Department of Justice

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Northern District of New York

FOR IMMEDIATE RELEASE
TUESDAY August 17, 2011
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PRESS RELEASE

United States Attorney Richard S. Hartunian and Special Agent-in-Charge Charles R. Pine, Internal Revenue Service, Criminal Investigation, New York Field Office, announced that KEVIN D. O'CONNELL, age 62, of Albany, New York, pled guilty on Wednesday, August 17, 2011, to one count of conspiracy to commit bank fraud and mail fraud, in violation of Title 18, United States Code, Section 371. The guilty plea was entered in United States District Court in Syracuse, New York before Chief District Judge Norman A. Mordue, before whom sentencing was set for December 21, 2011, at 11:00 a.m. in Syracuse, New York. O'CONNELL faces a maximum term of up to 5 years in prison. O'CONNELL is also subject to up to 3 years supervised release to follow any period of incarceration, a $250,000 fine, and an order of restitution to pay defrauded victims.

As part of his guilty plea, KEVIN D. O'CONNELL admitted that, from 2003 through 2007, as charged in the Information, he worked for PB Enterprises of Albany, Inc. (hereafter "PB Enterprises"), a real estate investment and consulting company. PB Enterprises was in the business of purchasing multi-unit residential properties and reselling those properties for profit.

O'CONNELL admitted that during the relevant period, he and others, doing business through PB Enterprises, executed a scheme to defraud and obtain funds from a number of financial institutions, including JP Morgan Chase, N.A. Members of the conspiracy did so by arranging to secure excessive mortgages for numerous residential properties through the use of fraudulent loan applications, settlement statements, and other false statements, and diverting mortgage funds for the personal use of members of the conspiracy, without disclosure to the financial institutions and other mortgage lenders. Defendant KEVIN D. O'CONNELL specifically provided checks representing short term loans or "gift money" to prospective borrowers to give the false appearance to the lending institutions that those borrowers had funds to make them appear more creditworthy. In fact, it was never disclosed to the lending institutions that the funds were repaid shortly after the closing.

In connection with the guilty plea, the United States advised that it would argue at sentencing that the scheme to defraud encompassed approximately 74 loans totaling more than $5 million.

The case was investigated by the Internal Revenue Service, Criminal Investigation, New York Field Office, and is being prosecuted by the United States Attorney's Office for the Northern District of New York.

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