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Ex-NY Area Development Official Pleads Guilty in Landmark Municipal Bond Case.

(Reuters) – A former suburban New York development corporation director pleaded guilty to defrauding investors on Tuesday, marking what prosecutors said was believed to be the first-ever conviction for federal securities fraud in connection with municipal bonds.

Aaron Troodler, 42, former executive director of the Ramapo Local Development Corp in Ramapo, New York, pleaded guilty to securities fraud and conspiracy before U.S. District Judge Cathy Seibel in White Plains, New York, according to prosecutors.

Troodler is scheduled to be sentenced on Sept. 18. The securities fraud charge carries a maximum sentence of 20 years.

Joseph Poluka, an attorney for Troodler, declined to comment.

Troodler was charged last April along with Christopher St. Lawrence, Ramapo's elected supervisor. U.S. Attorney Preet Bharara at the time said the case was the first criminal securities fraud case over municipal bonds.

Prosecutors said Ramapo and the development corporation, which was established and owned by the town, together 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.

Although 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, Ramapo ended up paying more than half the cost, according to prosecutors.

Troodler and St. Lawrence 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 scheduled to go to trial in April. He and Troodler also face civil claims by the U.S. Securities and Exchange Commission.

The probe of the finances of Ramapo, which is 28 miles northwest of New York City and had 126,595 residents as of the 2010 census, began with a whistleblower complaint, according to Bharara.

The Federal Bureau of Investigation searched Ramapo's municipal offices in May 2013 after an audit by New York's state comptroller criticized the funding of the stadium and the cost to taxpayers.

By REUTERS

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(Reporting By Brendan Pierson in New York; Editing by Tom Brown)

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