

THE COLLAPSE OF PREMIER PROPERTY SOLUTIONS – WHAT SHOULD CONDOMINIUM TRUSTEES DO TO PROTECT UNIT OWNERS?

The Nature of the Problem

Premier Property Solutions, LLC, a Boston-based property management company, managed the finances of an estimated 200 condominium associations across Massachusetts and has now collapsed under what is alleged to be a massive fraud scheme. The company has done an assignment for the benefit of creditors, substantial questions remain unanswered, and a separate entity -- KCP Advisory Group, LLC -- has taken control of Premier's assets and accounts. At just one association, over \$805,000 was allegedly siphoned through 64 unauthorized wire transfers into accounts with no connection to the condominium; the total exposure across all 200 associations could be millions. The Trustees of that association – 30 Worcester Square Condominium Trust – have sued Premier and its alleged principals.

Key Concerns for Trustees

1. Loss of Access to Financial Information and Records

Premier allegedly maintained exclusive control over association bank accounts and provided trustees access only through a proprietary summary program called "Quest" that purportedly obscured actual account activity. After Premier's principal allegedly failed to respond, access to online portals and financial records may have been terminated or become unavailable. Trustees should be concerned that they cannot currently verify account balances or recent transactions.

2. Potential Misappropriation of Funds

The 30 Worcester Square complaint alleges that Premier commingled funds from hundreds of clients, moved money between accounts to mask shortfalls, and left behind a trail of empty bank accounts. Funds were allegedly transferred to previously undisclosed bank accounts with no known relationship to the condominiums. Financial reports provided by Premier may have been inaccurate -- in the 30 Worcester Square case the Trustees allege that April 2026 reports indicated roughly \$800,000 should have been available, but only \$25,000 actually remained.

3. Inability to Meet Ongoing Financial Obligations

If association funds have been misappropriated, the association may be unable to pay contractors, satisfy outstanding obligations, or complete ongoing projects. This is an immediate operational crisis, not just a future litigation concern. Checks to vendors may have been returned for insufficient funds. Insurance policies may be at risk of termination if premium payments have bounced.

4. Competing Claims from Hundreds of Creditors

Because Premier managed approximately 200 associations, there may be hundreds of creditors competing for a limited pool of recoverable funds. Associations that act quickly may be better positioned to trace and recover their specific funds.

5. Risk of Further Dissipation of Assets

The 30 Worcester Square motion for preliminary injunction emphasizes that there is a significant risk that funds or assets traceable to the associations might be further transferred, concealed, dissipated, or otherwise placed beyond reach absent immediate injunctive relief. KCP Advisory Group currently manages Premier's accounts and is not presently subject to any court order restraining the use of funds.

6. Assignment for Benefit of Creditors / Insolvency Process

Premier having effectuated an assignment for the benefit of creditors raises complex questions about priority of claims, potential avoidance actions (fraudulent transfer and preference claims), and the intersection of state and federal insolvency law. An ABC is not a formal Bankruptcy case, but depending on how matters develop, federal Bankruptcy proceedings could follow, further complicating or simplifying recovery.

7. Fiduciary Liability Exposure of the Trustees Themselves

Trustees owe fiduciary duties to their unit owners. Trustees need to act quickly to adequately safeguard the association's and unit owners' interests.

Immediate Steps Trustees Should Consider

Notify your Insurance Providers

Trustees should consider notifying their insurance providers now, rather than waiting until they have confirmed a loss. The notice can be framed as a notice of circumstances / potential claim, not a definitive proof of loss. Waiting to complete the forensic accounting creates avoidable risk under notice provisions, especially because the available filings already identify facts that could implicate fidelity/crime, employee dishonesty, D&O, E&O, property manager liability, cyber/social engineering, and possibly umbrella or excess coverage

Secure All Records Immediately

Gather every financial statement, bank statement, management report, and communication received from Premier. If the association has access to any online portals or reporting systems (including "Quest"), download and preserve everything before access is possibly terminated. This includes contracts, emails, invoices, canceled checks, and any written correspondence.

Determine Your Association's Exposure

Compare what the association deposited or entrusted to Premier against what was actually received in services, vendor payments, and returned funds. This initial reconciliation will help determine whether the association has suffered a net loss..

Obtain Direct Access to Bank Accounts

Contact whatever institution holds the association's accounts directly to determine current balances, account signatories, and recent transaction history. In the 30 Worcester Square case, the trustees only discovered the theft after obtaining actual bank records from a successor entity. Do not rely on summary reports or third-party portals.

Consider Emergency Injunctive Relief

The 30 Worcester Square trustees are seeking emergency relief including orders requiring an accounting, production of bank statements, a freeze on further distribution of funds, and preservation of records. The Massachusetts Superior Court has scheduled a hearing on the trustees' preliminary injunction motion at 2:00 pm on June 9. Associations that have identified missing funds should consider similar emergency motions to prevent further dissipation, restrain the distribution of assets, and compel production of financial records.

Identify All Potential Defendants and Third Parties

The 30 Worcester Square complaint names not only Premier but also its alleged control persons. Trustees should consider all potential sources of recovery, including individual principals, successor entities and any other people or entities who may bear responsibility.

Communicate with Unit Owners

Trustees should promptly and transparently communicate with unit owners about the situation, the steps being taken, and any potential impacts on ongoing operations, assessments, or projects.

