/2021

Hunter Patterson **730,000.00

Seven Hundred Thirty Thousand and 00/100**********

Hunter Patterson

1/10/2022

Hunter Patterson **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Hunter Patterson

2/1/2022

Hunter Patterson **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Hunter Patterson

3/16/2022

Hunter Patterson **50,000.00

Fifty Thousand and 00/100**********

Hunter Patterson

4/14/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

5/16/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

6/15/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

7/18/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

8/16/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

9/15/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

10/17/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

11/16/2022

Hunter Patterson **100,000.00

One Hundred Thousand and 00/100**********

Hunter Patterson

COMPOSITE EXHIBIT 5

10/1/2020

Christopher A. Narchet **150,000.00

One Hundred Fifty Thousand and 00/100**********

Christopher A. Narchet

1/14/2021

Christopher A. Narchet **150,000.00

One Hundred Fifty Thousand and 00/100**********

Christopher A. Narchet

2020 Q4

1/19/2021

Christopher A. Narchet **50,000.00

Fifty Thousand and 00/100**********

Christopher A. Narchet

2/11/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

3/8/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

4/9/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

5/3/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

6/2/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

7/1/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

8/2/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

9/1/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

11/1/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

10/1/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

12/22/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

12/22/2021

Christopher A. Narchet **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Christopher A. Narchet

12/22/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

12/1/2021

Christopher A. Narchet **200,000.00

Two Hundred Thousand and 00/100**********

Christopher A. Narchet

1/10/2022

Christopher A. Narchet **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Christopher A. Narchet

