Liability
New Bills Affording Greater Protection Against Lawsuits for Passive Investors in Nursing Homes by David A. Lipkin, Junior Partner.

A new bill has just passed in both houses of the Florida Legislature that will now be presented to Governor Scott for signing. If signed, it is expected to provide passive investors in nursing homes greater protection against lawsuits for violations of nursing home resident rights, when said investors played no role in any care or management decisions. At the same time the bill also provides residents with additional protections. If the governor signs the bill, it will take effect immediately upon becoming law. Some of the more pertinent provisions will be summarized for the purposes of this article.

In Florida, nursing homes are governed by Chapter 400 of the Florida Statutes. Florida Statute 400.023 has provided a statutory remedy for violations of resident rights. However, as written passive investors, creditors, and individuals who play no role in providing care to residents or management decisions have been vulnerable to lawsuits. Accordingly, 400.023(1) looks to remedy this by making 400.023 the exclusive means for civil enforcement of violation of resident rights and explicitly stating that such actions may be brought only against the nursing home licensee, the managing employees and direct caregivers. While limiting claims to the aforementioned classes, the proposed legislation does seek to provide additional protections. In 400.023(3) a complaint may be amended to add additional defendants when, after proper hearing it is determined that other individuals or entities other than the said classes owed a duty of care to the resident and

Verdicts and Summary Judgments
Motor Vehicle Accident—Appellate Court Affirms Trial Court’s Ruling

Tallahassee Junior Partner James Waczewski and Orlando Associate Kate Kmiec prevailed on an appeal in a Motor Vehicle Accident case styled Donna M. Niederhelman v. Mary J. Tucker, at the Fifth District Court of Appeal on April 15, 2014. Our client, Appellee Tucker was sued following a minor car accident. Appellee Tucker’s fault for the accident was admitted at trial, however Defense disputed that Plaintiff was injured in the accident. Orlando Partner Paul Jones handled the trial and obtained a defense verdict. The jury found that Plaintiff did not suffer ANY losses or injuries as a result of the accident. Plaintiff moved for a new trial arguing that the Zero Verdict was against the manifest weight of the evidence, that the jury should have awarded Plaintiff damages for her medical treatment, with respect to most of which all experts (including ours) opined that the treatment was
New Bills Affording Greater Protection Against Lawsuits for Passive Investors in Nursing Homes cont.

breached that duty resulting in injury or death to the resident. Therefore, where it can be Demonstrated that someone previously thought to be “passive” or not involved in care or management in fact played a role in care or care decisions, the resident will have remedies against said person or entity. It is hoped that by modifying the statute in the above manner only those truly responsible for resident care will be exposed to litigation.

The legislation also seeks to clarify the process by which punitive damages can be awarded. While it has always been the case in Florida that a plaintiff cannot seek punitive damages until a sufficient proffer of a basis of punitive damages is made. The legislation makes clear what the proffer must entail. The new law revises 400.0237 and makes it clear what type of showing is required. It requires that the court first conduct a true evidentiary hearing, in accordance with the rules of evidence, and determine what admissible evidence actually exists, which would potentially permit an award of punitive damages.

Whereas previously the statute merely referenced a need to make a “showing” of evidence that forms a reasonable basis for such damages. Conversely the statute court now expressly states that the evidence used must be “admissible” and that the court shall conduct an evidentiary hearing to ensure sufficient admissible evidence exists so that at trial the plaintiff would be able to demonstrate by clear and convincing evidence that punitive damages are warranted. Fla. Stat. 400.0237(1)(b).

The proposed law also features language designed to ensure residents can pursue their rights. Most notably, it would impose a heavy penalty on nursing homes that fail to satisfy a judgment when found to have injured a resident by a violation of rights. In this regard an entirely new section, 400.024 has been proposed to be added to the current law. Where a nursing home fails to satisfy a judgment, arbitration award or settlement agreement within sixty days of said judgment award or settlement, it will serve as additional grounds for revoking a license. Hence, nursing homes and their carriers must be alert that any time a claim must be satisfied, timely payment is essential.

