

"CAUSING GREAT PUBLIC HARM"



CONSUMER
PROTECTION
COALITION

The Florida Supreme Court's suspension of trial lawyer Scot Strems and other court documents paint a bleak picture of how litigation-for-profit schemes harm consumers, drive up insurance costs, and blatantly abuse the court system.

In June 2020, the Florida Supreme Court suspended attorney Scot Strems – one of the most prolific filers of property insurance lawsuits in Florida – and ordered Strems Law Firm to cease activities. In its request for the emergency suspension, the **Florida Bar wrote** that **“Mr. Strems and his firm are causing great public harm”** and that Strems “sits at the head of a **vast campaign of unprofessional, unethical and fraudulent conduct** that now infects courts and communities across the state.”

The Bar opened its investigation of Strems after Florida Chief Financial Officer Jimmy Patronis and others called on the Bar to do more to reign in a relatively small cadre of law firms that file the vast majority of the state's property insurance lawsuits. Strems' alleged misconduct was rampant – by the time he was suspended, the Bar had documented 17 instances across Florida in which judges had issued sanctions or orders against him and his firm, while acknowledging there were likely many more.

Here's a snapshot of what court filings and Bar allegations in the Strems case show:

10,000 LAWSUITS AT ANY GIVEN TIME

So just how widespread was this litigation abuse?

- The Strems firm was routinely handling 10,000 lawsuits at any given time, a former litigation manager at the firm testified, even though it only had about 20 lawyers working out of its six office around the state.
- The manager who testified said he alone was overseeing 700 lawsuits.

FOUR LAWSUITS OVER THE SAME CLAIM

How did Strems' firm rack up so many property insurance lawsuits? By filing multiple lawsuits on the same claim, in conjunction with a repair vendor working with the firm, the Bar found.

FOUR LAWSUITS OVER THE SAME CLAIM (CONT'D)

Here's how it worked:

- In most cases, Stremms would file separate circuit court lawsuits for each alleged loss in a home, even though the losses occurred under the same policy, at the same property, at the same time. For example, if a claim alleged water damage in two rooms of a home, a separate lawsuit would be filed for each room.
- Subsequently, Stremms' water mitigation firm of choice would file separate lawsuits in county court related to those same losses, using the Assignment of Benefits that the Stremms firm had convinced the homeowner to sign.
- The result in many instances: four lawsuits, all dealing with the exact same claim.

SUING WITHOUT THE HOMEOWNERS' PERMISSION, POCKETING CLAIMS SETTLEMENTS

So how were Florida homeowners hurt by Stremms and his firm's behavior?

In numerous ways, the Bar alleged:

- In one case, a homeowner testified she had never authorized Stremms to file a lawsuit on her behalf and claimed that her signature had been forged on a contract between her and the law firm.
- In a separate court filing, the Bar found that Stremms attorney Gregory Saldamondo told his clients was settling a homeowners' claim for \$100,000 – with \$35,000 going to attorney fees and \$65,000 to pay for the couple's home repair. But then, allegedly without telling the clients, he negotiated a second, separate settlement with the insurer that was \$57,500 higher and pocketed the extra cash as attorney fees. In that case, the homeowners got the \$65,000 for home repairs negotiated in the original settlement agreement, but Saldamondo got \$92,500 in attorney fees.
- In yet another case, after a court repeatedly ordered the Stremms firm to produce evidence to back their case, the law firm acknowledged that their client had been dead for nearly six months, the Bar alleged. Still, the law firm had placed into the court record answers the client had allegedly provided in the case – after they were dead, court records say.

SYSTEMATIC ABUSE OF THE COURTS – ALL TO DRIVE UP ATTORNEY FEES

The Stremms court filings by the Bar are filed with allegations of the firm systematically delaying court proceedings, violating court orders, providing “dishonest or even fraudulent statements,” and engaging in bad faith conduct – all of which wasted judicial resources, drove up insurer defense costs and were designed to drive up Stremms' attorney fees, the Bar said.

SYSTEMATIC ABUSE OF THE COURTS – ALL TO DRIVE UP ATTORNEY FEES

Among the many parties hurt by the Strems' firm's actions were:

"... homeowners, whose premiums ultimately fund both sides" of the firm's cases and Strems' own clients, "who are sometimes conscripted (unwittingly or otherwise) into the firm's conduct and whose claims are frequently rendered worthless due to court sanctions," the Bar said.

- Especially damning was the assertion by two judges that the Strems firm violates the Rules of Professional Responsibility in... "virtually every case where he and his firm enter an appearance." One judge specifically stated that during an in-chamber meeting, a Strems lawyer said Scot Strems instructed him to file cases without proper support, to allege damages not supported by evidence or the insurance contract, to refuse to allow plaintiffs to participate in Examinations Under Oath or depositions, and to refuse to cooperate with the insurer being sued in basic discovery.

BIGGER QUESTIONS AND THE NEED TO PROTECT FLORIDA CONSUMERS

The Strems suspension raises much bigger questions about Florida's litigation environment, the role current attorney fee statutes play in exacerbating bad behavior by trial lawyers, and the state's system for identifying and disciplining attorneys who violate legal and ethical standards. Among the questions that policymakers must address:

- How are Florida's current attorney fee statutes – including the contingency fee multiplier – increasing the number of lawsuits and encouraging trial attorneys to employ questionable tactics that drive up their fees? How does Florida end the legal abuse that is costing Florida consumers millions of dollars in "hidden legal taxes" annually?
- How many other law firms that have filed thousands of property insurance lawsuits each year are engaged in similar types of activities? Is the Bar investigating them or planning to?
- What process does Florida's judiciary and the Bar have for identifying lawyers and law firms routinely hit with court-ordered sanctions and orders for misconduct in various circuits around the state? How could the Strems firm's alleged misconduct have gone on for so long? How can the legal system identify bad apple lawyers and law firms sooner and address their misconduct, rather than allowing bad behavior and harm to consumers to go on for months – or even years?

The Strems suspension is not an outlier but instead an indication of an out-of-control, litigation-for-profit industry that policymakers have been warned about for years. It is time to address the real fuel on the fire – the easy lure of big attorney fee payouts that is ultimately hurting consumers and the state's economy.