Act Quickly—Time Is of the Essence

With hundreds of associations potentially competing for limited recoverable assets, early action to trace, freeze, and claim funds is critical.

The Potentially Critical Differences between an Assignment for the Benefit of Creditors and a Federal Bankruptcy Proceeding

Understanding how an ABC and a Bankruptcy proceeding differ may be critical for an affected condominium association because the procedural rights, timeline, and recovery strategies vary significantly between them.

What is an Assignment for the Benefit of Creditors and How Does it Differ from a Bankruptcy Proceeding?

An ABC is a state-law insolvency mechanism in which a financially distressed company transfers its assets to a third-party assignee (here, KCP Advisory Group is performing that role), who is responsible for liquidating those assets and distributing the proceeds to creditors. It is essentially a private, out-of-court wind-down governed by state common law and, in Massachusetts, relatively sparse statutory authority. There is no federal court supervision, no automatic stay, and no trustee appointed under the Bankruptcy Code.

Feature	Assignment for Benefit of Creditors (ABC)	Bankruptcy Proceeding
Governing Law	State common law and limited state statutes	Federal Bankruptcy Code (11 U.S.C. §§ 101–1532)
Court Supervision	Minimal or none; the assignee acts largely independently unless a court is asked to intervene	Extensive; a federal Bankruptcy judge oversees the entire case, and a U.S. Trustee monitors administration
Automatic Stay	No automatic stay—creditors are free to file lawsuits, pursue attachments, and seek injunctive relief (which is exactly what the 30 Worcester Square trustees did)	An automatic stay under 11 U.S.C. § 362 immediately halts virtually all collection efforts, litigation, and enforcement actions against the debtor and its property
Trustee / Assignee	The assignee is typically chosen by the debtor — here, KCP Advisory Group	If the Bankruptcy case is a chapter 7, a Chapter 7 trustee is appointed by the U.S. Trustee from a panel of disinterested professionals with a fiduciary duty to all creditors
Avoidance Powers	The assignee does not have federal avoidance powers (preferences, fraudulent transfers under 11 U.S.C. §§ 547–548); creditors must pursue fraudulent transfer claims individually under state law	A Chapter 7 trustee and a Chapter 11 debtor have powerful statutory avoidance powers to claw back preferential transfers (within 90 days or 1 year for insiders) and fraudulent transfers (within 2 years, or longer under state law)

Priority of Claims	Distribution priority is governed by state law and any contractual arrangements; there is less certainty and fewer established rules	The Bankruptcy Code establishes a clear statutory priority scheme (administrative expenses, then priority claims, then general unsecured creditors) under 11 U.S.C. § 726
Creditor Participation	Creditors have no statutory right to a creditors' committee, no mandatory disclosure requirements, and limited ability to challenge the assignee's decisions	In a Chapter 11 case, creditors can form official committees. Creditors can file proofs of claim, object to distributions, request examinations under Bankruptcy Rule 2004, and participate in the case
Transparency & Reporting	No mandatory public reporting or disclosure; the assignee controls what information is shared	The debtor must file detailed schedules and a statement of financial affairs; the trustee must file periodic reports; creditors can request examinations and discovery
Conversion to Bankruptcy	A sufficient number of creditors can file an involuntary or voluntary Chapter 7 or Chapter 11 petition, effectively superseding the ABC if an order for relief is entered	N/A—already in Bankruptcy

Why This Matters for Affected Associations

The fact that Premier chose an ABC rather than a Bankruptcy filing has several practical implications for condominium associations trying to recover funds:

The absence of an automatic. Because there is no stay in an ABC, the 30 Worcester Square trustees were able to file suit immediately and seek emergency injunctive relief to freeze assets and compel an accounting. In a Bankruptcy case, that lawsuit would have been automatically stayed the moment the petition was filed, and the trustees would have needed to seek relief from the stay before proceeding.

There are no federal avoidance powers in an ABC. A Chapter 7 or Chapter 11 trustee could use the strong-arm powers of the Bankruptcy Code to potentially claw back the 64 unauthorized transfers identified in the 30 Worcester Square complaint. In an ABC, the assignee generally lacks

those powers, and creditors must bring their own fraudulent transfer claims under state law (M.G.L. c. 109A, the Massachusetts Uniform Fraudulent Transfer Act).

Creditors may want to force the case into Chapter 7. Affected associations could consider filing an involuntary Bankruptcy petition against Premier. This would (i) bring federal court supervision and potential appoint an independent trustee, (ii) trigger avoidance powers, and (iii) impose mandatory disclosure obligations. It would also trigger the automatic stay and potentially halt any individual collection actions that associations have already initiated.

Tracing and constructive trust arguments are critical in either forum. The 30 Worcester Square complaint seeks a declaration that funds held in accounts under KCP's control are held in constructive trust for the benefit of the condominium. If successful, a constructive trust would mean those specific funds are not property of the debtor's estate at all — they belong to the condominium. This theory can be asserted in either an ABC or a Bankruptcy Case and, if established, could give the association priority over general creditors under the theory that the funds were never Premier's property to distribute. Tracing is likely a key element of any constructive trust argument.

This article is provided for informational purposes only and does not constitute legal advice. Any condominium association, unit owner, or other party affected by the matters described herein should consult directly with qualified legal counsel regarding their specific circumstances.