2/1/2022

Christopher A. Narchet **330,000.00

Three Hundred Thirty Thousand and 00/100**********

Christopher A. Narchet

3/15/2022

Christopher A. Narchet **50,000.00

Fifty Thousand and 00/100**********

Christopher A. Narchet

4/14/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

5/16/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

6/15/2022

Christopher A. Narchet **106,000.00

One Hundred Six Thousand and 00/100**********

Christopher A. Narchet

7/18/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

8/16/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

9/15/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

10/17/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

11/16/2022

Christopher A. Narchet **100,000.00

One Hundred Thousand and 00/100**********

Christopher A. Narchet

COMPOSITE EXHIBIT 6

10/1/2020

Orlando Romero **150,000.00

One Hundred Fifty Thousand and 00/100**********

Orlando Romero

1/14/2021

Orlando Romero **150,000.00

One Hundred Fifty Thousand and 00/100**********

Orlando Romero

2020 Q4

1/19/2021

Orlando Romero **50,000.00

Fifty Thousand and 00/100**********

Orlando Romero

2/11/2021

Orlando Romero **200,000.00

Two Hundred Thousand and 00/100**********

Orlando Romero

3/8/2021

Orlando Romero **200,000.00

Two Hundred Thousand and 00/100**********

Orlando Romero

4/9/2021

Orlando Romero **200,000.00

Two Hundred Thousand and 00/100**********

Orlando Romero

5/3/2021

Orlando Romero **200,000.00

Two Hundred Thousand and 00/100**********

Orlando Romero

6/2/2021

Orlando Romero **200,000.00

Two Hundred Thousand and 00/100**********

Orlando Romero

COMPOSITE EXHIBIT 7

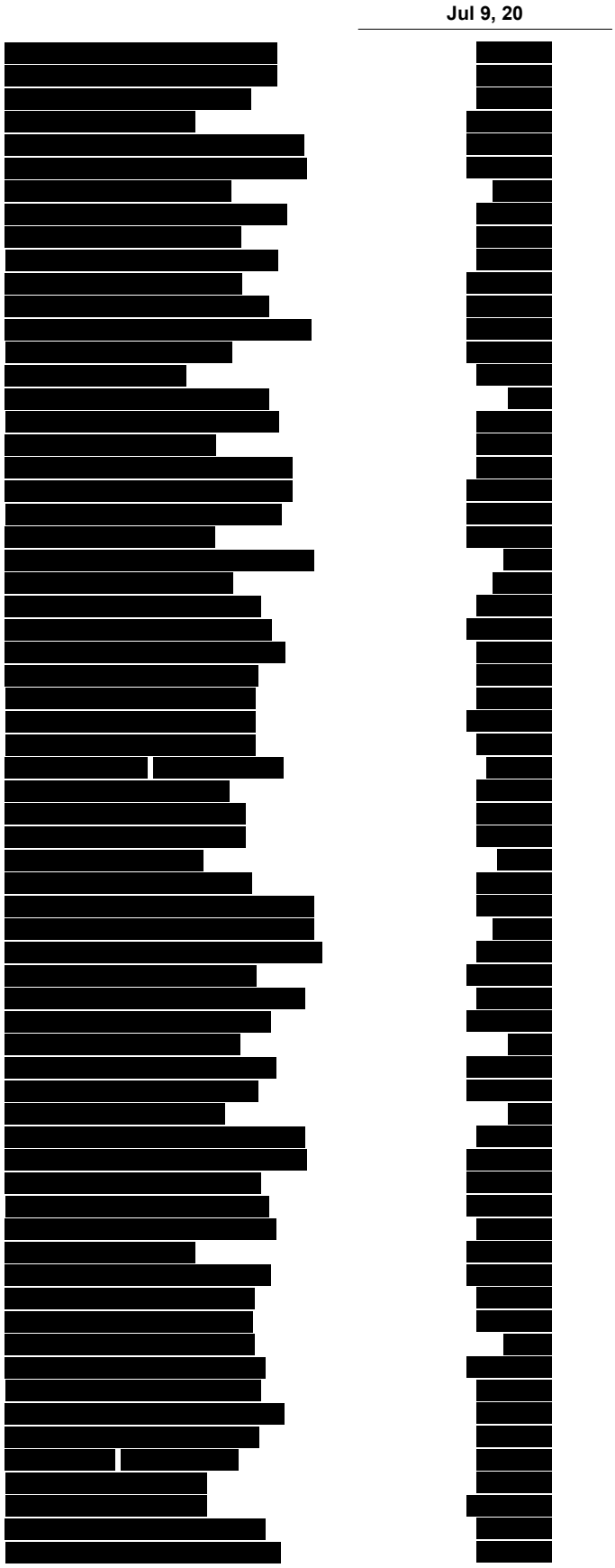
The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020

	Jul 9, 20
ASSETS	
[redacted]	
Other Current Assets	
[redacted]	

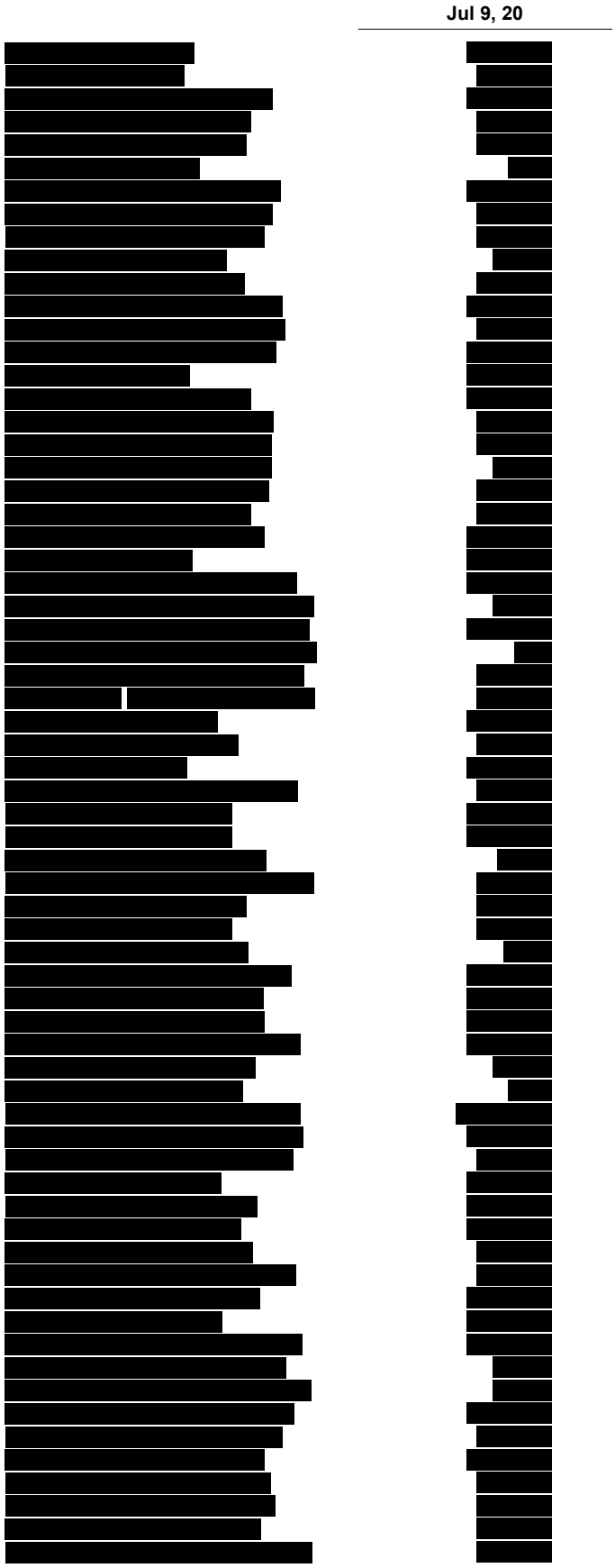
The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020

