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Guilty plea in housing projects fraud case

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The former head of the **Urban League** in Albany, N.Y., pleaded guilty in federal court Monday to three felony fraud charges related to financing agreements for the purchase of multi-family housing projects and other residential properties in Albany and Schenectady, according to federal authorities.

Aaron R. Dare, 37, of Albany, faces 27 years in prison and/or a fine of up to \$750,000 and other penalties when he is sentenced March 6, 2007.

Dare pleaded guilty to one count of wire fraud and one count of causing false statements to be made to obtain loans to purchase the Hinckel Brewery Apartments at 201 Park Ave. in Albany, the **Olde Franklin School** Apartments at 1675 Ave. B in Schenectady and the Historic Pastures Village Apartments in Albany, according to the **U.S. Justice Department**.

Dare also pleaded guilty to conspiring with another person to commit wire fraud as part of a scheme to defraud private mortgage lenders to obtain loans to buy various residential properties in and around Albany.

The pleas were entered before **U.S. District Court** Judge Lawrence E. Kahn.

The scheme involving the Hinckel Brewery, Olde Franklin School and Historic Pastures took place between late 2000 and August 2002. Dare provided false information to the private mortgage lender, **AMI Capital Inc.**, of Bethesda, Md., and the **U.S. Department of Housing and Urban Development** concerning the experience, qualifications of himself and his purported investors, according to the Justice Department.

Promissory notes in the amounts of \$1.8 million and \$700,000 were prepared and executed between Dare's company, **Emerge Real Properties LLC**, and entities affiliated with the seller that falsely made it appear to AMI and HUD that Dare and/or Emerge had approximately \$2.5 million in equity and credit to apply toward the purchase of the properties.

In fact, the promissory notes were false and fraudulent, according to the Justice Department. Dare and his companies did not have the equity and credit to apply toward the purchase of the properties. As part of the scheme, another promissory note was prepared and executed, which was not provided to AMI or HUD, that effectively cancelled out the purported equity reflected in the fraudulent \$1.8 million promissory note.

Also, the stated purchase price of the properties was inflated from about \$6 million to about \$8.5 million to take into account the bogus promissory notes, according to the Justice Department.

AMI loaned Dare's company \$7.5 million to buy the three housing projects. The loans were insured by HUD. Shortly after closing on the loans in August 2002, Dare fell behind on payments and eventually defaulted. HUD foreclosed on the properties and sold them, suffering a loss of about \$1.9 million.

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