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[SEC Charges College Controller with Fraud.](#)

Keith Borge of the College of New Rochelle agreed to a partial settlement over allegations he misstated assets.

The Securities and Exchange Commission [announced charges](#) against the former controller of the College of New Rochelle, Keith Borge, alleging he defrauded municipal securities investors by concealing the college's poor financial condition.

Investigators said Borge created false financial records, did not file payroll tax submissions, and did not assess the collectability of pledged donations that were unlikely to be received as donors became frustrated with the college's operations.

Investigators said Borge's misconduct resulted in the college's financial statements for its 2015 fiscal year falsely overstating net assets by almost \$34 million.

In a parallel action, the U.S. Attorney's Office for the Southern District of New York [announced criminal charges](#) against Borge for violating antifraud provisions of federal securities laws.

Borge agreed to a partial settlement of the SEC charges. He pleaded guilty to one count of failing to pay over federal payroll taxes and one count of securities fraud in White Plains federal court.

"Financial difficulties are no excuse for engaging in accounting misconduct and concealing critical information from investors," LeeAnn Ghazil Gaunt, the chief of the SEC enforcement division's public finance abuse unit, said in a statement.

The SEC did not charge the College of New Rochelle, citing the school's extensive cooperation and remediation.

Under Borge's partial settlement, monetary sanctions were still to be determined. The partial settlement was subject to court approval.

Prosecutors also alleged Borge also defrauded the City of New Rochelle Industrial Development Agency by providing false and misleading statements in the college's financial statements. The development agency issued \$35.7 million in bonds to pay for the renovation of campus facilities, including the library and administration building.

The scandal at the college was exposed in 2016 after \$31 million in debts were discovered after Borge retired.

Borge had worked at the college since 1979. He faces up to 20 years in prison.

cfo.com

by William Sprouse

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