IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT
IN AND FOR LEON COUNTY, FLORIDA
CIVIL DIVISION

Case No. _____

CITIZENS PROPERTY INSURANCE CORPORATION, A Governmental Entity of the State of Florida, Plaintiff, v. THE STREMS LAW FIRM, P.A.; SCOT STREMS; CONTENDER CLAIMS CONSULTANTS, INC.; GUILLERMO SAAVEDRA; ALL INSURANCE RESTORATION SERVICES, INC.; CESAR I. GUERRERO; and DEREK PARSONS, Defendants.	Jury Trial Demanded

COMPLAINT

Citizens Property Insurance Corporation, a governmental entity of the State of Florida ("Citizens" or "Plaintiff"), through its undersigned counsel, brings this action against Defendants The Strems Law Firm, P.A. (the "Strems Law Firm"), a Florida Professional Service Corporation; Scot Strems ("Attorney Strems"); Contender Claims Consultants, Inc. ("CCC"); Guillermo Saavedra ("Saavedra"); All Insurance Restoration Services, Inc. ("AIRS"); Cesar I. Guerrero ("Guerrero"); and Derek Parsons ("Parsons") (collectively, the "Defendants").

INTRODUCTION AND NATURE OF THE CASE

1. Citizens brings this action for damages in excess of $30,000.00, exclusive of interest, costs, and attorneys' fees, which is within the subject matter jurisdiction of this Court.

2. This case arises from the conspiracy of the Defendants to defraud Citizens into paying for sham first-party property insurance claims.

3. As a non-for-profit government entity, Citizens was created by the Florida Legislature to serve all Floridians by providing property and casualty insurance to those that are unable to obtain insurance coverage through the open market.

4. Defendants are involved in the supply of services in first-party property claims.

5. During the course of their purported service to Citizens' insureds, the Defendants, individually and in concert, set out to defraud Citizens.

6. As part of their scheme starting approximately in 2014, CCC marketed itself as a public adjusting company, which allowed it direct access to homeowners insured by Citizens.

7. Rather than serve as public adjusters subject to the regulations imposed by the state, however, CCC's adjusters would furtively present the homeowners with, among other documents, a contingency fee agreement with the Strems Law Firm.

8. The homeowners would execute the agreement without knowledge that it was a contract for legal representation by attorneys they never contacted and who never contacted them.

9. CCC's adjusters would thereafter transform into "loss consultants" retained by the Strems Law Firm, although they continued to provide public adjusting services.

10. This fiction was carried on to avoid statutory limitations on public adjusters' recovery and to claim their fees as part of litigation costs rather than being paid out of proceeds from the recovery by the homeowners.

11. The Defendants then referred the business to one another, securing each other's involvement in thousands of first-party property claims—often without full disclosure to, or knowledge by, the insureds.

12. The Defendants would then set out to thwart Citizens' investigation of the claims by systematically and consistently discarding building materials they should have preserved for

inspection and testing by Citizens.

13. The Defendants also sought to obstruct Citizens' investigation by impeding direct in-person contact with the insureds—often with the purpose of coaching the insureds through false telephonic sworn statements with Citizens.

14. The Defendants would then present inflated or fraudulent claims of damages purportedly covered by policies issued by Citizens.

15. Finally, in an effort to deceptively increase attorney's fees claims, the Defendants would vexatiously multiply legal proceedings by:

a. filing different lawsuits against Citizens for the same event or for damages covered by the same policy, failing to disclose the related cases to the courts to avoid their consolidation; and

b. by engaging in egregious dilatory tactics, serving the purpose of multiplying proceedings and expenses.

16. This conduct resulted in great harm to Citizens, which was compelled to defend this often-spurious litigation brought in bad faith.

17. The Defendants fraudulently and dishonestly handled claims submitted to Citizens and misappropriated Citizen's funds, through presentation of inflated and fraudulent claims of damages and litigation expenses.

18. This conduct has resulted in millions of dollars of losses to Citizens.

PARTIES, JURISDICTION & VENUE

19. Plaintiff, Citizens, is a subdivision of the State of Florida created by section 627.351(6), Florida Statutes, in order to provide insurance coverage to those applicants who in good faith are entitled to procure insurance through the voluntary market, but were unable to do so.

20. Defendant Strems Law Firm is a Florida professional service corporation organized under the laws of the State of Florida and engaged in the practice of law in the State of Florida.

21. Strems Law Firm maintains offices throughout the State of Florida, including Miami-Dade County, Hillsborough County, Orange County, Broward County, and Duval County, where it transacts business, including the representation of homeowner insureds with policies issued by Citizens.

