

## What Happens In Vegas Can Stay There

Dec 30 2011

Practice Area: Community Associations

---

What happens in Las Vegas stays in Las Vegas? Let's hope so. A massive conspiracy to steal home owner association money has been alleged and is finally resulting in indictments, and guilty pleas, there. Many more prosecutions are anticipated.

Federal prosecutors from Washington D.C. are leading the investigation, which began, apparently, at least two years ago. Property managers, political operatives and (alas,) lawyers have been implicated. The Washington D.C. feds came to town because of a feared leak in the Las Vegas federal prosecutor's office.

We told our Condo College classes about this investigation last Spring and since then, guilty pleas of lower ranking conspirators have begun, and there have been allegations of arson, botched suicide and illegal drug use. Who needs television crime shows? We look for uplifting lessons. But it is difficult.

In August, a Las Vegas "Republican strategist and businessman" pled guilty to conspiracy to commit wire and mail fraud. Here was the scheme: Co-conspirators paid him to buy condo units and they also paid the down payment and all monthly costs. They helped him elect co-conspirators to a board of directors, and those directors steered multi-million dollar construction defect work to certain managers, lawyers and construction companies.

Association board elections were rigged, it has been alleged. Private investigators were hired to dish dirt on legitimate candidates. The scheme involving the businessman who pled guilty involved at least ten associations, the Justice Department said. A lawyer at the center of the fraud is alleged to have tried to kill herself after an FBI raid, by blowing up her house.

Here are some things we take away from this developing story:

- In Condo College, we said that if a thief were looking for a fertile area to practice his trade, homeowner associations would fill the bill. Here, money flows, third parties write the checks, there are many vendors and payees, and there is often inadequate oversight. (Consider our next College session on Condo Controls!)
  - Our clients work to maintain the values of their communities, and this is already difficult in the great real property recession. News like this makes the job harder.
  - Individual communities do very well, though. They concentrate on protecting their owners and their property. They take an active role in their affairs and do not delegate decision making to third-parties or strangers.
-

von Briesen & Roper Legal Update is a periodic publication of von Briesen & Roper, s.c. It is intended for general information purposes for the community and highlights recent changes and developments in the legal area. This publication does not constitute legal advice, and the reader should consult legal counsel to determine how this information applies to any specific situation.