Finally, the new law has been substantially reworded to ensure HIPAA compliance, while permitting family members of deceased residents to more easily obtain the appropriate medical records without having to open an estate. It also more clearly identifies what can and should be produced and the procedure for doing so.

The bill is supported by The Florida HealthCare Association (FHCA), an organization which represents over 500 long term care facilities. In a press release voicing its support, FHCA stated “These changes will ensure that nursing home residents are able to pursue lawsuits against those directly at fault for negative events, while preventing unreasonable claims against passive investors who have no role in daily care decisions.”

We will continue to keep you posted on this, and any other trends in the law. For questions regarding long term care litigation or assistance with your matters, contact David Lipkin, Junior Partner at 954.847.2950 or e-mail DLipkin@LS-Law.com.

About David Lipkin

David Lipkin, Esq. is a Junior Partner with 20 years of liability defense experience. He has diversified leadership experience and counsels clients on risk avoidance, negotiations and strategies for reduction of litigation exposure. David has handled multi-million dollar claims for businesses and insurers. His practice is devoted largely to general liability, premises liability, professional liability, wrongful death, medical malpractice, health insurance litigation and managed care litigation. David earned his Juris Doctorate from Nova Southeastern University, cum laude, 1992. He is admitted in Florida (1992) and to the United States District Court, for the Southern and Middle Districts of Florida (1992).
Practical Tips to Avoid Spoliation by Jennifer J. Seitz, Esq. and Anthony J. Petrillo, Tampa Partner

Spoliation of evidence is the loss, destruction, or alteration of evidence, either through an intentional act or negligence, which significantly impairs a plaintiff's ability to prove the underlying lawsuit. Evidence must be preserved when litigation becomes a possibility. It is important to note that the duty to preserve evidence can and often does arise well before a lawsuit is ever filed. In today's litigious society, the occurrence of even a minor accident or injury should put a cautious person on notice of the need to preserve evidence.

There is no common law duty to preserve evidence in Florida. The duty to preserve evidence can arise from a contractual relationship between the parties, a statute (e.g. the duty to cooperate provisions under Florida’s Workers' Compensation Law, Fla. Stat. §440.39), administrative regulation, a promise to preserve evidence, a court order entered during the course of the underlying litigation, or a discovery request. Further, the duty to preserve evidence may arise when a party undertakes the duty by making an effort to preserve evidence after an incident.

The duty to preserve evidence could also arise if the plaintiff had given the alleged spoliator formal notice of the plaintiff's intent to file a lawsuit. In that case, the alleged spoliator could be deemed to have notice of the need to preserve evidence relevant to the intended lawsuit. However, some courts have found a pre-litigation duty to preserve evidence, even in the absence of a voluntary undertaking to preserve, when the alleged spoliator knows or reasonably should know the evidence is relevant to the anticipated litigation.

In Florida, an independent cause of action for spoliation exists only for third party spoliation. Third party spoliation occurs when a person or an entity that is not a party to the underlying lawsuit, lost, misplaced, or destroyed evidence critical to that lawsuit. First party spoliation occurs when a party to the underlying lawsuit destroys evidence. No independent cause of action exists in Florida for first party spoliation. However, discovery sanctions may be pursued against the spoliating party under Fla.R.Civ.P. 1.380. Sanctions may include striking evidence or testimony, striking pleadings or defenses, dismissal with prejudice and entering a default. Even negligent spoliation of evidence may be sanctioned. It is not necessary that the loss or destruction of evidence be intentional. Accordingly, beware of the myth that one need not preserve evidence in Florida simply because there is no 1st party cause of action here.

The first step in avoiding spoliation is to identify all relevant evidence. Relevant evidence can take many forms, so it is important to recognize what must be preserved. One piece of evidence can be kept in the normal course of business in many different formats. All forms of the same evidence should be kept (e.g. handwritten copy and summary or abbreviated data entry of the handwritten copy). Evidence can be tangible objects, such as vehicles, machinery, paper records or other documents, surveillance tapes, and computer hard drives. Evidence can also be intangible, such as e-mails, electronic calendars, Facebook and other social media accounts, temporary internet files, and metadata. The evidence should be preserved in its entirety whenever possible, not just the portions that appear most relevant at first glance.

