



Proud Partner

# CONFLICTED COMPANY

## THE FACTS

Property Management Brothers was hired by ABC Enterprises to manage a 330-unit apartment complex. Soon after being hired, Property Management Brothers entered into a five-year contract with Landscape Now 2 to do landscaping and turf management for the apartment building. Not long after that, Property Management Brothers hired Pools Now 2 to manage the community pool.<sup>1</sup>

While working on ABC Enterprises' quarterly taxes, their accountant noticed Property Management Brothers, Landscape Now 2 and Pools Now 2 all showed the same physical address on a tax form.

The accountant called ABC Enterprises to confirm all three entities were contracted vendors and alerted ABC Enterprises to the address being identical for all three. Immediately, ABC Enterprises contacted Property Management Brothers to question the address being identical. Property Management Brothers then revealed they also owned the businesses Landscape Now 2 and Pools Now 2.<sup>2</sup>

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## THE RESULT

ABC Enterprise filed suit against Property Management Brothers with allegations of concealment, fraud, intentional/deceptive acts and misappropriation of funds.

The case is still pending with indemnity totaling \$750,000 to date.

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### RISK FACTOR #1

Property managers should solicit multiple bids for services to ensure the best services at the best pricing.

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### RISK FACTOR #2

A property management professional has a fiduciary duty to act in his or her client's best interest and to put the client's interest above their own. Property Management Brothers should have disclosed to ABC Enterprises that Landscape Now 2 and Pools Now 2 were related entities prior to contracting for their services. By failing to disclose, the property manager put his interest above the interest of his client.