



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*

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**FORMER EXECUTIVE DIRECTOR OF THE RAMAPO LOCAL  
DEVELOPMENT CORPORATION PLEADS GUILTY TO SECURITIES  
FRAUD AND CONSPIRACY CHARGES**

Preet Bharara, the United States Attorney for the Southern District of New York, announced that N. AARON TROODLER, the former Executive Director of the Ramapo Local Development Corporation ("RLDC"), pled guilty today before U.S. District Judge Cathy Seibel to conspiring with Ramapo Town Supervisor Christopher St. Lawrence to commit securities fraud as a result of a scheme to defraud investors in municipal bonds issued by the RLDC and the Town of Ramapo (the "Town"). This case is believed to be the first conviction for federal securities fraud in connection with municipal bond issuances.

U.S. Attorney Preet Bharara said: "As we said at the time of his arrest, N. Aaron Troodler defrauded both the citizens of Ramapo and thousands of investors around the country, helping to sell over \$150 million of municipal bonds on fabricated financials. Today, Troodler has admitted to committing securities fraud. This guilty plea, in what we believe to be the first municipal bond-related criminal securities fraud prosecution, is a big step in policing and bringing accountability to the \$3.7 trillion municipal bond market."

According to the allegations contained in the Superseding Information to which TROODLER pled guilty today and the related Indictment of TROODLER's co-conspirator, Town Supervisor Christopher St. Lawrence:

As of August 2015, the Town had more than \$128 million in outstanding bonds that had been issued for various municipal purposes, while the RLDC, a corporation created and owned by the Town under state law, had issued \$25 million in bonds to pay for the construction of Provident Bank Park (now Palisades Credit Union Park), a minor league baseball stadium in Ramapo.

The Indictment and Superseding Information charge that St. Lawrence and TROODLER lied to investors in the Town's and RLDC's bonds in order to conceal the deteriorating state of the Town's finances and the inability of the RLDC to make scheduled payments of principal and interest to holders of its bonds from its own money.

While the fraud predated the construction of the stadium, the Town's financial problems were caused largely by the \$58 million total cost of the stadium. The Town paid more than half of that cost, despite the rejection of the Town's guarantee of bonds to pay for construction of the stadium in a Town-wide referendum in 2010 and St. Lawrence's public statements that no public money would be used to pay for the stadium.

The defendants lied to investors primarily by making up false assets in the Town's General Fund. The General Fund is the Town's primary operating fund. The accumulated difference over time between how much money the Town receives in taxes and fees and how much it spends in a year is the fund's balance. The fund balance is a cushion that can be spent during difficult financial times. The size of the fund balance relative to the amount of the fund's revenue and trends in a town's General Fund balance over time are the primary indicators of the town's financial health.

The Indictment alleges that St. Lawrence lied to the RLDC's bond rating service in January 2013 when he told them in a telephone call that the 2012 fund balance would remain unchanged from the 2011 balance. Immediately after that call ended, St. Lawrence told Town employees "to do [an upcoming] refinancing of the short term debt as fast as possible because . . . we're going to have to all be magicians to get to some of those numbers."

The Indictment and the Superseding Information also allege that St. Lawrence and TROODLER told investors in the Town's and RLDC's bonds that the RLDC was making the payments on its bonds from its operating revenue, meaning money it was making from its ordinary business of running the baseball stadium and selling condominiums at a development it had built. That was important to investors because it led them to believe that the Town would not have to pay off the RLDC's \$25 million bonds. It also made the RLDC's bonds look less risky. The RLDC actually made those payments from money TROODLER borrowed from the bank or money TROODLER obtained from the Town at St. Lawrence's direction.

When the RLDC issued \$25 million in bonds to build the stadium building itself in 2011, St. Lawrence inflated the size of the Town's General Fund by including a false \$3.6 million receivable in the General Fund. The Town's financial condition was important to investors in the RLDC's bonds because the Town guaranteed the payments of principal and interest on the bonds. Without that fake asset, the General Fund's balance would have been negative in that year.

In addition, St. Lawrence inflated the General Fund with another fake receivable for \$3.08 million from 2010 through 2015. It first went on the Town's books when the RLDC agreed to buy property known as The Hamlets from the Town for \$3.08 million. That sale never closed because the land turned out to be a habitat for rattlesnakes. Rather than take the receivable off the Town's books – and reduce the size of the General Fund balance by \$3.08 million, thereby creating a negative balance – St. Lawrence claimed the receivable had to do with the RLDC's purchase of another property from the Town that had already taken place. To keep it on the books, St. Lawrence then caused the Town Attorney to tell the Town's auditors over a period of years that the receivable would be paid back within a year, which was required if the receivable was going to stay in the General Fund. Without this fake receivable alone, the Town's General Fund balance would have been negative for years.

In May 2013, the Federal Bureau of Investigation (“FBI”) searched Town Hall in connection with this investigation. Less than 10 days later, St. Lawrence inflated another receivable in the General Fund – this one for money from the Federal Emergency Management Agency (“FEMA”) to reimburse the Town for expenses from Hurricanes Irene and Sandy. St. Lawrence claimed that the Town was going to receive \$3.145 million from FEMA when the Town hadn’t even submitted those claims to FEMA yet. Without St. Lawrence’s inflation of this receivable alone, the projected General Fund balance for 2012 would have been negative when the Town sold bonds in May 2013.

Finally, the Indictment alleges that St. Lawrence also inflated the General Fund balance by making more than \$12 million in transfers from the Town’s Ambulance Fund to the General Fund from 2009 to 2014. The group of properties in Ramapo that pays into the Ambulance Fund is different from the group of properties that pays into the General Fund. Under state law, transfers between funds with different tax bases can only be loans. St. Lawrence told the auditors that the two funds had the same tax base to justify the transfers.

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TROODLER, 42, of Bala Cynwyd, Pennsylvania, pled guilty to one count of securities fraud, which carries a maximum sentence of 20 years in prison, and one count of conspiracy, which carries a maximum sentence of five years in prison.

The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

TROODLER is scheduled to be sentenced by Judge Seibel on September 18, 2017, at 3:30 p.m.

The charges against Christopher St. Lawrence contained in the Indictment are merely accusations, and he is presumed innocent unless and until proven guilty.

Mr. Bharara praised the investigative work of the FBI and the Rockland County District Attorney’s Office. He also thanked the U.S. Securities and Exchange Commission for their assistance in the investigation.

This case is being prosecuted by the Office’s White Plains Division. Assistant U.S. Attorneys James McMahan, Daniel Loss, and Stephen J. Ritchin are in charge of the prosecution.

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