Theories of liability and defense often change and evolve during the course of litigation. Evidence that appeared unimportant at the beginning of a case may turn out to be a critical piece of the puzzle later on. So whenever in doubt, don't throw it out.

Written policies and procedures for retention of documents and other evidence can help eliminate confusion as to what needs to be preserved and under what circumstances. Further, in certain pre-suit situations, discarding evidence in the normal course of business pursuant to a clearly defined retention policy may help avoid liability for spoliation, especially if the evidence is discarded prior to a request to preserve. See, Osmulski v. Oldsmar Fine Wine, Inc., 93 So.3d 389 (Fla. 2nd DCA 2012) (no pre-

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Practical Tips to Avoid Spoliation cont.

A contact person should be listed for any questions or concerns about the litigation hold notice. Having a single contact person for this purpose ensures consistency and proper compliance with the notice. All recipients should sign an acknowledgement that they have received, read, and understood the litigation hold notice. See, Litigation Hold Notice, Practical Law The Journal, p. 18-24, November 2013.

When someone else possesses or controls the evidence, a written request to preserve the evidence and to avoid any destructive testing or other alteration to the evidence should be made as soon as possible. If necessary, a protective order can be sought to prevent any destructive testing of the evidence without proper notice to all interested parties.

The often-murky and confusing law regarding preservation of evidence is continually changing. Therefore, it is best to consult with legal counsel whenever there is a doubt as to the need to preserve evidence under a particular set of facts. For questions regarding spoliation, contact Anthony Petrillo, Tampa Partner at 813.226.0081 ext. 11 or e-mail AJP@LS-Law.com.

About Jennifer Seitz

Jennifer Seitz, Esq. is an Associate in the Tampa office. She concentrates her practice in general liability, automobile liability, trucking liability, catastrophic personal injury, premises liability, products liability and commercial litigation matters. She has a Bachelor of Arts degree from Vassar College in New York. She obtained her Juris Doctorate from the University of Florida, cum laude, in 2005. She is admitted in Florida (2006) and to the United States District Court, for the Middle District of Florida (2010).
PIP Benefits Exhaustion Still A Viable Defense for Insurers by Andrew L. Chiera, Junior Partner and Jason R. Seidman, Esq.

Following a string of binding decisions in favor of medical provider Plaintiffs, the Fourth DCA affirmed in March 2014 that PIP benefits exhaustion is still a viable and strong defense for insurers who pay the claims of their insureds up to the policy limits.

The consolidated appeals of Northwoods Sports Medicine and Physical Rehabilitation, Inc. (a/a/o Suzanne Cabrera) v. State Farm Mutual Auto. Ins. Co. and Wellness Associates of Florida, Inc. (a/a/o Daniel North) v. USAA actually addressed three common certified questions and one unique certified question from the County Court which will be summarized for the purposes of this article. Importantly, both insurers had been paying the claims presented on behalf of their insureds based on the "permissive" methodology but benefits remained on the policy at the time suit was filed only in the Wellness Associates matter.

The heart of the issue in the Wellness Associates appeal was whether or not the insurer could rely on benefits exhaustion as its defense when the payment giving rise to the defense was made after suit was filed and served. Prior decisions had already concluded that when benefits were exhausted before suit was filed and when benefits were exhausted after suit was filed but before it was served, extinguished any additional claims for benefits, interest, and/or attorney’s fees in the absence of bad faith. Because of the unique timing of the exhaustion in Wellness Associates, the 4th DCA exercised its jurisdiction and in so doing provided insurers with binding authority to continue to pay claims it deems compensable regardless of whether or not a PIP suit has been filed by a provider or insured.

