



Department of Justice

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TWO BALTIMORE BUSINESSMEN INDICTED FOR CONSPIRING TO RIG BIDS AT MARYLAND TAX LIEN AUCTIONS

WASHINGTON — Two Baltimore businessmen were indicted today for conspiring to rig bids at tax lien auctions in Maryland for more than five years, the Department of Justice announced today.

The one-count felony indictment filed today in the U.S. District Court in Baltimore alleges that Harvey M. Nusbaum and his business partner, Jack W. Stolof, participated in a conspiracy to rig bids in tax lien auctions conducted by the city of Baltimore and various counties in the state of Maryland beginning in or around the Spring of 2002 and continuing until at least Aug. 9, 2007. The indictment alleges that Nusbaum, Stolof and their co-conspirators agreed among themselves which of them would bid on specific tax liens or groups of tax liens, and agreed upon specific prices to be bid in certain auctions.

“With so many homeowners struggling these days, it is more important than ever that all aspects of real estate transactions, including tax lien auctions, remain competitive and free from collusion,” said Scott D. Hammond, Deputy Assistant Attorney General for Criminal Enforcement of the Department’s Antitrust Division. “The Antitrust Division will vigorously prosecute those who rig bids and deny Americans a competitive bidding process.”

When owners of real property in Maryland fail to pay property taxes, the county or city in which the property is located may attach a lien. If the taxes remain unpaid after a waiting period, the lien is sold at auction. The winner of the auction has the right to collect the amount of the lien from the delinquent taxpayer, along with interest, and eventually to foreclose on the property if the lien and interest remain unpaid. Counties and municipalities in Maryland typically hold tax lien auctions annually.

The indictment alleges that Nusbaum and Stolof carried out the bid-rigging conspiracy with co-conspirators by:

- Attending meetings and engaging in discussions regarding bids for tax liens being auctioned by a municipality and counties in Maryland;
- Agreeing during those meetings and discussions not to compete at certain tax lien auctions by allocating which tax liens, properties, or groups of properties each group would bid or refrain from bidding on, and by agreeing on prices that would be bid in certain auctions;

- Discussing and exchanging prices to be bid at certain tax lien auctions so as not to submit higher bids than one another;
- Submitting bids in accordance with the agreements reached; and
- Purchasing tax liens under those agreements at collusive and non-competitive prices.

This case is the result of an ongoing investigation by the Antitrust Division's National Criminal Enforcement Section and the FBI into anticompetitive conduct at tax lien auctions. In June of 2008, Steven L. Berman pleaded guilty to the same conspiracy. He has not yet been sentenced.

Nusbaum and Stolof are each charged with one count of bid rigging in violation of the Sherman Act, a violation which carries a maximum sentence of 10 years in prison and a fine of \$1 million for individuals. Under the statute, the maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Anyone with information concerning bid rigging or other anticompetitive conduct regarding tax lien auctions is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-305-1878, or the FBI's Baltimore Office at 410-265-8080.

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