

Canada real estate scam toppled

By Fred Langan, Special to The Christian Science Monitor • July 10, 1987

Toronto

Bill Player was sent to jail for 15 years this week for his part in Canada's biggest-ever white-collar crime. And there's more to come. He was the first of seven to face charges in a huge real estate and banking scam. The series of crimes involved fraudulent real estate deals. Mr. Player had been pyramiding false real estate transactions and mortgages - a kind of shell game where the next deal was needed to pay for the last.

The crown attorney (district attorney), Murray Segal, told a Toronto court that Player used a technique known as an "Oklahoma." He gave a hypothetical example. Player would buy a property for \$1 million and sell it to a friend or relative for \$5 million. Then, Player would raise a 75 percent mortgage on the phony \$5 million. Player would then pay off the \$1 million purchase price, give the accomplice a small tip, and afterward pocket about \$3.7 million on the deal.

"His financial empire grew and grew until it went out of control," said Mr. Segal. "There was a pervasive pattern of criminal activity."

It was successful for awhile. Player's taxable income went from zero in 1980 to \$8 million (Canadian) in 1982.

The largest such fraud came in November 1982 when Player and others flipped 10,931 apartment units in Toronto. They bought the apartments for C\$271 million, but the properties almost doubled in value in a matter of days as they were sold not once but twice, finally to fictitious group of Saudi Arabian investors for \$500 million.

At the time, the Ontario government seized the assets of three trust companies involved - Crown Trust, Seaway Trust, and Greymac Trust. It was an unprecedented move. Trust companies specialize in mortgage loans, much like the American equivalent of a savings and loan. The control of these trust companies and their illicit use made the huge fraud possible.

The Canadian Deposit Insurance Corporation, the equivalent of the Federal Deposit Insurance Corporation in the United States, had to pay almost C\$400 million in public funds to cover defrauded depositors in the trust firms involved.

There were 35 charges. The reading of them in court took more than an hour. Player pleaded guilty to all of the charges, a total of about C\$225 million in fraudulent deals from all over the province of Ontario from 1980 to 1982.

"The size of the fraud is staggering," said Frank Callaghan, associate chief justice of the Ontario Supreme Court, in passing sentence. "There are no other cases that approach this one in their enormity."

But there may soon be. Six other men face charges in the apartment-flip and trust-company scandal. The most prominent of those are Leonard Rosenberg and Andrew Markie, who controlled the trust companies taken over by the Ontario government.

Player had spent the most of the last four years living in luxury in Florida. He was arraigned in a court in Fort Lauderdale last November and was facing extradition when he returned voluntarily to Canada in April.

The 15-year term was the longest prison sentence for fraud in Canadian history. But it could have been worse. Player pleaded guilty only after plea bargaining. He will be a witness in the case against his alleged accomplices.

Player will be eligible for parole in five years. And when he gets out the court predicts his bank accounts in Canada, the United States, and the Cayman Islands will be empty if they are not already, picked clean by the authorities.

"He has been stripped of his fraudulently acquired assets," said prosecutor Segal. "There is no stash of money available to Mr. Player."