



Department of Justice

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TUESDAY, MAY 4, 2010
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BALTIMORE ATTORNEY SENTENCED TO ONE YEAR IN JAIL FOR BID RIGGING AT MARYLAND TAX LIEN AUCTIONS

Sentenced to Pay \$800,000 Criminal Fine

WASHINGTON — A Baltimore attorney was sentenced today in U.S. District Court in Baltimore to serve one year and one day in jail and to pay an \$800,000 criminal fine for rigging bids at various Maryland tax lien auctions, the Department of Justice announced today.

Harvey M. Nusbaum pleaded guilty to a one-count charge of conspiring to submit non-competitive and collusive bids at tax lien auctions in Maryland on Feb. 23, 2010. Nusbaum, along with his business partner Jack W. Stolof, was originally charged in an indictment filed on June 16, 2009. Stolof pleaded guilty on Jan. 6, 2010 to the same charge. The department charged that the conspiracy began in or around the spring of 2002 and continued until at least Aug. 9, 2007, and involved tax lien auctions conducted by Baltimore City and the counties of Anne Arundel, Baltimore, Howard, Montgomery and Prince George's. Stolof's sentencing, which was scheduled to take place today, will be rescheduled.

Tax lien auctions are used by counties and municipalities in Maryland to recover money owed by owners of real property in Maryland on unpaid property taxes. When property owners fail to pay their taxes or fees on time, the county or municipality in which the property is located may attach a lien. If the taxes remain unpaid, the lien is sold at auction. The high bidder for the tax lien has the right to collect the amount of the lien from the delinquent taxpayer, along with interest and fees including attorneys' fees. If the property owner does not pay the interest and fees, which can amount to thousands of dollars, the lien holder can foreclose on the property.

The department charged that Nusbaum, Stolof and their co-conspirators allocated tax liens among themselves to suppress the amount bid on the liens. By reducing the amount they bid, they were able to secure more liens for less money. In some instances, they were able to foreclose on properties they obtained at non-competitive prices. Tens of millions of dollars in tax lien purchases were affected by the big-rigging conspiracy, the department said.

The sentencing is the result of an ongoing investigation being conducted by the Antitrust Division's National Criminal Enforcement Section and the FBI into anticompetitive conduct at tax lien auctions. Three individuals have pleaded guilty as part of the investigation to date.

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 202-307-5777, visit www.justice.gov/atr/contact/newcase.htm or the FBI's Baltimore Office at 410-265-8080.

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