22. At all material times, Defendant Attorney Strems, was an attorney licensed in the state of Florida, president of the Strems Law Firm, and a resident of Miami-Dade County, Florida.

23. Defendant CCC is a Florida profit corporation engaged in public adjusting services in the State of Florida.

24. CCC maintains an office in Miami-Dade County, Florida, from where it transacts business, including public adjusting and "adjusting consulting" services to homeowners insured under policies issued by Citizens throughout the State of Florida.

25. At all material times, Defendant Saavedra was the president of CCC, and a resident of Miami-Dade County, Florida.

26. Defendant AIRS is a Florida profit corporation that maintains an office in Miami-Dade County, Florida, from where it transacts business, including water remediation and mitigation services to properties insured under policies issued by Citizens throughout the State of Florida.

27. At all material times, Defendant Guerrero was the president of AIRS, and a resident of Miami-Dade County, Florida.

28. At all material times, Defendant Parsons was the operations manager of AIRS, and a resident of Miami-Dade County, Florida.

29. The Court has jurisdiction over this action pursuant to sections 47.011, 48.193 and 26.012, Florida Statutes, because the actions asserted here accrued in this jurisdiction and the insured properties at issue are within this jurisdiction.

30. Venue is proper in this forum because a substantial part of the events giving rise to the claim occurred in this circuit, and many of the properties at issue in the conduct at issue are situated in this circuit.

FACTUAL ALLEGATIONS

31. Citizens issued insurance policies to homeowners in this County and others, who later retained the services of the Strems Law Firm, CCC, and AIRS in connection with first-party property claims made under those policies.

32. Among other things described in more detail below, the Defendants conspired, combined and agreed to create or fraudulently increase policy claims to be submitted on behalf of insureds by falsely inflating the value of the claims and falsely asserting claims of costs for services not actually rendered, in order to induce Citizens to settle the claims.

33. In furtherance of the scheme, the non-lawyer Defendants, acting in concert with Attorney Strems and the Strems Law Firm, also created false and fictitious invoices of services purportedly rendered and repairs purportedly required that were used to deceive Citizens into believing that the claims should be settled for the sums negotiated, when in fact the damages represented were either grossly inflated or non-existent.

34. Defendants acted individually and in concert to defraud Citizens.

35. Citizens has been directly damaged by the Defendants' conduct.

36. Defendants' scheme to defraud Citizens began in or around 2014 and continues through the present.

37. Defendant's scheme was not discovered by Citizens until 2019, and Defendant's

fraudulent concealment contributed to Citizens' delayed discovery.

38. Defendants' concealment of their scheme made it impossible for Citizens to know the details of many of their unlawful acts.

THE FRAUDULENT AND DISHONEST CONDUCT AND SCHEME OF DEFENDANTS

39. Defendants knowingly and purposely engaged in the fraud and dishonesty described with particularity herein, thereby misappropriating Citizens' funds in payments of artificially inflated and sham claims.

40. Defendants actively took measures to conceal their fraudulent scheme from Citizens, resulting in millions of dollars in actual losses to Citizens.

41. Starting in 2014, the Defendants secretly set out and engaged in a criminal conspiracy to defraud not only Citizens, but many other insurers in connection with claims made on behalf of Florida homeowners.

42. The fraud, dishonesty, and scheme carried out by Defendants in numerous claims made under Citizens policies is set forth below.

A. Part I of the Defendants' Scheme to Defraud Citizens: Defendants' Improper Solicitation and Referral of Business to One Another

43. During the course of their service to Citizens' insureds, CCC, AIRS, and the Strems Law Firm referred the business to one another.

44. To the extent one secured a client, it actively promoted each of the others to become involved in the process.

45. The means employed by CCC, AIRS, and the Strems Law Firm in referring business to each other was oftentimes contemptible and demonstrated the close relationship between the parties and their scheme.

46. CCC, being a public adjusting company, marketed itself as such for employment by homeowners and was typically the first contact between Defendants and the homeowners.

47. CCC used its public adjuster status to market its services to the public and capture the confidence of its clients.

48. For example, in its "About" page in its website, CCC claims that its "financial strength gives us a tremendous advantage over the typical one or two person public adjusting company"; that, "Unlike the majority of smaller and under capitalized public adjusting firms, we are under no pressure to settle to collect our fee"; and that, its "public adjusting services provides professional insurance claim representation for the following types of losses." *See* Exhibit A.

49. Moreover, in marketing flyers distributed to the public at large, CCC represented itself as a public adjusting company." *See* Exhibit B.

50. Defendant Saavedra is a licensed public adjuster and is the primary adjuster on file with the Department of Financial Services for CCC.

