

Condo fraud cases prompt calls for advice

Condominium law experts say there are steps owners can take to avoid theft and fraud by managers.

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With more than 100,000 people serving on at least 30,000 condominium and homeowner association boards in Florida, it's not surprising that a few have tried to take advantage of their position.

But after two recent Broward County cases in which unit owners lost money to alleged theft and fraud, there is renewed fear about who is hiring the help and signing the checks.

In Davie, Christopher Winkelholz, 26, the president and treasurer of Whitehall Condominiums of Pine Island Ridge II allegedly stole more than \$200,000 from his condo association by using a dead man's signature to deposit phony checks in a fake company's bank account.

In August, Miami-Dade police arrested a Villa Grand Condominium Association president. He was accused of stealing about \$50,000 in association fees.

In May, police charged four Hallandale Beach condo residents in an alleged kickback scheme at Parker Plaza Estates. Police say that case might have cost owners about \$1.4 million.

"All this bad stuff is surfacing. People aren't just sleeping in the condo but going into the office and seeing what's going on," said Dan Levine, who lives at Parker Plaza. "People are waking up and thinking that it might be happening where they live."

GET INVOLVED

Experts say the best way to protect your investment is to be involved in the management of your community. Attend board meetings and volunteer on a committee, said Donna D. Berger, executive director for the Community Advocacy Network and an attorney at Katzman and Korr, a firm that specializes in community association law.

"It's important to be aware of the decisions being made," Berger said.

The Community Advocacy Network, run by Katzman and Korr, maintains a website with information for condo leaders and unit owners. A \$150 annual fee paid by the association entitles unit owners to e-mail blasts about condo regulations and discounts on contractor services.

Condo and homeowner boards are charged with keeping up the common areas of the community and managing the budget. Their budgets are built from the money owners pay for maintenance and assessments, often totaling many millions annually.

Eric Glazer, a Hallandale Beach condo and homeowner association law attorney, recommends hiring a professional management company.

"Professional management companies tend to have checks and balances," he said. "In-house association managers are there too long and tend to be overly trusted."

Unit owners have the right to see the condo's financial statements, and they should make time to do it, especially if there are questions about major expenses or unexpected assessments. At the very least, owners should look at the year-end financial records.

STAY VIGILANT

"If you lived in a single-family home, you'd look at your bills to see how much you were spending to maintain your home. The same should apply for condo associations," said Brian Pariser, an attorney in Miami with 33 years of experience in association law.

Associations are required to have regular meetings, with at least 48 hours notice posted prominently in the community, said Ken Direktor, an attorney with Becker & Poliakoff.

If meetings are not held or are held secretly, that's a red flag, Direktor said.

Running a condominium is a complicated business, and board members are asked to make important decisions for which many have no particular training or experience.

The Community Associations Institute offers free educational courses, and the Community Advocacy Network hosts board boot camps for those who ask.

A well-functioning condo association should communicate well with its members, Berger said. Look for a condo newsletter and an association website that fills members in on what's happening in their community.