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[Failed Muni Bond Draws FBI and Sparks ‘Ponzi-Like Fraud’ Claims.](#)

When a \$4 billion development project soured in a sleepy Connecticut town, the lawsuits followed.

Before the lawsuits started piling up in courtrooms across Connecticut, before his employer accused him of running a “massive Ponzi-like fraud,” and before the FBI showed up, Robert Cappelletti looked well on his way to pulling off one of the greatest muni-bond coups of all time.

The plan Cappelletti had put together was so audacious it bordered on the fantastical. The housing agency he ran in Groton, a sleepy town of some 40,000 people along Connecticut’s Thames River, would sell \$750 million of bonds to jumpstart a \$4 billion project to transform a bunch of run-down shopping plazas into a sprawling, up-scale development. There’d be a new train station, a hospital, almost 2,000 apartments and dozens of shops and restaurants.

It would have been the biggest local bond issue in the state’s history and expanded the tiny Groton agency far beyond its role managing two apartment complexes.

And yet Cappelletti — a part-time employee with a mixed record running other housing agencies in the state — breezed through a series of crucial steps needed to complete the sale. He got approval from the five-person board that runs the agency; crafted a brief financial projections statement; scored an investment-grade bond rating; and started the process of lining up buyers for the debt.

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Bloomberg Markets

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June 7, 2025

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