

CAI – Illinois Legal Forum
March 17, 2022

Managing the Manager's Potential Liabilities

Presented by:

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Managing the Manager's Potential Liabilities

The Management Contract

- Agency Relationship
- Specific Duties/Tasks/Responsibilities
- Exculpation/Waivers/Indemnification



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Managing the Manager's Potential Liabilities

Standards of Conduct

- Manager Licensing Act
- Manager Standards ICPA Section 18.7
- Other Sources



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Managing the Manager's Potential Liabilities

Hypothetical Scenario #1

Board President is submitting expense reimbursement requests to management with no back up documentation, requesting association employees do work on his/her own unit on "company time", and hosts social get togethers at expensive restaurants at association expense. What could be possible claims against the CA Manager if he/she approves the requests? What should the CA Manager do?



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Hypothetical Scenario #2

CA Manager embezzles substantial funds from the association, covering it up by providing his/her own version of financial reports and not providing any original monthly bank statements to the board of directors over many years. No outside CPA audits have been done during that period. CA Manager has no fidelity bond or insurance.



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Hypothetical Scenario #3

During the annual meeting/election, the CA Manager is pressured to "help" the association achieve quorum, and falsifies ballots to achieve quorum. What claims could the CA Manager and his/her employer be subject to ? What if the Company claims that the handling of the annual meeting was not part of its contracted duties?



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Questions?



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