51. Saavedra and other CCC employees at all material times acted as public adjusters in reference to the subject first-party property claims filed by homeowners; they, for money, commission, or any other thing of value, acted on behalf of, or aided the Citizen's insureds in negotiating for or effecting the settlement of a claim or claims for loss or damage covered by an insurance contract.

52. In so doing, CCC used misleading retention and solicitation practices, in violation of Rule 69B-220.201(3)(a) of the Rules of Conduct of Public Adjusters promulgated by the Department of Financial Services, Division of Insurance Agents and Agency Services, which provides that, "An adjuster shall not directly or indirectly refer or steer any claimant needing repairs or other services in connection with a loss to any person with whom the adjuster has an

undisclosed financial interest, or who will or is reasonably anticipated to provide the adjuster any direct or indirect compensation for the referral or for any resulting business."

53. CCC advertised its services as "free remodeling," suggesting a wrongful practice of using insurance for voluntary remodeling rather than repair of damage resulting from a covered occurrence, and ignoring insurance deductible obligations. *See* Exhibit C.

54. At times CCC marketing was conducted jointly by CCC staff and Strems Law Firm attorneys.

55. Upon being called to inspect a home, CCC directly solicited clients on behalf of the Strems Law Firm by presenting homeowners with a Contingent Fee Agreement made with the Strems Law Firm.

56. This agreement would be unknowingly signed by the homeowners with no discussion between the homeowners and any attorney or employee of the Strems Law Firm.

57. Thus, CCC used its public adjuster position to solicit clients for the Strems Law Firm, in violation of section 877.02, Florida Statutes.

58. Moreover, in so doing, CCC acted as an agent of the Strems Law Firm, which thereby engaged in the unlawful solicitation by the law firm, in violation of the Rules Regulating the Florida Bar.

59. At that point, CCC would artificially convert itself into a "loss consultant" retained by the Strems Law Firm, while continuing to provide public adjusting services to the homeowners, but without disclosure of their conversion.

60. This artificial conversion facilitated the inflation of the value of the claims made to Citizens through the Strems Law Firm's inclusion of CCC's fees as part of the attorneys' fees and costs rendered.

61. The "conversion" also enabled CCC's to circumvent State regulations, including statutory limitations on fees and licensure requirements for adjusters, and the Strems Law Firm's avoidance of compliance with reporting requirements of section 626.8695, Florida Statutes.

62. In its duplicitous "conversion," CCC would leave homeowners in the dark and would not disclose their agreement with Strems Law Firm, a practice that was in violation of Rule 69B-220.201(4)(c) of the Rules of Conduct of Public Adjusters, requiring that "[a] public adjuster shall ensure that all contracts for the public adjuster's services are in writing and set forth all terms and conditions of the engagement, including the terms required by Rule 69B-220.051, F.A.C., and sections 626.854 and 626.8796, F.S."

63. Thereafter, either Strems or CCC would contact AIRS to provide water remediation services. AIRS would then convince the homeowners to execute assignments of benefits contracts necessary to perpetrate the Defendants' scheme.

B. Part II of the Defendants' Scheme to Defraud Citizens: Defendants' Obstruction of Citizens' Investigation

64. As part of their scheme, CCC and the Strems Law Firm impeded Citizens' direct in-person contact with the insureds.

65. This was done to prevent the insured homeowners from disclosing truthful information that would result in partial or total denial of the claims.

66. CCC and the Strems Law Firm would routinely decline requests from Citizens to allow it to conduct an in-person recorded interview with the homeowners, permitting only telephonic recorded statements.

67. This was done to either coach the insured homeowners through the telephonic recorded statements to provide false or misleading information or to facilitate the insured homeowners' use of scripts provided to them by CCC or the Strems Law Firm in advance of their

recorded interview in order to provide false or misleading information.

68. Moreover, in many instances, CCC, the Strems Law Firm (acting through its agent CCC), or AIRS in numerous instances, claimed to have performed repairs and replaced materials prior to submitting the claims to Citizens, but discarded any materials that could be tested by Citizens in the course of the claims investigation.

69. These Defendants failed to preserve or actively discarded said materials despite knowing Citizens would inquire about them, in order to obstruct Citizens' investigation and prevent discovery of inflated or fraudulent claims.

70. Moreover, CCC and AIRS would claim to have kept no record of which employee met with the insureds or performed work, resulting in an obstruction of Citizen's ability to investigate further.

71. Furthermore, they failed to photograph or take video footage of the purported damaged property within the homes, so as to prevent any meaningful investigation by Citizens.