	Jul 9, 20
Fixed Assets	[redacted]
LIABILITIES & EQUITY	[redacted]

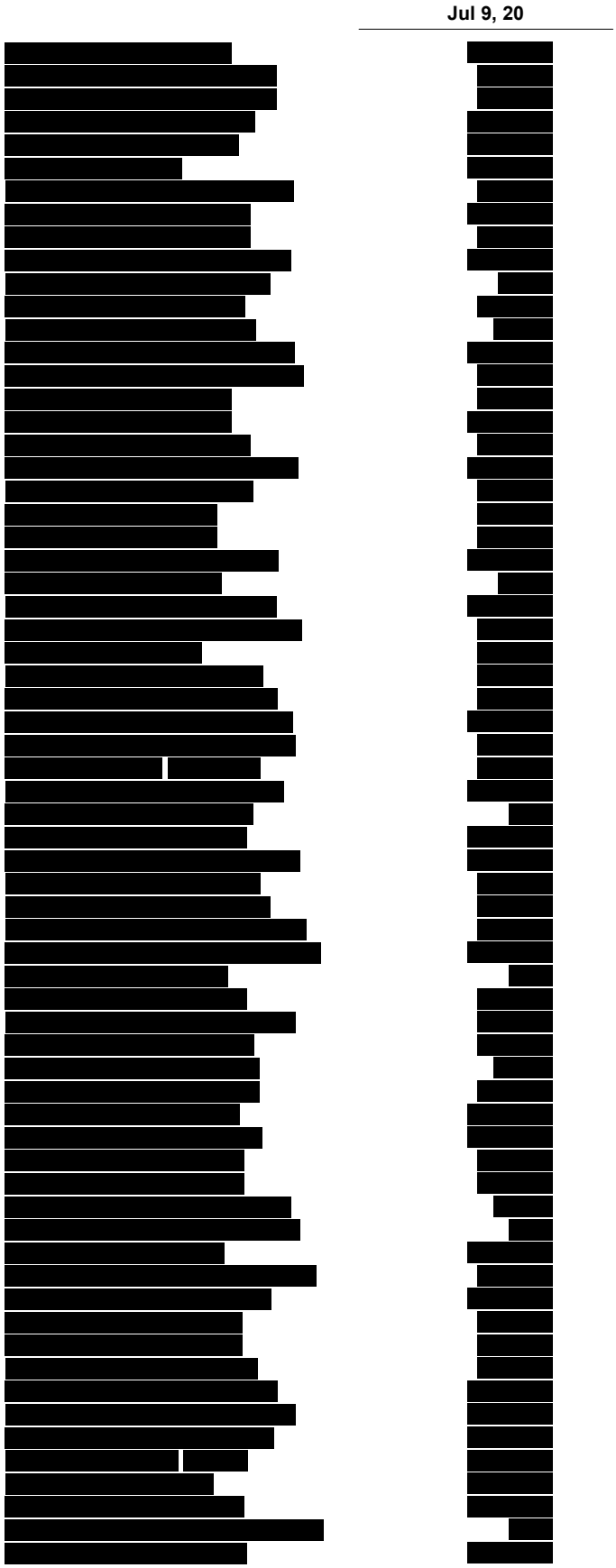
The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020



The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020



The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020



[redacted]

[redacted]

[redacted]

[redacted]

