

Real Estate Executive Pleads Guilty to Multi-Year Conspiracy to Falsify Financial Statements

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A California real estate executive pleaded guilty yesterday to engaging in an extensive multi-year conspiracy to falsify financial statements.

According to court documents, Tyler Ross, 37, formerly of Michigan, served as co-chief executive officer of ROCO Real Estate LLC and ROCO Management LLC, both of which are based in Bloomfield Hills, Michigan. The ROCO companies, and related entities, operated as a commercial real estate firm engaged in the business of purchasing, managing, and selling multi-family residential properties, such as apartment complexes, located in Michigan and elsewhere.

"Tyler Ross falsified corporate records to deceive lenders by fraudulently inflating the income of ROCO properties," said Acting Assistant Attorney General Nicole M. Argentieri of the Justice Department's Criminal Division. "The guilty plea demonstrates the Department's commitment to holding accountable those who lie to lenders and banks, including executives in commercial real estate."

"Honest financial reporting is the foundation of our banking and lending system," said U.S. Attorney Dawn N. Ison for the Eastern District of Michigan. "My office will not hesitate to prosecute those who lie in order to engage in financial crimes, regardless of the titles they may have."

Between 2015 and 2019, Ross and his co-conspirators caused false financial documents to be submitted to mortgage-lending businesses for underperforming ROCO properties, making the properties appear to be more profitable than they were. Ross, who is also a licensed attorney, personally falsified historical operating statements during the conspiracy and directed other members of the conspiracy to assist with the creation and submission of falsified financial statements to submit to mortgage-lending businesses.

Ross and his co-conspirators deleted or reduced actual expenses from historical operating statements for certain underperforming ROCO properties and caused the falsified statements to be submitted to lenders.

"The Federal Housing Finance Agency Office of Inspector General (FHFA-OIG) aggressively investigates allegations of mortgage fraud," said Special Agent in Charge Catherine Huber of FHFA-OIG's Central Region. "We investigate and hold accountable anyone who has engaged in unlawful activities to illegally profit through the mortgage loan process, whether residential or commercial."

"Those who willfully provide false financial information limit the amount of money that is available for individuals and companies who are doing the right thing," said Special Agent in Charge Shawn Rice of the Department of Housing and Urban Development Office of Inspector General (HUD-OIG). "This case demonstrates HUD-OIG's commitment to working with its law enforcement partners to investigate and hold accountable those who violate the law."

"Mortgage fraud is a serious offense that affects lenders and borrowers alike," said Assistant Director Luis Quesada of the FBI's Criminal Investigative Division. "This case demonstrates the FBI's continued commitment to protecting our banking and mortgage industry by going after anyone who obtains loans under false pretenses."

Ross pleaded guilty to one count of conspiring to commit an offense against the United States. He is scheduled to be sentenced on March 12, 2024, and faces a maximum penalty of five years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The FHFA-OIG, HUD-OIG, and FBI are investigating the case.

Trial Attorneys Andrew Tyler and Philip Trout of the Criminal Division's Fraud Section and Assistant U.S. Attorney Andrew J. Yahkind for the Eastern District of Michigan are prosecuting the case.

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