C. Part III of the Defendants' Scheme to Defraud Citizens: Defendants' Submission of Inflated or Fraudulent Claims

72. The Defendants' actions described above allowed them to submit claims with inflated values or outright sham claims.

73. Examples of claims involving artificially inflated values or sham losses submitted by the Strems Law Firm included:

a. Invoices from CCC for repairs to areas of the homes not reported by the insureds as having sustained any damages;

b. Invoices from AIRS that substantially overstated the amount of work performed and the equipment used;

c. Invoices for damages to fixtures subjected only to routine wear-and-tear

from household activities, and therefore, not covered under Citizens' policies;

d. Water damage claims for areas of the home that exhibited no moisture damage and supported only by fraudulently-obtained moisture meter readings;

e. Invoices for tiles removed in areas of the homes where the insureds later reported no repairs were performed;

f. Claims for damages to the homes caused by AIRS itself;

g. Claims in which it was discovered that water stains in the ceiling of homes were actually caused by coffee being applied onto the ceiling; and

h. Claims in which it was discovered the insureds had multiples claims brought on their behalf without their knowledge or consent.

D. Part IV of the Defendants' Scheme to Defraud Citizens: Defendants' Vexatious Litigation

74. To further perpetrate their scheme and artificially inflate the value of the claims, Defendants engaged in a duplicitous filing scheme—instituting multiple proceedings for claims arising under the same policy or even out of the same loss.

75. As a matter of course, the Strems Law Firm would file separate lawsuits against Citizens for alleged losses in separate rooms of the house, even though they would occur under the same policy, at the same property, and were brought at the same time.

76. Concurrently, using the assignment of benefits secured during the first contact with the insureds, AIRS would file multiple lawsuits as assignee of the homeowners in county court relating to the same losses, using the same scheme as Strems described above.

77. Although AIRS is not represented by the Strems Law Firm in those cases, it was represented by the Fernandez Trial Firm, P.A., whose principal, Carlos O. Fernandez, is a former Strems Law Firm attorney.

78. In this way, Defendants file multiple lawsuits resulting from the same alleged occurrences or for losses covered under the same policy.

79. These cases therefore 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.

80. All the while, AIRS and the Strems Law Firm failed to comply with court administrative orders which require plaintiffs' attorneys to notify the court of related cases so that they can be considered for consolidation, in an endeavor to mislead the court system and conceal the firms' duplicative filings and attorneys' fee claims.

81. Moreover, to further perpetrate their scheme and artificially inflate the value of the claims, the Strems Law Firm would also multiply the proceedings within each lawsuit through various dilatory tactics.

82. From inception of the lawsuits, the Strems Law Firm engaged in a pattern of delay, including ignoring deadlines for written discovery, failing to appear at duly noticed depositions, failing to appear at duly noticed hearings or examinations under oath, failing to comply with court orders, and failing to provide adequate discovery responses.

83. Court intervention was often required to address those delays, which resulted in additional delay as issues are briefed and hearings are scheduled, canceled, and re-scheduled.

84. Furthermore, by classifying CCC as a "loss consultant" pursuant to their scheme, Defendants circumvented the statutory limitation on fees recoverable by public adjusters and included their fees as a litigation cost recoverable from Citizens rather than being paid as a percentage from the homeowners' recovery, thereby artificially increasing Citizens' expenses and payout for the claims.

85. All of the foregoing resulted in additional litigation and expenses for Citizens and inflated claims of attorneys' fees by the insureds under section 627.428, Florida Statutes.

86. In fact, this conduct described above is the subject of pending disciplinary proceedings initiated by the Florida Bar against Strems, in which the Florida Supreme Court recently granted an Emergency Petition for Suspension filed by the Florida Bar, resulting in Strems' immediate suspension from the practice of law in Florida by Order of the Florida Supreme Court issued on June 9, 2020. A copy of the Florida Bar's Petition for Emergency Suspension with its Appendix is attached hereto as Exhibit D, and a copy of the Florida Supreme Court's Order of June 9, 2020, is attached hereto as Exhibit E.

87. Exhibit D itself lists many examples of the Strems Law Firm's conduct in multiple cases filed by it against Citizens.

CITIZENS HAS SUFFERED EXTENSIVE LOSSES BECAUSE OF DEFENDANTS' ACTIONS

88. Defendants' fraud, dishonesty, and scheme has caused extensive losses to Citizens.

89. In addition to the costs associated with the defense of spurious claims, had it known of the fraud, dishonesty, and scheme of Defendants, Citizens would not have disbursed any of the funds it did in connection with the first-party property claims in which Defendants carried out their scheme.