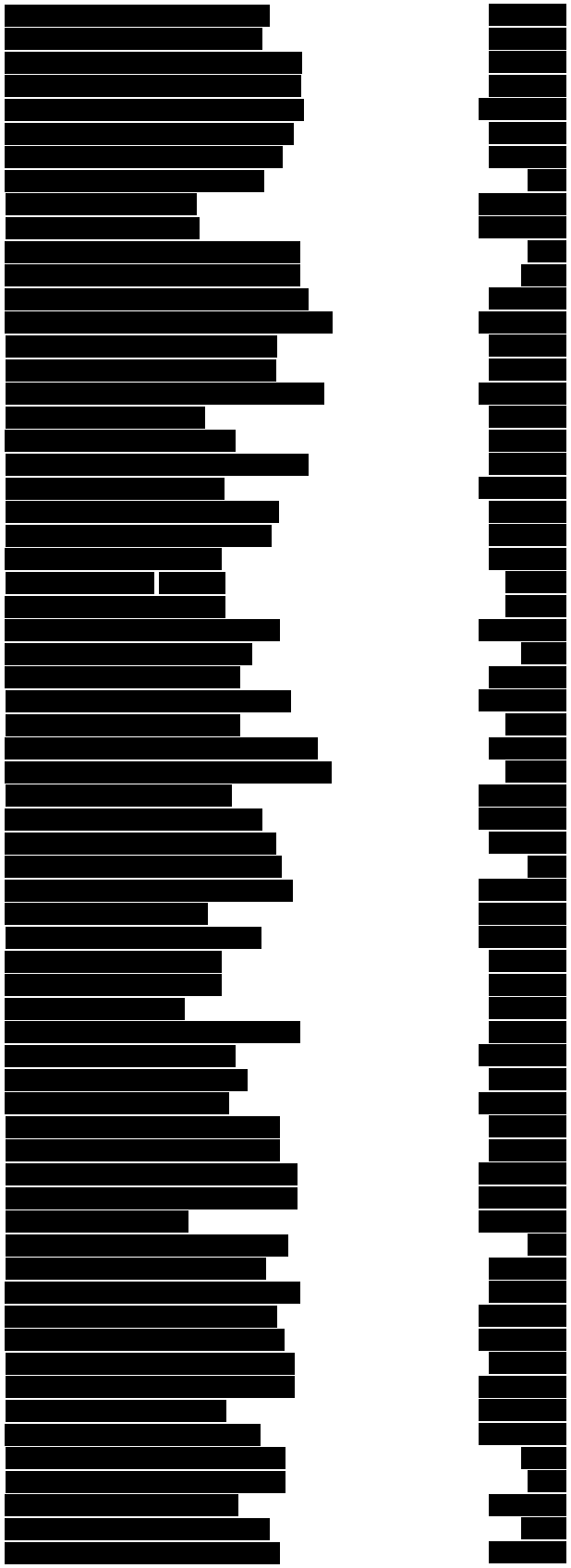
Jul 9, 20

[redacted]

[redacted]

[redacted]

