



Fraud in Condos- ACMO/CCI Conference

By Denise Lash on November 09, 2011



On November 4th and 5th, the Canadian Condominium Institute - Toronto Branch and the Association of Condominium Managers of Ontario held their [annual joint conference](#). The conference was well attended by property managers, condominium lawyers, board members, real estate agents, service providers and other professionals. Sessions covered important topics such as contracts and tendering, legal updates, refurbishments, utility issues and managing insurance. One particularly timely session discussed the detection and prevention of fraud in condominiums and included a panel discussion of accountants a property manager and condominium lawyer.

Some of the critical and recurring ideas, which were emphasized by various members of the panel, included:

- Property managers should not be handling any sort of cash payments. In the rare occasion where a cash payment or transfer is made, a itemized receipt must be provided;
- Board members and property management must ensure that the lines of communication are open and frequently used;
- Annual general meetings should occur on a timely and consistent basis;
- Property management should never authorize an action or sign a document on behalf of a corporation's board;
- For any significant work on behalf of a condominium corporation, tendering is a must. Additionally, board members or the corporation's solicitor should do their due diligence on all companies providing quotes;
- Paid work performed by unit owners or a company owned/directed by a unit owner is not recommended due to potential conflicts of interest. If any paid work is performed by a unit owner, it must be disclosed to all unit owners and the payee must be prepared to answer any anomaly or divergence from market practice; and



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- If any unit owner is suspicious of a property manager's conduct, it is important to document the concerns and raise the issues with the board as soon as possible.

Unfortunately, there are no foolproof methods to preventing fraud in condominiums. That said, implementing some of the aforementioned policies, in addition to seeking advice from legal counsel, is highly recommended.

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