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New York Town Official to Face Trial in Landmark Bond Fraud Case.

NEW YORK — An elected official of a New York City suburb faces trial on Wednesday in what authorities have called the first criminal securities fraud case involving municipal bonds.

Christopher St. Lawrence, the elected supervisor of Ramapo, New York, has been charged with securities fraud, wire fraud and conspiracy. Prosecutors say he defrauded investors who helped finance a controversial minor league baseball stadium.

Jury selection is set to begin before U.S. District Judge Cathy Seibel in White Plains, New York federal court on Wednesday morning.

New York federal prosecutors charged St. Lawrence in April 2016 along with Aaron Troodler, former executive director of the town-owned Ramapo Local Development Corp. Troodler pleaded guilty last month under an agreement with prosecutors.

The case followed U.S. regulators' push in recent years to bring civil actions those accused of misconduct in the $3.7 trillion U.S. municipal bond market.

Prosecutors said Ramapo and the development corporation sold more than $150 million of bonds while Troodler and St. Lawrence concealed the town's deteriorating finances.

The town's financial woes were largely due to a $58 million minor league ballpark project, prosecutors said. The park, originally called Provident Bank Park and now Palisades Credit Union Park, is home to the Rockland Boulders.

Ramapo residents rejected a plan to guarantee bonds used to finance the park in a 2010 referendum, and St. Lawrence told residents that no public money would be used to pay for the project. But Ramapo ended up paying more than half the cost, according to prosecutors.

St. Lawrence and Troodler falsified the town's finances to help sell the bonds, including by putting millions in fake receivables on its books, prosecutors said.

St. Lawrence is also facing civil claims by the U.S. Securities and Exchange Commission.

In May 2016, after the charges were filed, Moody's Investors Service downgraded the town's outstanding bonds two notches to A3, still in the investment grade category. In February, Moody's withdrew its rating altogether because the town did not file audited financial statements.

The town, which is 28 miles northwest of New York City and had 126,595 residents as of the 2010 census, has said it significantly reduced its debt and cut its exposure to the development corporation by 62 percent as of Dec. 31. Nonetheless, some of Ramapo's general obligation bonds have dropped in price this year in a few small trades.

By REUTERS

APRIL 19, 2017, 6:03 A.M. E.D.T.

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