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Western District of New York

FOR IMMEDIATE RELEASE

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Second Defendant Pleads Guilty In Multi-Million Dollar Mortgage Fraud Scheme

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BUFFALO, N.Y. - U.S. Attorney James P. Kennedy, Jr. announced today that Patrick Ogiony, 35, of Buffalo, NY, pleaded guilty before U.S. District Judge Elizabeth A. Wolford to conspiracy to commit bank fraud. The charge carries a maximum penalty of five years in prison and a \$250,000 fine.

Assistant U.S. Attorneys John D. Fabian and Douglas A.C. Penrose, who are handling the case, stated that between March 2011 and June 2017, the defendant conspired with co-defendants Frank Giacobbe, Kevin Morgan, Todd Morgan, and others, to defraud financial institutions, including Evans Bank, N.A.; UBS Securities LLC; M&T Bank; Arbor Commercial Mortgage LLC; SteepRock Capital, LLC; and Berkadia Commercial Mortgage, LLC.

During the course of the conspiracy, Ogiony was employed by Aurora Capital Advisors, LLC, a mortgage brokerage company owned and operated by Frank Giacobbe. Through Aurora, the defendant brokered mortgage loans on behalf of Morgan Management, LLC, a real estate management company that managed over 100 multi-family properties. Kevin Morgan was employed as a Vice President at Morgan Management, and Todd Morgan was employed as a Project Manager.

Ogiony, his co-defendants, and others provided false information to financial institutions and government sponsored enterprises overstating the incomes of properties owned by Morgan Management or certain principals of Morgan Management. The false information induced financial institutions to issue loans: (1) for greater values than the financial institutions would have authorized had they been provided with truthful information; and (2) that the financial institutions would not have issued at the time of issuance had they been provided with truthful information. Ogiony admitted that these properties included:

- The Preserve at Autumn Ridge, Watertown, NY;
- The Eden Square Apartments, Cranberry Township, Pennsylvania;
- The Rochester Village Apartments at Park Place, Cranberry Township, Pennsylvania;

- The Reserve at Southpointe, Canonsburg, Pennsylvania;
- 7100 South Shore Drive Apartments, Chicago, Illinois;
- The Avon Commons Apartments, Avon, NY;
- The Morgan Bay Apartments, Houston, Texas;
- Brookwood on the Green, Syracuse, NY;
- The Creek Hill Apartments, Rochester, NY;
- Hickory Hollow, Rochester, NY;
- The Knollwood Manor Apartments, Rochester, NY;
- The Links at Centerpointe, Canandaigua, NY;
- The Nineteen North Apartments, Pittsburgh, Pennsylvania;
- The Overlook at Golden Hills, Lexington, South Carolina;
- The Penbrooke Meadows Apartments, Rochester, NY;
- The Trails of North Hills Apartments, Raleigh, North Carolina;
- The Rivers Pointe Apartments, Syracuse, NY;
- The Union Square Apartments, Rochester, NY;
- The View at MacKenzi, York, Pennsylvania; and
- The Villas of Victor, Rochester, NY.

In addition, the defendant, his co-defendants, and others employed various mechanisms to mislead financial institutions regarding the properties' occupancy. Ogiony specifically:

- provided false rent rolls to lenders and appraisers on a variety of dates, overstating either the number of renters in a property, the rent paid by occupants;
- provided or conspired to provide false and inflated income statements for the properties; and
- worked with others to deceive inspectors into believing that unoccupied apartments were, in fact, occupied.

In one such instance, Ogiony and his co-defendants provided false information to Berkadia Commercial Mortgage, LLC, in connection with The Rochester Village Apartments at Park Place, a multi-family residential apartment owned by Morgan Management principals. The information included falsely inflated income from storage unit rentals, false reports of rental income, and falsely reporting apartment units as occupied before certificates of occupancy were obtained for those units.

Also, Ogiony, his co-defendants, and others made misrepresentations and engaged in conduct designed to conceal from the lending financial institutions that they obtained cash from the loan proceeds, which was not used to purchase or maintain the premises. Ogiony, his co-defendants, and others did so by, at times, providing false documentation of obligations purportedly associated with the properties, and by misrepresenting the actual purchase prices of properties.

Defendant Kevin Morgan was previously convicted of conspiracy to commit bank fraud and is awaiting sentencing. Charges remain pending against Frank Giacobbe and Todd Morgan. The fact

that a defendant has been charged with a crime is merely an accusation and the defendant is presumed innocent until and unless proven guilty.

The indictment is the result of an investigation by the Federal Bureau of Investigation, under the direction of Special Agent-in-Charge Gary Loeffert, and the Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent-in-Charge Robert Manchak.

Sentencing will be scheduled at a later date.