



Property Manager Accounting Fraud

SCENARIO

A property manager managed nine community associations within the city for LR Realty, and also owned an interior design business. Among other responsibilities, the PM assisted with the accounting of homeowner funds and helped bid contracts for maintenance and improvements. She created fraudulent invoices for goods and services in the name of her interior design company and submitted the invoices to the community associations. Although the invoices contained descriptions of the items that were billed, none of them were actually purchased. The invoices were paid out of association funds and the PM altered the monthly financial statements to cover it up. Over ten years, she embezzled over \$300,000.

RISK CONTROL TIP

In addition to reviewing bank statements, the board should ensure that expenditures are legitimate and that the products or services purchased are, in fact, purchased for the benefit of the HOA.



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In Step with
Community
Associations



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