90. All conditions precedent have been satisfied or have been otherwise waived prior to the filing of this action.

COUNT ONE
(Federal Civil RICO, 18 U.S.C. § 1962(c))
Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons

91. Citizens hereby incorporates by reference Paragraphs 1 through 90 of this Complaint as if fully set forth herein.

92. Defendants knowingly participated in conducting the activities of an enterprise whose activities involve or affect interstate commerce through a pattern of racketeering activity in violation of RICO, and Citizens was injured as a result.

93. Each Defendant is a "person" capable of holding legal or beneficial interest in property within the meaning of 18 U.S.C. § 1961(3).

94. Each Defendant violated 18 U.S.C. § 1962(c) by the acts described in the prior paragraphs, and as further described below.

95. The Enterprise. Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons formed an association-in-fact for the common and continuing purpose described herein and constitute an enterprise within the meaning of 18 U.S.C. § 1961(4) engaged in the conduct of their affairs through a continuing pattern of racketeering activity.

96. The members of the enterprise functioned as a continuing unit with an ascertainable structure separate and distinct from that of the conduct of the pattern of racketeering activity.

97. There may also be other members of the enterprise who are unknown at this time.

98. The enterprise has engaged in, and its activities have affected, interstate commerce.

99. Pattern of Racketeering Activity. Defendants, each of whom are persons associated with, or employed by, the enterprise, did knowingly, willfully and unlawfully conduct or participate, directly or indirectly, in the affairs of the enterprise through a pattern of racketeering activity within the meaning of 18 U.S.C. §§ 1961(1), 1961(5), and l962(c).

100. The racketeering activity was made possible by Defendants' regular and repeated use of the facilities and services of the enterprise.

101. Defendants had the specific intent to engage in the substantive RICO violation

alleged herein.

102. Predicate acts of racketeering activity are acts which are indictable under provisions of the U.S. Code enumerated in 18 U.S.C. §1961(1)(B), as more specifically alleged below. Defendants each committed at least two such acts or else aided and abetted such acts.

103. The acts of racketeering were not isolated, but rather the acts of Defendants were related in that they had the same or similar purpose and result, participants, victims and method of commission.

104. Further, the acts of racketeering by Defendants have been continuous. There was repeated conduct during a period of time beginning in approximately 2014 and continuing to the present, and there is a continued threat of repetition of such conduct.

105. The association-in-fact enterprise, as alleged herein, was not limited to the predicate acts and extended beyond the racketeering activity. Rather, they existed separate and apart from the pattern of racketeering activity for the legitimate business purpose of supplying legal services, public adjusting services, and water remediation and mitigation services to the public at large, including homeowner insureds of Citizens. Defendants have had and do have legitimate business plans outside of the pattern of racketeering activity.

106. Citizens specifically alleges that Defendants participated in the operation and management of the association-in-fact enterprise by overseeing and coordinating the commission of multiple acts of racketeering as described below.

107. Predicate Act: Use of Mails and Wires to Defraud Citizens in Violation of 18 U.S.C. §§ 1341 and 1343. Defendants committed acts constituting indictable offenses under 18 U.S.C. §§ 1341 and 1343 in that they devised or intended to devise a scheme or artifice to defraud Citizens or to obtain money from Citizens by means of false or fraudulent pretenses, representations or

promises.

108. For the purpose of executing their scheme or artifice, Defendants caused delivery of various documents and things by the U.S. mails or by private or commercial interstate carriers, or received such therefrom.

109. Defendants also transmitted or caused to be transmitted by means of wire communications in interstate or foreign commerce various writings, signs, and signals.

110. The acts of Defendants set forth above were done with knowledge that the use of the mails or wires would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended. The above-described predicate acts were done intentionally and knowingly with the specific intent to advance Defendants' scheme or artifice.

111. Defendants could not have carried out their scheme alleged herein unless they used the U.S. mails or private or commercial interstate carriers or interstate wires.

112. In furtherance of their scheme alleged herein, Defendants communicated among themselves and with Citizens in furtherance of the scheme to defraud Citizens.

113. The aforementioned communications were typically transmitted by wire (i.e., electronically) and/or through the U.S. mails or private or commercial carriers.

114. Defendants also transmitted or caused to be transmitted by mail or wire, court filings during the course of the legal proceedings used to further their scheme.

115. Specifically, Defendants Strems Law Firm and Attorney Strems used wire and/or U.S. mail or private or commercial carriers to negotiate the claims with Citizens for the purpose of continuing their fraudulent scheme.

116. Defendants CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons also used wire and/or U.S. mail or private or commercial carriers to communicate with Citizens in the course

of the investigation, adjusting, and negotiation of the claims.

