

Property Management Company Pays Tenant \$17 Million!

By John Lie-Nielsen

The woman stirred in the early hours before dawn and raised her head, conscious of a slight pressure on her bed. Suddenly, a hand covered her mouth and a harsh voice warned, "Don't scream or I'll kill you."

This terrified woman's all too real nightmare intensified as the intruder raped her, then forced her to walk to a nearby ATM machine and withdraw \$300. As they returned to the victim's apartment, the criminal bragged that this was the easiest "job" he'd ever done. He told the horrified woman that he had simply broken into her apartment manager's office and looted the tenant's files until he found a single woman with a good job. Then, he stole her labeled key, entered her apartment and changed her life forever.

Later, as the victim relived her ordeal, her rage grew. She blamed her apartment management company for permitting the lax system which endangered her life. The angry woman sued and won. A Texas property management company was ordered to pay her \$17 million, one of the largest jury verdicts ever awarded in a premises liability case, after a jury found that the management company had been negligent in its key control practices. The woman's attacker received a 99-year prison sentence and the victim became an outspoken proponent of tenant's rights.

This true story illustrates why . How well a community safeguards its keys plays an essential role in the well being of its residents. Below are answers to some of the most frequently asked questions about key control.

Q: Why is key control so important? Key control is an essential part of property management because residents' safety depends on how well keys are managed and protected. Years ago, most properties locked their keys in a cabinet and had sign out sheets, but that is no longer practical or safe. The sad fact is, crime within apartment communities has grown steadily over the years and a favored method of gaining access to residents' homes is by using a stolen key.

As the true story above illustrates, rape, robbery or assault within apartment communities often occurs when a criminal steals a labeled key from the manager's office, then unlocks the victim's door and walks right in. This is horrifying for the victims and often costs property managers millions of dollars in premises liability suits.

Here are two more examples: In 1994, a Texas property management company paid more than \$5 million to a woman whose daughter was murdered by another resident. The criminal got a master key from his roommate, an employee of the community. In 1991, an Oregon property manager was ordered to pay \$468,000 after an ex-con with a history of sexual assault gained access to apartment keys, then raped and murdered a resident.

Studies show that most premises liability cases involve apartments. According to the American Insurance Services Group, 58.3 percent of the premises liability cases involving rape or sexual assault filed against businesses between 1983 and 1992 named apartments. Many of those cases involved poor key control.

When suits are filed, the cost is high. Liability Consultants, a Massachusetts security specialist company, found that between 1983 and 1995 the average judgment in liability cases involving poor key control was \$2.3 million.

Q: What can apartment communities do to reduce the change of key misuse? To better protect themselves and their residents, a growing number of apartment managers have chosen to install computerized key control systems, which are much safer and more efficient than manual key control systems. Computerized key control is important because it greatly reduces the likelihood that a criminal will be able to steal a key and use it to enter a resident's apartment.

Q: How does computerized key control work? There are several key control systems on the market, but all of them operate in essentially the same way. Each system restricts key access to authorized employees. This greatly reduces the chance that someone will be able to steal a key. In addition, keys are coded, rather than labeled with an apartment name or number. That way, even if a key is lost or stolen, a would-be criminal would not be able to tell which apartment it unlocks.

Q: What are some other benefits of a computerized key control system? Not only does it reduce liability, computerized key control saves time and money. A study conducted by HandyTrac Systems found that employees could access and return keys about eight times faster with this computerized key control system than they could with a manual system. No time need be wasted on sign out logs, since the system produces full reports of key activity by employee, by unit, by activity and by time. The time saved by computerized key control is time which can be spent on tenant services, maintenance and other important functions.

Q: What else can apartment communities do to reduce key-related liability? In addition to installing a computerized key control system, apartment managers should:

- **Eliminate master keys - The risk of misuse and disaster is very high.**
- **Code All Keys – Never identify them by apartment number or resident's name.**
- **Install an office alarm system to safeguard keys, computers and records.**
- **Carefully monitor key usage and make sure all keys are returned promptly.**

Reprinted with permission by On-Site. John Lie-Nielsen is CEO of HandyTrac Systems. The company, which has offices in Florida and Georgia, develops computerized key control and work order systems for multifamily communities across the United States. For more information about key control, call HandyTrac Systems at (800) 665-9994.