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Real estate broker loses license in flipping cases

By Brian Meyer

NEWS STAFF REPORTER

Updated: December 24, 2009, 7:15 AM / 3 comments

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Investigators described him as an elusive businessman who sometimes evoked religion to win over clients that he later scammed through unethical real estate and property management ploys.

The state revoked James M. Graham's real estate broker license as part of a consent decree that saw him admit to fraudulently flipping properties and committing other unscrupulous acts in Erie, Niagara and Monroe counties.

Officials from the Mayor's Anti-Flipping Task Force said the action sends a loud message to other shady real estate investors and property managers.

"You don't want to mess with Buffalo when it comes to fraudulent and scamming type of activity," said Assemblyman Sam Hoyt, D-Buffalo, co-chairman of the task force.

Investigators said Graham is a Rochester-area businessman who also operated from an office in the City of Tonawanda. The state revoked Graham's license following an investigation that was triggered by complaints involving a Rochester company called Genesis REI.

The complaints involved 11 properties, including residences and investment properties on Buffalo's East Side, in Riverside, the Town of Tonawanda, Lockport and the Rochester area.

Investigators said Graham admitted to numerous acts of wrongdoing, including failure to disclose to buyers that certain properties had been recently obtained at cheap prices and were in "distressed" condition. Other admissions included unethical property management tactics such as failing to use collected rents to pay for taxes, repairs and other bills.

In some cases, said investigators, Graham offered properties for sale prior to taking title of the properties. State officials said they weren't sure where Graham is currently living.

Graham could not be reached to comment at Genesis REI's Rochester office.

Kathleen A. Lynch, coordinator of the Anti-Flipping Task Force, said most real estate brokers are ethical and abide by the law. But those who don't comply do considerable damage, she told reporters Wednesday at a downtown news conference.

"It unfairly taints the profession. It represents a lost opportunity for Buffalo when there are people interested in investing in our community," she said.

State Sen. William T. Stachowski, D-Lake View, is cochairman of the task force that was set up in 2005 under then-Mayor Anthony M. Masiello to help curb fraudulent practices that have filled many city neighborhoods with vacant houses.

"To send this message out that if you're caught, your license will be pulled is another great tool for the Anti-Flipping Task Force," Stachowski said.

Officials said Graham still faces civil lawsuits involving problems with properties.

Michael Elmendorf, chief investigator for the state Department of State, said Graham’s real estate license has been revoked for at least a year. But Elmendorf added that in order for Graham to have his license reinstated, he would have to meet a “lengthy list of stipulations” that include settling \$550,000 in judgments.

“This is not a slap on the wrist,” said Hoyt. “This individual has lost his ability to practice his profession, and we consider that a very severe penalty.”

Anti-flipping advocates said they’ve found more than 80 property deed transactions involving Graham but are only aware of complaints on the properties that were part of the investigation. Efforts to curb illegal flipping are dependent on people providing tips, said Lynch.

Officials urged people to visit the task force’s Web site at www.buffaloflipping.com .

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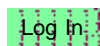
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This comment has been removed.

Posted by: retard on Dec 29,2009 at 06:20 am

Inappropriate

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This comment has been removed.

Posted by: ElGato on Dec 25,2009 at 12:20 pm

Inappropriate

Reply

This guy is obviously scum but to anyone with some knowledge of the business of real estate there are some serious errors in this article. I don't believe that the State of NY requires a seller to disclose the price or condition of a prior sale when an owner is selling a property; also I'm pretty sure that it is perfectly legal to offer a property for sale before taking title as long as it is disclosed to the current owner and the "seller" has a contract of sale with that owner. These two things happen all of the time, Brian is a great reporter but I think sometimes the information that exists in court papers should be relied on more than "task force" members.

Posted by: CelticTide on Dec 24,2009 at 09:47 am

Inappropriate

Reply

Oh Yeah he is saying dont mess with Buffalo..They are so tuff..Yeah ok . What about the Judge that gave a guy probation for raping a child..Yeah ok watch out Buffalo is TUFF. This guy might get 2 yrs probation for flipping than the rapist got..Tuff yeah ok

Posted by: brp718 on Dec 24,2009 at 08:35 am

Inappropriate

Reply

This is good new, but this guy clearly has no regard at all for the law or common decency. I wonder how long it will be before he's back in the real estate game, even without a license.

Every other driver arrested for DWI seems to already have a suspended license. Graham's client base is hardly the most sophisticated. What's to stop him from keeping on doing what he's been doing, only just a little more illegally?

Posted by: Cynical on Dec 24,2009 at 08:32 am
Inappropriate
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