Jul 9, 20

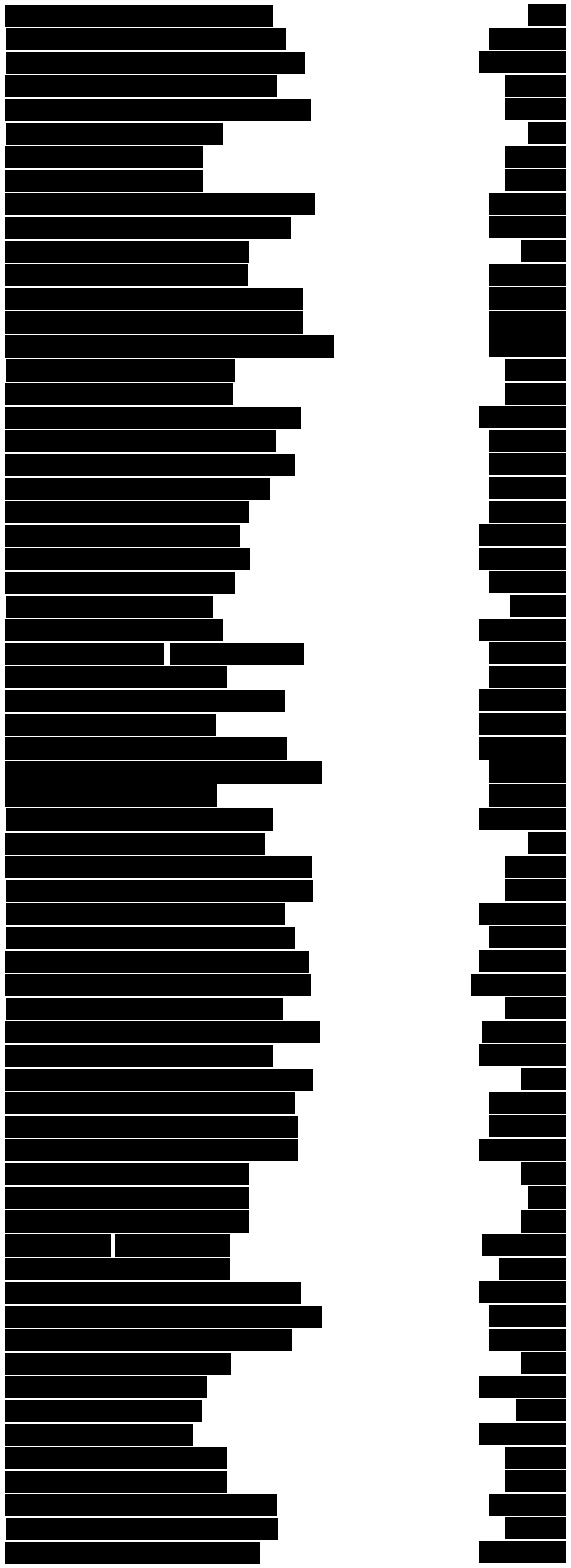


[redacted]

[redacted]

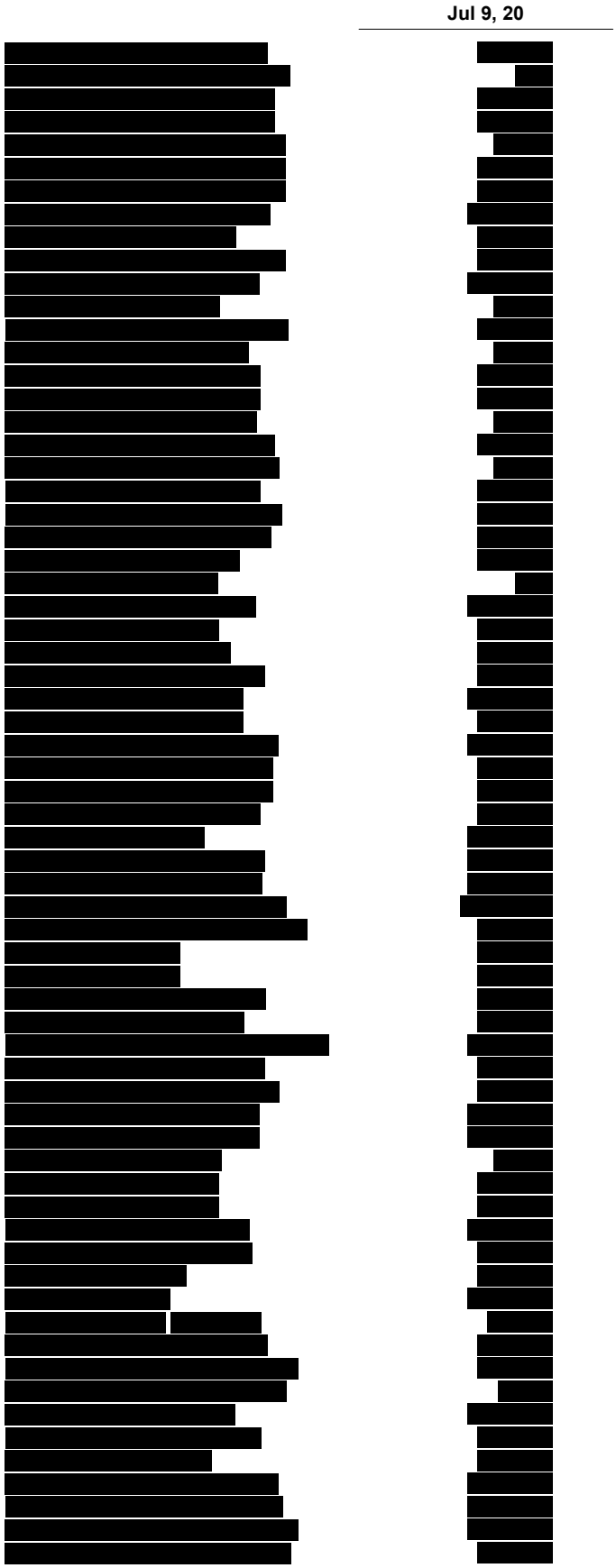
[redacted]

