

DAILY REPORT

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Lawyer seeks hidden assets for 14 victims of settlement fraud

CLIENTS DEFRAUDED of workers' comp by Cedartown firm win \$14.5M judgment; their attorney vows to find funds

R. ROBIN MCDONALD
rmcdonald@alm.com

WITH A \$14.5 MILLION default judgment in hand, an Atlanta attorney said he is embarking on a hunt for assets belonging to a Cedartown lawyer now serving time in federal prison for defrauding his clients.

“We are very creative, and we are going to be diligent in searching out all available assets and avenues for recovery,” said Atlanta attorney David Hungeling, who represents 14 former clients of defendant Miles Gammage. Gammage—whose Cedartown firm was established by his father 60 years ago—surrendered his state bar license last year after he pleaded guilty to defrauding his clients of millions of dollars in worker’s compensation settlements.

Following a bench trial on damages in Polk County Superior Court in Rome, Senior Judge Grant Brantley last week awarded \$14.5 million to Hungeling’s clients—all of them Gammage’s victims. The suit named Gammage, his law firm, and his associate, Andrew Roper, as defendants. Roper and the firm’s insurer settled



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David Hungeling represents clients in litigation against a Cedartown law firm.

their claims before the trial.

Before the bench trial, Brantley granted a default liability verdict to Gammage’s former clients after no attorney made an appearance on Gammage’s behalf, Hungeling said. Gammage had been representing himself in the Polk County case, he said. Hungeling partnered with Florida lawyers Marcus Cornelius in St. August-

tine and Scott Schuler of Schuler & Lee in Jacksonville on the case.

“My understanding is that Miles Gammage lived a very extravagant lifestyle. It is possible he spent a good bit of money. But we are going to be crafty and look hard and see if he squirreled it away somewhere,” Hungeling vowed.

Gammage, 60, is serving a 70-month

sentence in a federal prison camp in Talladega, Ala., for defrauding dozens of clients of more than \$2.5 million in settlements of their workers' compensation claims. U.S. District Senior Judge Robert Vining Jr. last October also ordered Gammage—upon his release from prison—to pay more than \$1.3 million in restitution at a rate of \$200 a month plus 25 percent of any monthly income exceeding \$2,000.

Hungeling said that some of Gammage's former clients whom he represented in the Polk County suit are identified as beneficiaries of the federal restitution order, but others are not.

"In our humble opinion, the government's numbers are off," he said. "They relied upon Gammage's bank records and shoddy book-keeping and then appear to have credited him the full 25 percent in attorney's fees" that he is said to have charged for his services. In several cases, he had agreed in the settlement agreement to take a lower fee," Hungeling said.

Gammage fleeced his clients by depositing checks that settled claims for serious work-related injuries, federal prosecutors said at the Cedartown lawyer's sentencing hearing. Gammage then used the misappropriated funds for his own purposes, which included flying his private jet on gambling jaunts to neighboring states, according to the Polk County suit.

When clients who had agreed to settle their workers' compensation cases with their employers complained that the funds were not forthcoming, Gammage would assuage them with false assurances that the checks either had not been sent or were "still waiting to clear," Hungeling said. Gammage would then give his financially strapped clients cash "loans" against settlement funds.

Gammage drew clients from across the state but especially from Georgia's northwestern counties where he advertised heav-

ily. His father, E. Lamar Gammage Jr.—known as the grandfather of workers' compensation litigation in Georgia—founded the Cedartown law firm in 1952.

Hungeling said Gammage always insisted he was not a criminal and that he had misappropriated his clients' funds from his firm escrow accounts just to keep the law firm afloat. Gammage also told Hungeling that the misappropriation of funds "was going on in his firm even before it was his firm," Hungeling recalled. "I'm not sure whether I completely believe that or not."

But Gammage "absolutely took advantage of [his clients'] inexperience and their trust in him," Hungeling recalled. Often that included telling them that they should settle cases for far less than their claims were worth and pressuring them to settle their cases.

"Miles would tell them it was too risky," Hungeling said, and that he couldn't take the case to trial. "People wanted to trust him. He was such a good salesman. ... But he completely betrayed their trust," Hungeling said.

Rome resident David Gore, 52, was a Hungeling client. Gore injured his back lifting car batteries while working for Wal-Mart. When Wal-Mart's physician attempted to dismiss the injury as arthritis, Gore sought Gammage for help. Wal-Mart subsequently dismissed Gore and then sought unsuccessfully to deny him unemployment benefits, Gore said.

Gore said that Gammage eventually contacted him and told him that Wal-Mart had agreed to settle the case for \$60,000 if Gore would agree never to work at Wal-Mart again. Gore said that Gammage told him the offer was "the best I can get, and if I were you, I'd sign on the dotted line," although he believes now that with the kind of injury he sustained, "I should have got a lot more."

Gore eventually underwent surgery to remove several spinal disks. He said he is 100 percent disabled, unable to work and in

constant pain. Gore said that although he agreed to settle the case, Gammage never gave him the settlement check.

In 2010, Gammage's office notified Gore that the check had arrived, but Gore said he contacted Gammage's office by phone, by email and in person to no avail. "I emailed, God knows how many times," he said. "I hardly ever got any emails back from them."

He said that once he confronted Gammage in his office after being told the lawyer wasn't there. "He just said, 'We are still waiting [for the settlement check],'" Gore recalled.

Gore said that after he lost his job, he began falling behind in his bills, but still Gammage didn't pay him. Gore said he eventually asked Gammage if he could borrow against the settlement. Gammage, he said, doled out incremental payments to him in what Gore eventually discovered was a violation of the State Bar of Georgia's rules of professional ethics.

"He would give me \$500 here, \$300 there, \$900 here. A couple of times, he gave me checks that bounced," Gore said of Gammage's loans.

When he realized he was facing more surgery, Gore said, he called the state workers' compensation board and the State Bar of Georgia to complain about having not received his money. A board investigator told him Gammage had received the settlement check just two weeks after Gore had signed the papers. By then more than a year had passed since Gore had agreed to settle the case.

Gore said the last time he saw Gammage was at the former lawyer's sentencing hearing. "Everybody that he ripped off was there and got up and spoke about him to the judge," he recalled. "It didn't help none. He [Gammage] didn't get what he deserved." 