117. Defendants' shared objective was and is to divert funds to their own benefit and to facilitate the payment of fraudulent claims in an effort to defraud Citizens.

118. Citizen reasonably and justifiably relied upon Defendants' false representations, false pretenses, and deceptive communications, and Citizens has been damaged as a direct and proximate result of Defendants' participation in such enterprise, as alleged herein.

119. Predicate Act: Travel in Furtherance of Scheme to Defraud in Violation of 18 U.S.C. § 1952. Defendants committed acts constituting indictable offenses under 18 U.S.C. § 1952 in that, having devised or intended to devise a scheme or artifice to defraud Citizens or to obtain money from Citizens by means of false or fraudulent pretenses, representations, or promises, Defendants then traveled in interstate commerce and used instrumentalities of interstate commerce in order to promote, manage, and facilitate the continuation of their scheme.

120. Among other things, upon information and belief, Attorney Strems, on behalf of himself and Strems Law Firm and other Defendants, Saavedra, on behalf of himself and CCC and other Defendants, and Cesar I. Guerrero and Derek Parsons on behalf of themselves and AIRS and other Defendants, traveled on interstate highways to promote the services of the enterprise, manage its operation, and render services to the homeowner insureds in furtherance of the purposes of the enterprise.

121. These acts were done intentionally and knowingly with the intent to advance Defendants' scheme or artifice.

122. Defendants' shared objective was and is to defraud Citizens to their own benefit and to facilitate the payment of sham claims in an effort to defraud Citizens.

123. Citizens has been damaged as a direct and proximate result of Defendants' travel

in interstate commerce for purposes of promoting, managing, and facilitating the continuation of their scheme.

124. Continuity of Conduct. Defendants' violations of law as set forth herein, each of which directly and proximately injured Citizens and other market participants, constituted a continuous course of conduct spanning a period from approximately 2014 to present, which was intended to obtain money through false representations, fraud, deceit, and other improper and unlawful means. Therefore, said violations were a part of a pattern of racketeering activity under 18 U.S.C. § 1961(l) and (5).

125. Upon information and belief, Defendants have conducted and/or participated, directly and/or indirectly, in the conduct of the affairs of the alleged enterprise through a pattern of racketeering activity as defined herein in violation of 18 U.S.C. § 1962(c).

126. The unlawful actions of Defendants, and each of them, have directly and proximately caused and continue to cause injuries to Citizens in its business.

127. Plaintiff seeks an award of damages in compensation for, among other things, the millions of dollars it paid in claims as a result of the Defendants' fraudulent scheme and the expenses it incurred in defending baseless or artificially inflated claims.

128. Citizens further seeks an award of damages, including threefold the damages sustained, and the recovery of reasonable attorneys' fees and costs of investigation and litigation, as well as any other relief as authorized by statute.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; threefold damages pursuant to 18 U.S.C. § 1964(c), pre-judgment interest on the damages resulting from Defendants' fraud and scheme; attorneys' fees and costs in accordance with 18 U.S.C. § 1964; and all other

relief that the Court determines is both reasonable and just. Citizens further reserves its right to seek leave of the Court to amend the complaint to seek an award of punitive damages in accordance with § 768.72, Fla. Stat.

COUNT TWO
(Federal Civil RICO, 18 U.S.C. § 1962(d))
Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons

129. Citizens hereby incorporates by reference Paragraphs 1 through 90 and 102 through 126 of this Complaint as if fully set forth herein.

130. In violation of 18 U.S.C. § 1962(d), Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons, and each of them, knowingly, willfully, and unlawfully conspired to facilitate a scheme which included the operation or management of a RICO enterprise through a pattern on racketeering activity as alleged in paragraphs 102–126 above.

131. The conspiracy commenced at least as early as 2014 as is ongoing.

132. The conspiracy's purpose was to divert money from Citizens to their own benefit and to facilitate the payment of spurious first-party property claims in an effort to defraud Citizens.

133. Each Defendant committed at least one overt act in furtherance of such conspiracy. These acts in furtherance of the conspiracy included the submission of claims on behalf of insureds falsely inflating the value of the claims and falsely asserting claims of costs for services not actually rendered, in order to induce Citizens to settle the claims at higher values than the claims were worth.

134. The aforementioned acts also involved creation of false and fictitious invoices of services purportedly rendered and repairs purportedly required that were used to deceive Citizens into believing that the claims should be settled for sums negotiated, when in fact the damages

represented were either grossly inflated or non-existent. Further, they involved the artificial inflation of litigation costs to claim those against Citizens in order to drive up the value of the payments by Citizens.

