

## **Jury Finds Burbank Apartment Owner and Management Company Liable in Tenant's Death by Michael K. Elson, Attorney at Law**

According to a January 2008 Daily News article, a Los Angeles jury has recently awarded \$12 million to the mother of a beautiful and successful thirty-one year old female tenant who was raped and killed by the building's maintenance man. The evidence against the maintenance man was overwhelming, but an interesting issue in the case was the degree to which the apartment owner and management company, both of which were limited liability corporate entities, were held liable.

At trial, the jury was presented facts about the maintenance man's history, in particular, that he was a convicted felon, rapist, thief, attempted murderer, and registered sex offender at the time he was hired. The jury also found the apartment owner and manager did not bother to perform any type of background check whatsoever before employing the maintenance man and providing him with keys to all the tenants units.

The plaintiff's attorney pointed out to the jury that the maintenance man's background could have been discovered very quickly and easily on the internet, and at very little cost. The attorney argued that the apartment owner and management company "outrageously unleashed a wild animal upon the rent paying tenants of its luxury apartments... [and they] can not be heard now to blame it on the animal."

The jury awarded a \$1.2 million verdict against the maintenance man, who is now in prison, and a \$10.2 million verdict jointly against the apartment owner and management company.

From the perspective of an apartment owner, this tragic case reinforces the importance of due diligence and asset protection. Simply stated, a little responsibility goes a long way. Even a simple internet background check would have prevented the hiring of this evil perpetrator.

In general, even if a pre-employment background check fails to disclose any warning signs, then proof that a reasonably diligent attempt was made would likely absolve a landlord of any liability for the unforeseen criminal acts of their employees. Additionally, one cannot discount the critical importance of utilizing a limited liability entity for the ownership of their rental property. While a limited liability entity, such as an LLC for instance, may be found liable for the acts of its employees, the individual company owners and their personal assets are insulated from the liabilities of the company. Without a limited liability entity, landlords can find themselves personally liable for the acts of their employees, or any other claim stemming from their investment property, and consequently lose nearly everything they own.

*Michael K. Elson is the principal of The Law Offices of Michael K. Elson and specializes in business formation, asset protection and estate planning, including the formation of corporations, LLCs, and living trusts. He may be reached at (818) 763-8831 or (800) 781-7038 or by visiting [www.LimitLiability.com](http://www.LimitLiability.com) for more information.*