Jul 9, 20

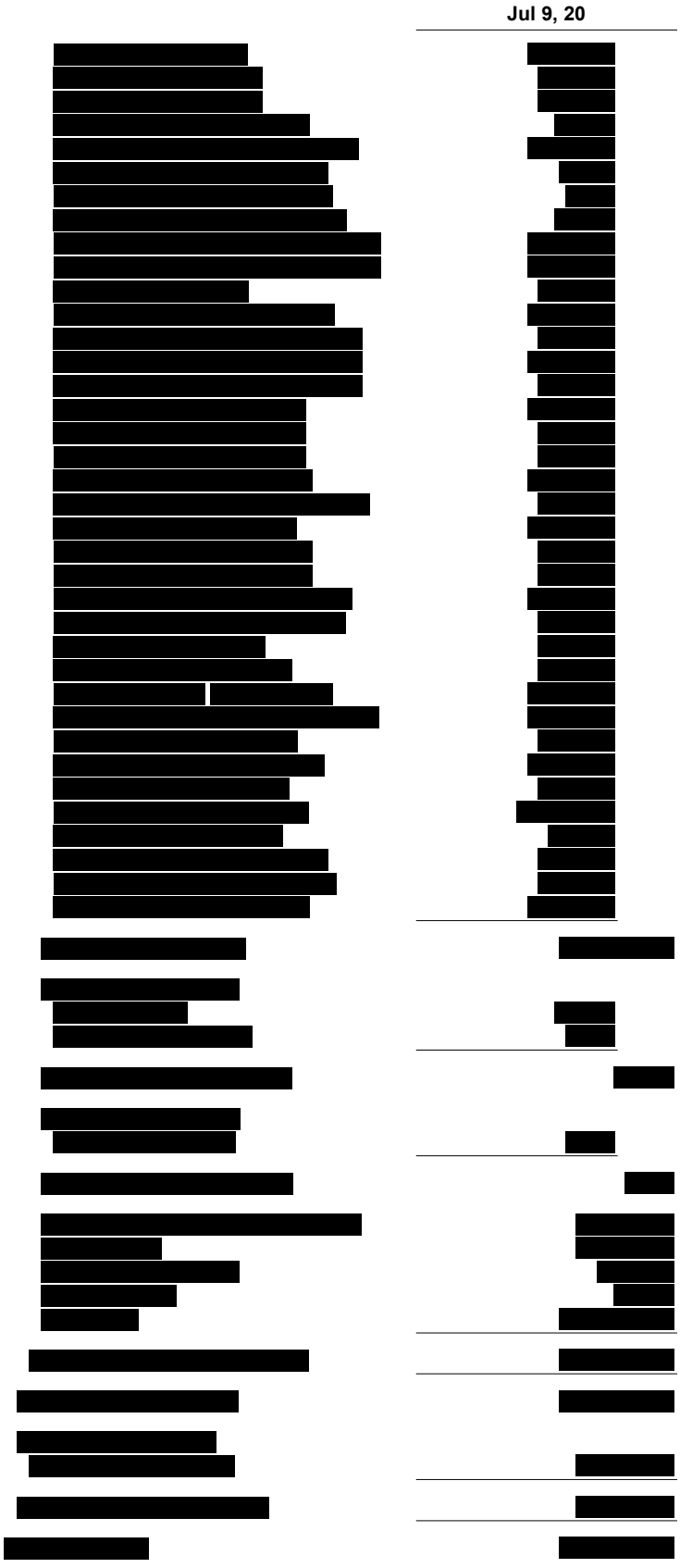


[redacted]

The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020



The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020



The Property Advocates, P.A.
Balance Sheet
As of July 9, 2020

	Jul 9, 20
Equity	
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
Shareholder Distribution 2	-1,095,981.14
Shareholder Distributions	-20,816,960.52
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

