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# Minimizing the Risks of Fraud & Crime

Like any community, condominiums are exposed to threats from individuals who look for easy ways to achieve their selfish goals. This article aims to share some information on ways to protect the condominium community against fraud and crime. I have included opinions and comments shared by a few expert associates, and my heartfelt appreciation goes to them for their wisdom and generosity.

### The Many Faces of Crime

The Miriam-Webster Dictionary defines fraud as “deceit, trickery, and intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right.” Crime is defined as “an illegal act for which someone can be punished by the government, a gross violation of law.”

Experienced condominium managers can readily cite the most frequent types of fraud in condos, such as vendor kickbacks, drug activities, prostitution, improper bidding practices, ghost service calls, etc. The situation of an owner of a management company forging signatures/documents and running away with millions of dollars is hard to forget.

Dave Solis of Paragon Security believes that “fraud has become more widespread over the years and taken different forms, from developers not entirely delivering as agreed upon, fictitious salespeople canvassing condo suites targeting residents, to robocalls and cyber attacks. All these forms of fraud have been on the rise, especially ransomware.” He also believes that poorly drafted contracts for goods and services play a significant role in the problem.

Kevin (Kaveh) Oskoui, RCM, suggests that fraud and crime are “to be expected in an industry that faces a shortage of any level of talent.”

### Risk Exposure

Richard Kubig, RCM, shares the anecdote that a wise police officer was once asked why people commit crimes? He replied, “OPPORTUNITY!” Lack of oversight, reviews, and audits are very attractive shortcomings that a criminal can take advantage of. Stephen Chesney of Yale PGC suggests that condominiums are easy and lucrative targets for criminals with all the funds available and ready to be spent.

What do the criminals look for when selecting their next target? According to Patricia Luciani of G4S, “The opportunist looks for the path of least resistance - such as easy access points into the