In spite of prior DCA decisions on benefits exhaustion which all held that there is no requirement for an insurer to set up a "reserve" or "hold" for disputed funds until the dispute has been resolved, assignee medical providers and their attorneys continued to insist that insurers could not exhaust PIP benefits once a suit had been filed and served. The timing of the exhaustion seemed to be the crux of the dispute, but in remaining consistent with prior DCA decisions, the 4th held that "where the reasonableness of the provider’s claim is still in dispute, post-suit exhaustion of benefits extinguishes the provider's right to further payments, as long as exhaustion is prior to the establishment of the amount to which the medical provider is entitled under PIP."

From a practical standpoint, the Wellness Associates decision makes sense. Why would Florida law require an insurer to stop paying PIP benefits which it knows to be due and owing simply because a lawsuit has been filed over benefits that are disputed? Considering how long it can take in the trial court for a PIP suit to conclude and the potential for an appeal of the outcome of a PIP suit, the goal of the PIP statute - to provide swift, virtually automatic payment of benefits - would clearly be defeated if insurers had to freeze all pending claims until the compensability of a disputed claim was ultimately resolved at the trial or appellate level.

Viewed in that light and with due regard to the well-established binding authority on benefits exhaustion, it seems as though the Wellness Associates decision is really just a re-affirmation of Florida law on PIP benefits exhaustion.

In any event, because of the Wellness Associates decision, PIP insurers can continue to pay compensable claims up to the policy limit regardless of whether suit has been filed and/or served, in the absence of bad faith. If/when the policy limit is reached, make sure defense counsel is notified immediately so that they can assert benefits exhaustion as a defense and potentially recover defense attorney’s fees under Florida Statute 57.105 if Plaintiff and/or its counsel refuses to dismiss its suit.
Will An Attorney Fee Award Of A $1.53 An Hour Cause The Florida Workers’ Compensation Fee Structure To Be Changed? by Reinaldo Alvarez, WC Junior Partner

On March 14, 2014, the Florida Supreme Court accepted jurisdiction of Castellanos v. Next Door. The question certified to the Supreme Court is: Whether the award of attorney’s fees in this case is adequate, and consistent with the access to courts, due process, equal protection, and other requirements of the Florida and Federal Constitutions.

In a nutshell, the claimant’s bar wants the current fee structure under section §440.34 to be ruled unconstitutional. The outcome of this case will have a major impact on the way employers, claimants attorneys and insurance companies approach cases. So far numerous briefs have been filed. Oral Arguments have not yet been scheduled.

Castellanos v. Next Door is attacking the current fee structure that limits the amount of fees that claimant’s attorneys can get. Since July 2009, claimant’s attorneys have had to adhere to a statutory fee structure that pays out fees based on the amount of benefits secured for the claimant regardless of the amount of time put into obtaining those benefits. Under §440.34 of the Florida Workers’ Compensation statute, a claimant’s attorney is entitled to a fee of 20% of the first $5,000 in benefits he or she secured for their client. Thereafter, the claimant’s attorney is entitled to 15% of the second $5,000 in benefits they secured for their client and finally, for any benefit obtained above $10,000, the claimant’s attorney is entitled to 10%. For example, if a claimant’s attorney secured $15,000 in benefits for their client, the attorney would be entitled to a fee of $2,250. The amount of time spent securing the benefits are not taken into account. An attorney can spend one hour or hundreds of hours securing a benefit, in the end, the fee is solely based of the value of the benefits secured.

As you can imagine, the claimant’s bar has not been happy with the fee structure and has tried on numerous occasions to have the statute changed. However, all challenges to the statute were met with failure. That is until the 1DCA heard the Castellanos v. Next Door case.

At the local level, the Judge of Compensation Claims issued a fee order that paid the claimant’s attorney $164.54. The Judge felt that the 107.2 hours that the claimant’s attorney indicated they used to secure the benefits were an accurate reflection of the hours needed to secure the benefit. The Judge also opined that the 115 employer/carrier’s hours were consistent with the claimant’s hours. He opined that the employer/carrier’s hours were also an accurate reflection of the time needed to defend the case. Since the value of the benefits obtained was $735.47 given the mandatory fee structure in place, the Judge awarded a fee of $164.54 or $1.53 an hour.

