

## Recent Arrests for Community Association Theft Illustrate Laws Working, Associations Must Do Their Part

By **Nicole R. Kurtz** | November 13, 2020



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Recent TV and newspaper reports highlight how the Florida laws enacted in 2017 to restrain community association fraud are being enforced. However, the coverage also indicates that some associations and property management companies may need to take more aggressive steps to maintain effective monitoring and loss-prevention measures within their communities.

In Kissimmee, Florida, the second arrest of a former HOA property manager was covered as part of a series of investigative reports by WFTV (Channel 9, ABC). The reports chronicle how Sherry Raposo, who had previously been arrested on charges related to having her ex-cop-turned-felon boyfriend patrol the Turnberry Reserve community and using the HOA's funds to bail him out of jail in North Carolina, was

arrested yet again on new charges of fraud involving the accounts she oversaw while serving as a property manager for the community. The station also uncovered similar allegations of embezzlement against her from a different community in Seminole County, leading to the possibility of another investigation into Raposo and thousands of dollars that were moved from that HOA's bank account.

Theft by a former property manager at the tony Parkshore Plaza condominium tower in downtown St. Petersburg also made headlines recently in the pages of the Tampa Bay Times daily newspaper. The report indicated that Abby Elliott was found guilty and had been sentenced to two years in prison for using the condo association's funds to pay for vacations, airfares, salon treatments and other personal expenses.

The association president alerted local police to approximately \$154,000 in suspicious charges on the association's credit cards from 2014 to 2018 by Elliott and Aaren Hayman, who both worked for the association's property management company. According to the company, Elliott would only send the front page of the monthly credit card statements, without the itemized transactions, to its accounting department. She eventually gained direct access to the association's bank accounts and began paying the bills herself.

St. Petersburg police investigated the case and confirmed more than \$150,000 in personal purchases, including luxury vacations, gasoline purchases, Sunpass tolls, dining, high-end shopping, salon and spa services, hotels, airfare, theme parks, vehicle repair/maintenance and orthodontics. More than \$34,000 was used to book 10 trips to Disney resorts for Elliott and her family members, she paid for a trip to Maryland including airfare and lodging, and she spent thousands in dining and hotels across Florida. There was also nearly \$4,000 in purchases from a single mall, and even the payment of the water bill for her home.

Apparently, the theft and embezzlement from the association did not end with Elliott. Hayman, who took over Elliott's job at the management company, also used the association's credit cards to buy tickets to Disney World and more than \$4,000 in prepaid Visa gift cards, according to court documents cited in the article. She is currently participating in a pre-trial diversion program that could enable her to avoid a felony conviction.

As these and other recent media reports illustrate, the changes to the state's laws in 2017 to add teeth to the criminal penalties and enforcement for community association fraud are helping to prosecute some perpetrators, but theft and embezzlement continue to remain serious problems for some Florida community associations and property management companies.

The 2017 changes included a complete ban on the use of association debit cards by officers, directors and employees. While this restriction has helped limit direct access to cash from association accounts, recent cases such as these from central Florida and the Tampa Bay area demonstrate how those entrusted with the management of association credit cards and finances can still take advantage of their positions to conceal their theft and embezzle large sums from associations' coffers.

Given their potential for abuse, association boards should consider whether it might be prudent to implement policies restricting credit card use, perhaps by limiting their access to a small group of people and setting a maximum amount for transactions. Boards may also wish to consider obtaining only a single credit card in the name of the association with a relatively low credit limit that is paid in full every month, and monitoring its use via a careful review of itemized monthly statements. Monthly reviews of association bank account statements also would be prudent.

Additionally, associations should retain reputable accountants for independent annual reviews of the validity of all credit card statements, bank statements and financial

records. Other monitoring and loss-prevention protocols, including measures to safeguard checking accounts, should also be considered in consultation with highly experienced accountants and attorneys.

The changes enacted under the 2017 condominium anti-fraud laws served as a mandate for Florida law enforcement to take cases involving associations extremely seriously, and to allocate available resources to prosecute them. Florida associations are well advised to implement and make effective use of proper precautions and policies to effectively monitor their finances, and those that nonetheless become victimized are now better equipped to seek to obtain justice under the stricter association anti-fraud laws and penalties that have been in effect for the last three years.

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