135. Even if some of the Defendants did not agree to harm Citizens specifically, the purpose of the acts they engaged in was to advance the overall object of the conspiracy, and the harm to Citizens was a reasonably foreseeable consequence of Defendants' actions.

136. Citizens has been injured and continues to be injured in its business and property by Defendants' conspiracy in violation of 18 U.S.C. § 1962(d).

137. The unlawful actions of Defendants, and each of them, have directly and proximately caused and continue to cause injuries to Citizens in its business or property.

138. Citizens seeks an award of damages in compensation for, among other things, the millions of dollars it paid in claims as a result of the Defendants' scheme and the expenses it incurred in defending spurious claims.

139. Citizens further seeks an award of damages, including threefold the damages sustained, and the recovery of reasonable attorneys' fees and costs of investigation and litigation, as well as any other relief as authorized by statute.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; threefold damages pursuant to 18 U.S.C. § 1964(c), pre-judgment interest on the damages resulting from Defendants' fraud and scheme; attorneys' fees and costs in accordance with 18 U.S.C. § 1964; and all other relief that the Court determines is both reasonable and just. Citizens further reserves its right to seek leave of the Court to amend the complaint to seek an award of punitive damages in accordance with § 768.72, Fla. Stat.

COUNT THREE
(Florida Racketeer Influenced and Corrupt Organizations Act ("Florida Rico Act"), §§ 895.01-895.06, Fla. Stat., based on violation of § 895.03(3), Fla. Stat.)
Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons

140. Citizens hereby incorporates by reference Paragraphs 1 through 90 and 102 through 126 of this Complaint as if fully set forth herein.

141. At all relevant times, each Defendant was a "person" within the meaning of the Florida RICO Act.

142. Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons formed an association-in-fact for the purpose of defrauding Citizens. This association-in-fact was an "enterprise" within the meaning of the Florida RICO Act, §§ 895.02(5), 895.03(3), Fla. Stat.

143. Defendants conducted or participated, directly or indirectly, in the conduct of the enterprise's affairs through a "pattern of racketeering activity," within the meaning of § 895.02(7), Fla. Stat., in violation of the Florida RICO Act, Fla. Stat. § 895.03(3).

144. Specifically, Defendants engaged in "racketeering activity" within the meaning of § 895.02(8)(a),(b), Fla. Stat. , and 18 U.S.C. § 1961(1) by engaging in the acts set forth above.

145. The acts of racketeering activity referred to in the preceding paragraph constituted a "pattern of racketeering activity" within the meaning of § 895.02(7), Fla. Stat. The acts alleged have the same or similar intents, results, accomplices, victim (Citizens), and methods of commission and are otherwise interrelated by distinguishing characteristics and are not isolated incidents.

146. As a result of Defendants' violation of § 895.03(3), Fla. Stat., Citizens has suffered substantial damages.

147. Citizens is entitled to recover threefold its actual damages, and its costs and attorneys' fees, pursuant to § 895.05(7), Fla. Stat.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; threefold its actual damages; pre-judgment interest on the damages resulting from Defendants' fraud and scheme; attorneys' fees and costs in accordance with § 895.05(7), Fla. Stat.; and all other relief that the Court determines is both reasonable and just. Citizens further requests the Court impose upon Defendants all restrictions allowed under § 895.05(1)(a)-(e), Fla. Stat.

COUNT FOUR
(Florida Racketeer Influenced and Corrupt Organizations Act ("Florida Rico Act"), §§ 895.01-895.06, Fla. Stat., based on violation of § 895.03(4), Fla. Stat.)
Defendants Strems Law Firm, Attorney Strems, CCC, Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons

148. Citizens hereby incorporates by reference Paragraphs 1 through 90, 102 through 126, and 141 through 146 of this Complaint as if fully set forth herein.

149. As set forth above, Defendants conducted or participated, directly or indirectly, in the conduct of the enterprise's affairs through a "pattern of racketeering activity," within the meaning of the Florida RICO Act, § 895.02(7), Fla. Stat., in violation of the Florida RICO Act, Fla. Stat. § 895.03(4).

150. Each of the Defendants was associated with the enterprise and agreed and conspired to violate § 895.03, Fla. Stat., that is, agreed to conduct and participate, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity, in violation of § 895.03(4), Fla. Stat.

151. Defendants, each, committed and caused to be committed a series of overt acts in furtherance of the conspiracy and to affect the objects thereof, including, but not limited to, the

acts set forth above.