The case was appealed and heard by the First District court of Appeals. The 1DCA issued their opinion on October 23, 2013. The case was argued by Richard Sicking for the claimant and Roberto Mendez for employer/carrier. Judge Benton opined that “Constrained by the statutory formula set forth in section 440.34(1), Florida Statutes (2009), the judge of compensation claims awarded claimant’s counsel an attorney’s fee of only $164.54 for 107.2 hours of legal work reasonably necessary to secure the claimant’s workers’ compensation benefits. We do not disagree with the learned judge of compensation claims that the statute required this result, and are ourselves bound by precedent to uphold the award, however inadequate it may be as a practical matter.”

The argument made by Mr. Sicking was that the case should be sent up to the Florida Supreme Court and that constitutionality of fee statute as it currently reads should be determined. The 1DCA indicated that “In reaching our decision today, we have therefore considered claimant’s arguments that section 440.34 should be deemed in violation of several constitutional provisions. Based on our precedent, however, we are bound to conclude that the statute is constitutional, both on its face and as applied.”

The outcome of this case will have major ramifications on the future of workers’ compensation.
reasonable and related to the accident. Our Appellate team argued that the verdict should stand in light of the significant impeachment of the Plaintiff’s veracity at trial, the fact that the accident was minor, and our expert based his opinion on the subjective complaints of the Plaintiff, which the jury could reject. The trial court agreed and denied Plaintiff’s motion for a new trial. Plaintiff appealed. The 5th DCA affirmed the Trial Court’s ruling, thus preserving the defense verdict. The appellate court granted, provisionally, our motion for appellate attorney’s fees.

**Wrongful Death —Appellate**

Appellate Junior Partner Doreen Lasch filed a motion for summary judgment in a Wrongful Death matter styled Torrent v. The Round Up. The wrongful death action was filed on behalf of the parents of a child who was struck and killed by a drunk driver. Plaintiffs’ theory of liability against our client was based on Florida’s Dram Shop Act. Plaintiffs’ settlement demand was $1 million. Appellate team argued that plaintiff failed to establish evidence to support his dram shop claim and before the motion could be heard, plaintiffs accepted $10,000 in settlement of all claims against our client.

**Civil Rights—Appellate**

Orlando Associate Kate Kmiec and Tallahassee Junior Partner James Waczewski prevailed on an appeal in a 42 U.S.C. § 1983 Civil Rights action styled Fernando Luna v. University of Central Florida Board of Trustees, et. al, at the Eleventh Circuit Court of Appeal on April 23, 2014. Our clients, the University of Central Florida, UCF Police Chief Richard Beary, UCF Police Officer Gregory Larkin and UCF Police Officer Julie Wilk were sued for allegedly depriving the Plaintiff of his civil rights pursuant to a lawful arrest. The Plaintiff brought his claims as official capacity claims under 42 U.S.C. § 1983 in the Federal Court for the Middle District of Florida. At the trial level, Orlando Associate Kate Kmiec obtained a dismissal with prejudice on Plaintiff’s civil rights claims because Plaintiff’s claims were barred by sovereign immunity and as State Officials, the defendants are not considered “persons” who can be sued under 42 U.S.C. § 1983. The Middle District of Florida also granted a Rule 11 Motion for Sanctions against the Plaintiff. The Plaintiff then appealed the trial court’s decision in the Eleventh Circuit Court of Appeals. Our Appellate team argued that the Plaintiff’s 42 U.S.C. § 1983 claims were barred as a matter of law by sovereign immunity. The Eleventh Circuit Court of Appeals affirmed the Trial Court’s ruling.