EXHIBIT E

[10/12/20, 4:02:11 PM] Scot Strems: I have a bank battle on my hands. Is the firm in a position to pay me something? I'd like to show the bank that some payment has been made so I can argue same will continue etc etc
[10/12/20, 4:02:33 PM] Hunter Patterson: How much do you think?
[10/12/20, 4:02:41 PM] Hunter Patterson: We could pay something but nothing crazy
[10/12/20, 4:02:51 PM] Hunter Patterson: I'm actually going through that stuff today
[10/12/20, 4:03:05 PM] Hunter Patterson: Looking at deposits etc.
[10/12/20, 4:04:33 PM] Hunter Patterson: Also, were any payments made to you through the Chase accounts?
[10/12/20, 4:04:50 PM] Hunter Patterson: I have no way of knowing and all I found out was that there is no money left in those accounts
[10/12/20, 4:05:03 PM] Hunter Patterson: And I have no clue where the money went from those accounts
[10/12/20, 4:06:47 PM] Scot Strems: No it wasn't paid to me
[10/12/20, 4:06:59 PM] Hunter Patterson: Ok
[10/12/20, 4:07:01 PM] Hunter Patterson: Then yeah
[10/12/20, 4:07:09 PM] Hunter Patterson: Let's see what we can pay you
[10/12/20, 4:07:16 PM] Hunter Patterson: What are you thinking?
[10/12/20, 4:07:21 PM] Scot Strems: I have some math when we meet
[10/12/20, 4:07:27 PM] Scot Strems: Anything feasible
[10/12/20, 4:07:32 PM] Hunter Patterson: Ok
[10/12/20, 4:07:43 PM] Hunter Patterson: I am thinking Tuesday or Wednesday next week to meet
[10/12/20, 4:07:43 PM] Scot Strems: I don't wanna handicap the firm

[11/24/20, 3:08:11 PM] Scot Strems: Hey Amex just gave me shit about payment...all those payments continue to rack up on my card and that's fine, but I've been paying from personal for months and it's draining. If they firm reimburses, I'm good with these charges. Follow?
[11/24/20, 3:10:20 PM] Hunter Patterson: I follow, but Maria was supposed to have moved all off your card
[11/24/20, 3:10:29 PM] Hunter Patterson: Based on info given to us from the statements
[11/24/20, 3:10:44 PM] Scot Strems: Not done
[11/24/20, 3:10:51 PM] Scot Strems: Not complaining about that
[11/24/20, 3:10:54 PM] Scot Strems: I'm here for you
[11/24/20, 3:10:58 PM] Scot Strems: Just pay me please
[11/24/20, 3:11:25 PM] Scot Strems: It's drained a lot of personal funds since July
[11/24/20, 3:11:59 PM] Hunter Patterson: I know and I am sorry for that I just don't think TPA has the full 1.2 million right now to pay in full.
[11/24/20, 3:12:12 PM] Hunter Patterson: We are meeting with Mark on 12/8
[11/24/20, 3:12:26 PM] Hunter Patterson: And I'll get another 250-300 over to you
[11/24/20, 3:12:43 PM] Scot Strems: All good
[11/24/20, 3:12:49 PM] Scot Strems: Just bringing to your attention
[11/24/20, 3:12:56 PM] Scot Strems: Again, here for all of you
[11/24/20, 3:22:47 PM] Hunter Patterson: Thanks
[11/24/20, 3:27:49 PM] Hunter Patterson: So, as of 10/21 when we met, you advised that there was $1,085,715.55 owed from AMEX charges ($475,792.69 owed from July plus $609,922.86 in recurring up that point).
[11/24/20, 3:28:23 PM] Hunter Patterson: So, I got 250 over to you last month and then hitting another 250 tomorrow to you.