152. As a result of Defendants' violations of § 895.03(4), Fla. Stat., Citizens suffered substantial damages.

153. Citizens is entitled to recover threefold its actual damages, and its costs and attorneys' fees, pursuant to § 895.05(7), Fla. Stat.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; threefold its actual damages; pre-judgment interest on the damages resulting from Defendants' fraud and scheme; attorneys' fees and costs in accordance with § 895.05(7), Fla. Stat.; and all other relief that the Court determines is both reasonable and just. Citizens further requests the Court impose upon Defendants all restrictions allowed under § 895.05(1)(a)-(e), Fla. Stat.

COUNT FIVE
(Fraud)
Defendants Strems Law Firm and Attorney Strems

154. Citizens hereby incorporates by reference Paragraphs 1 through 90 of this Complaint as if fully set forth herein.

155. Defendants Strems Law Firm and Attorney Strems knowingly and intentionally presented claims with artificially inflated values and outright sham claims to Citizens.

156. Defendants knew that the claims were materially false or inflated at the time they presented the claims to Citizens.

157. Defendants Strems Law Firm and Attorney Strems were in a position to cause Citizens to agree to pay excessive sums for claims from insureds.

158. Defendants made the false or inflated claims with the intent to defraud Citizens and to cause Citizens to rely on the false or inflated claims to the detriment of Citizens.

159. Citizens justifiably relied on representations by the Strems Law Firm and Attorney Strems. Citizens did so in the justifiable belief that it was receiving truthful information as to the existence and extent of damages claimed on insurance policies issued by Citizens.

160. The mis representations were material in that, had Citizens known the actual facts, it would not have paid the losses as claimed.

161. The conduct of Defendants Strems Law Firm and Attorney Strems was willful, wanton, and malicious.

162. Defendants' unlawful conduct has directly and proximately caused and continues to cause injuries to Citizens in its business or property. This injury includes Citizens paying excessively high sums for first-party property claims. Accordingly,

163. Citizens seeks an award of damages in compensation for, among other things, the millions of dollars it paid in claims as a result of the Defendants' scheme and the expenses it incurred in defending spurious claims.

164. Further, Citizens reserves the right to seek amendment at the proper time under Florida law to seek the imposition of punitive damages sufficient to deter Defendants from committing such unlawful conduct in the future.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; pre-judgment interest on the damages resulting from Defendants' fraud and scheme; and all other relief that the Court determines is both reasonable and just. Citizens further reserves its right to seek leave of the Court to amend the complaint to seek an award of punitive damages in accordance with § 768.72, Fla. Stat.

COUNT SIX
(Negligent Misrepresentation—Information Negligently Supplied for Guidance of Others)
Defendants Strems Law Firm, Attorney Strems, CCC,
Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons

165. Citizens hereby incorporates by reference Paragraphs 1 through 90 of this Complaint as if fully set forth herein.

166. At all material times, Defendants had a duty to provide Citizens truthful and accurate information regarding the first-party property claims asserted on behalf of homeowner insureds.

167. Defendants made materially false representations or concealed material information concerning the true nature and extent of the losses and the true services provided to homeowner insureds.

168. CCC, through Saavedra, and AIRS, through Guerrero and Parsons, prepared and submitted invoices with false information about the nature and extent of the losses and the services provided to homeowner insureds.

169. Saavedra, AIRS, Cesar I. Guerrero, and Derek Parsons knew or reasonably should have known that the materially false information supplied by them was going to be used by Defendants Strems Law Firm and Attorney Strems to make claims under Citizens policies and to negotiate settlement of the claims.

170. Defendants Strems Law Firm and Attorney Strems further made material misrepresentations about the nature and extent of the losses claimed under Citizens policies, and used the invoices prepared by CCC and Saavedra and by Gerrero, Pasons, and AIRS in asserting the first-party property claims, knowing the information contained therein to be materially false.

171. Citizens reasonably relied on the material false representations, which were central to induce Citizens to pay the claims.

172. The misrepresentations were material in that, had Citizens known the actual facts, it would not have paid the losses as claimed.

173. Citizens has been damaged as a result of the material misrepresentations.

WHEREFORE, Citizens respectfully requests that this Court enter judgment for Citizens, awarding it compensatory damages in an amount to be determined at trial; pre-judgment interest on the damages resulting from Defendants' fraud and scheme; and all other relief that the Court determines is both reasonable and just. Citizens further reserves its right to seek leave of the Court to amend the complaint to seek an award of punitive damages in accordance with § 768.72, Florida Statutes.

JURY TRIAL DEMAND

Citizens demands trial by jury on issues so triable.

Dated: June 16, 2020

LYDECKER | DIAZ

/s/ Onier Llopiz

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