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**FOR IMMEDIATE RELEASE**  
May 12, 2022

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

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

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

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

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

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

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

Citizens and other insurance companies have argued that fraud surrounding assignment of benefits agreements, non-weather water losses, and abusive litigation have been major drivers

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Barry Gilway, President/CEO and Executive Director

forcing premium hikes on Florida property insurance consumers. Joseph Theobald, Senior Director of Citizens SIU, has been coordinating Citizens' efforts to crack down on fraud.

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

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

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

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

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.

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