[11/24/20, 3:29:08 PM] Hunter Patterson: The spreadsheets us sent me end with October 2020. If there are more charges after that please let me know and send over and I'll add that b
[11/24/20, 3:29:20 PM] Hunter Patterson: I'm also adding the Chase installments for line of credit
[11/24/20, 3:31:23 PM] Scot Strems: Look dude, my idea: leave them on my card and pay the card (me). Alleviates cash for issues until you find an alternative
[11/24/20, 3:39:20 PM] Hunter Patterson: Nah, we will be good and working on credit here. TD is likely giving us something and then same with potentially Wells Fargo and maybe AMEX.
[11/24/20, 3:39:52 PM] Hunter Patterson: I did the math and we can your the AMEX cash paid back to you in full by 2/25/2021 with 250k payments each month.
[11/24/20, 3:40:21 PM] Hunter Patterson: And then in January starting paying the line of credit off with $100k a month for 11 months.
[11/24/20, 3:40:33 PM] Hunter Patterson: I will also discuss with Liebman in December
[11/24/20, 3:40:38 PM] Hunter Patterson: Thanks thought brother
[11/24/20, 3:42:19 PM] Scot Strems: At what point do we get to actual income?
[11/24/20, 3:42:39 PM] Scot Strems: The line is in limbo for now and I'm good with buying the time as I shared
[11/24/20, 3:42:45 PM] Scot Strems: I'll keep you updated on that
[11/24/20, 3:43:20 PM] Hunter Patterson: You mean paying back the debt to you? The 4 million?
[11/24/20, 3:43:24 PM] Hunter Patterson: For this year?
[11/24/20, 3:43:55 PM] Scot Strems: Right
[11/24/20, 3:44:08 PM] Hunter Patterson: I want to as soon as possible
[11/24/20, 3:44:14 PM] Hunter Patterson: In January
[11/24/20, 3:45:56 PM] Hunter Patterson: The goal is 571,428. 57
[11/24/20, 3:46:01 PM] Hunter Patterson: Or as close to that as possible
[11/24/20, 3:46:06 PM] Hunter Patterson: From January to July
[11/24/20, 3:46:15 PM] Hunter Patterson: Then the amounts we individually owe you
[11/24/20, 3:46:22 PM] Hunter Patterson: That should get to 4 million
[11/24/20, 3:47:04 PM] Hunter Patterson: Then after July we can do a regular $333,333.33 every month
[11/24/20, 3:48:06 PM] Hunter Patterson: Or can we start the installments of 333,333.33 on January until December?
[11/24/20, 3:48:17 PM] Hunter Patterson: So start the 4 million on January to December?
[11/24/20, 3:48:24 PM] Hunter Patterson: To make sure TPA is viable?
[11/24/20, 3:58:52 PM] Scot Strems: Whenever...the firm must be good

It's just the Recurring payments that have been a strain. I brought the kids to Disney today and my cars stopped working. Had to pay it, which is normal. But the bill for TPA payments keeps adding up, quickly
[11/24/20, 3:59:59 PM] Hunter Patterson: Can you please send me this months statement for other stuff related to TPA on it?
[11/24/20, 4:00:06 PM] Hunter Patterson: I understand sir
[11/24/20, 4:00:16 PM] Hunter Patterson: I want to make sure it's all good
[11/24/20, 4:00:23 PM] Hunter Patterson: And all TPA is paid down
[11/24/20, 4:01:30 PM] Hunter Patterson: From what I saw TPA owes 835, 715.55 for stuff on your AMEx
[11/24/20, 4:01:48 PM] Hunter Patterson: I'll get that all to you in full by Feb 25
[11/24/20, 4:02:06 PM] Hunter Patterson: And I am
Getting Maria again to get all recurring shit off

[11/24/20, 4:02:23 PM] Hunter Patterson: Please just send me the latest statement so I can see what keeps getting billed
[11/24/20, 4:11:59 PM] Hunter Patterson: Sorry you had to deal with that at Disney today
[11/24/20, 4:14:00 PM] Scot Strems: All good
[11/24/20, 4:14:18 PM] Scot Strems: Please hold off on trying to get credit with American Express. Have TPA work with other financial institutions
[11/24/20, 4:14:25 PM] Scot Strems: I will explain when we meet
[11/24/20, 4:16:52 PM] Hunter Patterson: I already applied for AMEX
[11/24/20, 4:16:57 PM] Hunter Patterson: Sorry didn't know
[11/24/20, 4:17:49 PM] Scot Strems: Cancel it
[11/24/20, 4:18:54 PM] Scot Strems: Please
[11/24/20, 4:20:48 PM] Hunter Patterson: Ok
[11/24/20, 4:22:50 PM] Hunter Patterson: Cancelled
[11/24/20, 4:23:36 PM] Scot Strems: Thx!!!
[11/24/20, 8:01:40 PM] Scot Strems: Mike gonna take over the cases with Kamilar?
[11/24/20, 8:05:26 PM] Scot Strems: Giasi *
[11/24/20, 8:06:55 PM] Hunter Patterson: I have to speak with him about it
[11/24/20, 8:07:05 PM] Hunter Patterson: Yes likely
[11/24/20, 8:20:11 PM] Scot Strems: Ok good