**Slip and Fall – Final Summary Judgment**

Tampa Associate Joseph Kopacz obtained a final summary judgment in a slip and fall matter styled Tracy Shelton v. Tragg Bar, Inc. d/b/a Georgie’s Alibi before the Honorable Walter L. Schafer on April 4, 2014. Plaintiff claims on her way from the bathroom she slipped and fell on water in the bar area. Plaintiff alleged Defendant negligently maintained the floor in the bar area by allowing a wet and slippery hazardous condition to exist on its premises, and that Defendant knew or should have known of the existence of this slippery condition, which caused Plaintiff to slip and fall. Plaintiff alleged serious injuries to her left ankle and knee as a result of the fall. The Motion for Summary Judgment successfully established Defendant was not on actual or constructive notice of the alleged spill. Judge Schafer applied the new Florida Statutes §768.0755 and found Plaintiff failed to establish the required element of constructive knowledge against Defendant. Defendant’s Motion to tax costs is pending.
Motor Vehicle Accident – Fraud Upon The Court - Dismissal

Tampa Associate Joseph Kopacz obtained a Motion to Dismiss Plaintiff’s Complaint for Fraud Upon the Court and entry of judgment against Plaintiff in a motor vehicle accident matter styled Shawn Grey v. Palm Beach Transportation Company, LLC and Michael P. Ryan, on March 21, 2014. Defendant Ryan was operating a Palm Beach Transportation Company yellow cab and struck Plaintiff’s vehicle. Plaintiff claimed the subject accident caused severe headaches and significant TMJ complaints, requiring multiple surgeries with past medical bills of $90,000.

Plaintiff alleged in deposition no prior headaches or TMJ complaints. Defense uncovered approximately 20 prior complaints of both headaches and TMJ complaints months and years prior to the alleged accident. Plaintiff claimed several medical providers simply confused him and his brother who was treated for TMJ complaints with some of the same doctors. Plaintiff had used these exact medical records to appeal a wrongful termination decision by his employer months prior to the subject accident. Additionally, Plaintiff and his brother did not share the same dentist as children. Plaintiff had annual complaints of TMJ problems dating back to when he was 15 years old up until months prior to the accident. After an extensive hearing, Judge Mark Shames had some very strong criticism to Plaintiff who attempted to perpetrate a fraud on the Court. Plaintiff had to be physically escorted out of the courthouse following the judge’s ruling. Defendants’ Motion for attorneys’ fees and costs is pending.

Magna Legal Services Conference

Dan Santaniello will co-moderate a panel discussion on “Facespace IV Warning: Your Privacy Is Set To “Must Disclose!” at the Magna Conference in Naples, Florida May 8 - 9, 2014. The discussion will include recent discovery trends involving litigants/witness online presence including Blank v. FJC Security Services, Inc. that compelled plaintiffs to disclose non-public content of social networking sites. The panelists will also address workplace privacy and social media usage. For further information about the conference, please visit http://www.magnals.com/conference/.

Miami Office Expansion

Effective May 5, 2014, Luks, Santaniello is pleased to announce it has doubled its Miami office capacity by moving to the 27th floor in the same building. The Miami office is located across from the Miami-Dade County Courthouse at 150 West Flagler Street. Phone and fax numbers will remain the same but please note the new suite number is 2750. The new space will accommodate more than 30 employees and allows us to better serve our Miami clients and cases.

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EUO/PIP Team

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A favorable ruling to the claimant’s bar would mean that §440.34 would be ruled unconstitutional and that the statute would revert back to the hourly rate format, meaning that the amount paid in fees would grow dramatically. The claimant’s bar is already holding onto cases to see what happens. There is a slowdown in the settlement of cases pending the decision on the Castellanos’ case. A favorable ruling to the employer/carrier would mean a continuing decline in the filing of workers’ compensation cases.

As a practical point, all fees that may be due should be stipulated to now before the Castellanos’ decision comes out. For questions regarding the Castellanos’ decision or assistance with your workers’ compensation matters, contact Rey Avarez, Junior Partner in the Miami office at 786.433.4139 or e-mail RAlvarez@LS-Law.com.

If you would like to view the briefs and other documents in the Castellanos’ case and to keep up with additional filings, please visit http://www.floridasupremecourt.org/pub_info/summaries/briefs/13/13-2082/index.html

This Legal Update is for informational purposes only and does not constitute legal advice. Reviewing this information does not create an attorney-client relationship. Sending an e-mail to Luks, Santaniello et al does not establish an attorney-client relationship unless the firm has in fact acknowledged and agreed to the same.

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