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Fraud charges at Kendall condo association illustrate need for effective safeguards

BY CHRISTYNE D. SANTISTEBAN *SPECIAL TO THE MIAMI HERALD*

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Christyne D. Santisteban

Alleged thefts at community associations during the last couple of years in Miami-Dade, Southwest Florida and other parts of the state have shined a spotlight on fraud in condominium associations and HOAs. New laws to add teeth to the criminal and civil penalties for association fraud were unanimously approved by both chambers of the Florida Legislature and now await the Governor's signature, and these reforms would help associations that are victimized.

A [Miami Herald article](#) published on Feb. 22 provided yet more evidence of the nature of this problem in South Florida. It chronicled how the former president of the Westwind Lakes Garden Homes Condominium Association in Kendall, together with her daughter and the daughter's boyfriend, had been arrested on charges of stealing tens of thousands of dollars over the course of several years from the association.

According to the article, association president Idoris Pedroso (who was a member of its board of directors from 2015 through December 2023), together with her daughter, Yasnely Pedroso, and her daughter's boyfriend, Yoel Tapanes Fernandez, have been arrested on charges of grand theft and organized fraud for an as-yet-undetermined sum that is estimated to be less than \$150,000. The arrest report alleges the trio conducted systematic and ongoing efforts to defraud the association and obtain its funds using false pretenses.

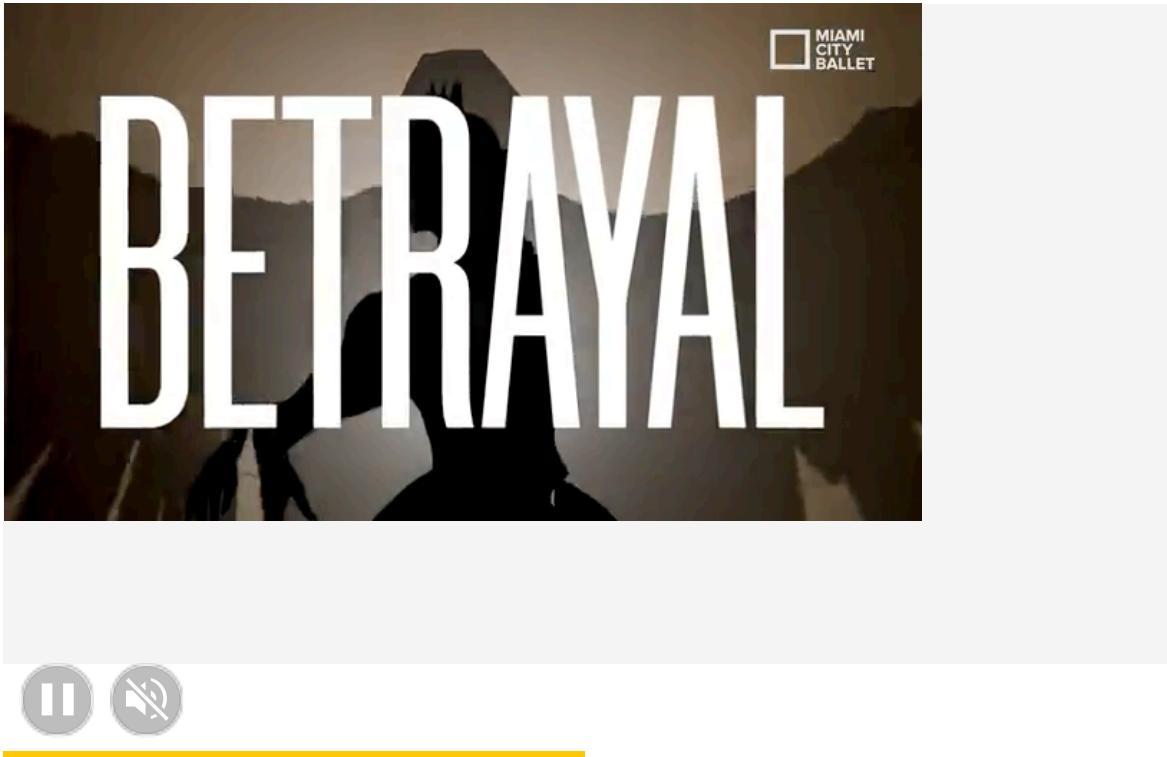
The report states Idoris Pedroso, acting under her authority as the association president, had hired her daughter to serve as an assistant, even though the younger Pedroso had been fired by the community's prior board of directors for destroying records and other discrepancies.

In 2020 and 2021, investigators allege, more than \$42,000 in checks from

the association were issued to Fernandez. The association requires at least two board members to sign its checks, yet three of these checks had only Idoris Pedroso's signature.

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“During the investigation, a witness came forward and told police that Yasnely asked him to fabricate an invoice to justify the sums of money in Fernandez’s account,” reads the article by the Herald’s Grethel Aguila. “. . . The current HOA board, according to investigators, also couldn’t find any records, contracts or invoices on file related to any work allegedly performed by Tapanes Fernandez.”

The article also notes that the association's records reveal dramatically inflated vendor invoices and alleged payments. For example, in 2019, they state a vendor was paid \$320 per bumper to paint the parking bumpers, which should have been approximately \$3,800 for all 388 bumpers (less than \$10 per bumper).

Because association boards of directors control the purse strings of the communities they govern, they have been targets for unscrupulous fraudsters practically since the inception of the association model. The schemes often begin with illegal maneuvers to fix elections in order to secure board seats, so owners should make sure to vote in all elections and submit their own ballots to help prevent the possibility of forged submissions. Owners should also attend the election meeting and determine whether their ballot was disallowed due to another submission.

Fraud prevention should begin by implementing effective safeguards to bar any individual or company from gaining full control over a community's finances. This entails requiring multiple signors to issue checks, withdraw/transfer funds or make changes to bank accounts, vendor contracts and insurance policies; having multiple recipients review each account statement monthly; prohibiting debit cards in the name of the association; and conducting independent audits of all financial records by certified experts on a regular basis. Associations should also maintain adequate insurance coverage against losses due to criminal malfeasance.

Those who suspect theft and fraud should consult with highly experienced association legal counsel in order to determine their next steps. Court-appointed receivers, election recalls and injunctions

precluding boards from awarding contracts are among the measures that can be pursued, and criminal investigations by law enforcement are also a possibility.

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Wary owners should quietly secure records and information that may merit investigation and share it with the association's attorney or their own legal counsel, all while avoiding any actions that could alert the suspected perpetrator(s). Experienced attorneys can then determine whether to notify insurers, contact the Florida Department of Business and Professional Regulation that oversees association boards and property managers, file civil actions for damages and injunctive relief,

and/or inform law enforcement. Such actions may be in order prior to divulging any findings and investigations in an open board meeting.

With so many community associations in South Florida and across the state experiencing severe financial challenges, losses due to theft and fraud can take an enormous toll with bitter repercussions for communities and their owners. Association directors, property managers, attorneys, bankers, insurers, accountant/bookkeepers and contractors all need to maintain effective safeguards and vigilance, and Gov. Ron DeSantis should approve the new reforms to help bolster the state's laws against association fraud, theft and conflicts of interest.

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