# FRAUD PREVENTION



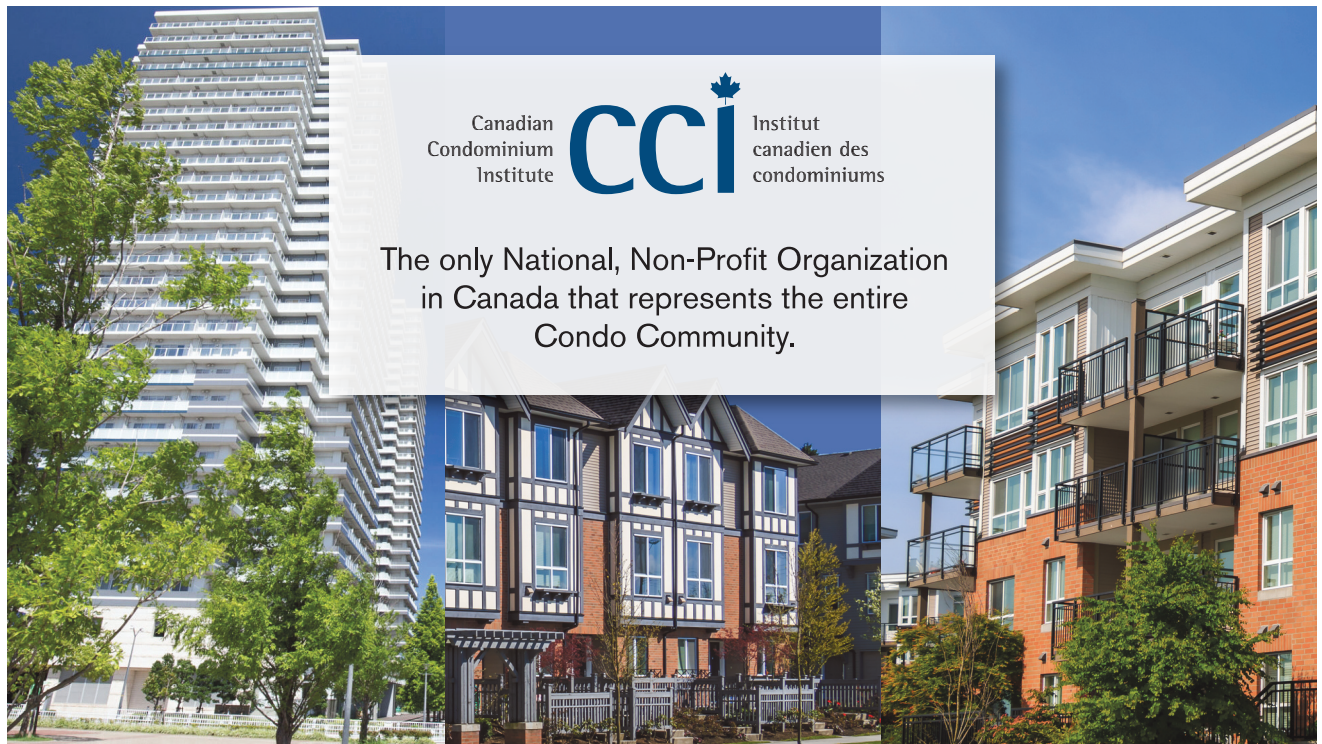




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building and will study the pattern of the foot and vehicle traffic, and see what security systems are in place, whether electronic and/or human.”

Marina Rimmiceanu, RCM, believes that “Absence of security, non-involvement/apathy of residents, and insufficient lighting increase the risk exposure.” Having a security expert conduct a security audit periodically will reduce the risk exposure. It is essential to keep in mind that security is relative, and it comes at a cost. No one is immune from the threat. Even banks are targets, despite all their security measures! Boards have to find the right balance between the desired level of security and funds available and allocated to security.

Condominiums located in high crime areas and the ratio of rentals versus owners can increase the risk exposure for fraud and crime. Dave Solis believes that “some crimes such as suite break-ins are usually targeted. Other crimes such as grow-ops, meth-labs, prostitution and/or the trafficking of drugs mostly occur in rental suites. This kind of crime is on the rise with the proliferation of online rental platforms. Condos are more attractive to crime when they are poorly maintained, such as rubbish accumulation, graffiti is not removed, public urination is never power washed, etc.”

### Vigilance is the Best Defense

Obviously, there is no guarantee against fraud and crime in society; however, we can utilize the best data and experience available and establish policies to minimize the risks. Awareness and communication with residents and staff will create a stronger community, which is less desirable for criminals.

Ronald Smith of Smith Forensics Inc. published a very informative article in the Fall Issue of *CM Magazine* in 2018. It presents the eleven most important red flags to watch out for. In addition to that, Ronald suggests a new concept: Preventive Maintenance Program Against Fraud. He suggests, “start off with proper policies and education.” Lawyers, security companies, condominium management companies, and auditors can start by sharing their knowledge and experience and creating the required policies and educational material.

Chris Jaglowitz of Common Ground Condo Law suggests that promptly reviewing banking documents is very important


because “Vigilance is a strong deterrent to a would-be thief.” He also believes that “good condo managers welcome their board’s involvement and help their directors improve their knowledge and familiarity with their condo finances. Director knowledge and involvement in the financial dealings of the condominium help build the trust relationship”.

Kevin Oskoui shares a few great tips to guard against fraud: “a) if the project is not urgent, obtain 2 or 3 quotes. b) Mix and match the vendors when possible. Having the same two vendors quote on the job all the time is not healthy. c) Review financial reports diligently, check for duplicates, check for project costs that appear unusually high. d) Document how many master keys are available and their location. Log them in and out.”

“To help make the community safer, involve your community. Educate them about how to be more vigilant and to report unusual behaviour that will help deter acts from being committed,” adds Patricia Luciani. For example, “When entering your building via a key fob system, wait around to watch the door close behind you before walking away. Always keep your doors locked – even if you are just visiting a neighbour or going down to check your mail. Balcony doors should also be kept locked. If you lend your condo key or fob/card to someone (e.g. tradesmen), be sure to advise building management and security.”

Likely, each ACMO member has had an encounter with fraud and crime. I hope that the majority will work together towards creating a united front against all types of dishonesty in condominiums. I encourage all RCMs to adopt a comprehensive and ongoing plan to guard against fraud and crime in condos. ■

**Babak Ardalan**, RCM, started working with DEL Property Management in 2002 and has been a District Manager since 2007. Babak obtained his RCM designation in 2004 and believes in ACMO as the industry leader in Ontario. In his opinion, integrity, knowledge, effective communication, and solid principles form the foundation of success. Achieving clients’ satisfaction has never been Babak’s goal – He aims to exceed them.  
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## AUTUMN CHECKLIST

☒

Schedule Full  
Carpet Cleaning  
& Maintenance

☐


Book Bio-Clean  
+Bio-Guard

☐

Schedule  
Runner Put Back  
or Arrange for  
New Runners


☐



Complete  
Mould  
Inspection



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### STAY SAFE STAY HEALTHY





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