



Department of Justice



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**ALABAMA REAL ESTATE INVESTORS AGREE TO PLEAD GUILTY TO
CONSPIRACY TO RIG BIDS FOR THE PURCHASE OF REAL ESTATE AT PUBLIC
FORECLOSURE AUCTIONS**

WASHINGTON – Two Mobile, Ala., real estate investors and one real estate investment company have agreed to plead guilty today for their roles in a conspiracy to rig bids for the purchase of real estate at public foreclosure auctions in southern Alabama, the Department of Justice announced.

Three separate charges were filed today in U.S. District Court for the Southern District of Alabama in Mobile against Allen K. French, M & B Builders LLC and its co-owner, Harold H. Buchman.

According to the felony charges, the real estate investors participated in a conspiracy to rig bids by agreeing to refrain from bidding against one another at public real estate foreclosure auctions in Mobile County and surrounding areas.

The department said that the primary purpose of the bid-rigging conspiracy was to suppress and restrain competition to obtain selected real estate offered at public foreclosure auctions at noncompetitive prices. When real estate properties are sold at these auctions, the proceeds are used to pay off the mortgage and other debt attached to the property, with remaining proceeds, if any, paid to the homeowner.

“The Antitrust Division continues to vigorously pursue bid-rigging conspiracies at real estate foreclosure auctions, and will work with its law enforcement partners to ensure that the process is fair and open so that consumers will benefit from competition,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division.

According to the court documents, the real estate investors conspired with others not to bid against one another at public real estate foreclosure auctions in southern Alabama, participating in a conspiracy for various lengths of time between May 2001 and March 2010. After the conspirators’ designated bidder bought a property at the public auctions, which typically take place at the county courthouse, the conspirators would generally hold a secret, second auction at which each participant would bid the amount above the public auction price he was willing to pay. The highest bidder at the secret, second auction won the property.

FBI Special Agent in Charge Lewis M. Chapman recognized the perseverance of agents and prosecutors in this complex investigation. Chapman stated, “ This investigation sends the message that real estate fraud including antitrust violations will continue to be pursued in these tough economic times, no matter how intricate the scheme.”

French, Buchman and M & B Builders were each charged with one count of bid rigging to obtain selected real estate at foreclosure auctions. M & B Builders also was charged with one count of conspiracy to commit mail fraud. According to court documents, M & B Builders used the U.S. mail in carrying out the conspiracy to defraud financial institutions by paying potential competitors not to bid competitively in the public auctions for foreclosed properties.

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals and a \$100 million fine for companies. The maximum fine for the Sherman Act charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victim if either amount is greater than the statutory maximum. Each count of conspiracy to commit mail fraud against a company carries a maximum fine in the amount equal to the greatest of \$1 million, twice the gross gain the conspirators derived from the crime, or twice the gross loss caused to the victims of the crime by the conspirators.

The Antitrust Division and the FBI have identified a pattern of collusive schemes among real estate investors aimed at eliminating competition at real estate foreclosure auctions, and today’s charges are part of the department’s ongoing effort to combat this conduct and restore competition to public auctions. The investigation into fraud and bid rigging at certain real estate foreclosure auctions in Southern Alabama is being conducted by the Antitrust Division’s Atlanta Field Office and the FBI’s Mobile Field Office, with the assistance of the U.S. Attorney’s Office for the Southern District of Alabama. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Antitrust Division’s Atlanta Field Office at 404-331-7100 or visit www.justice.gov/atr/contact/newcase.htm.

Today’s charges are part of efforts underway by President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency task force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit www.StopFraud.gov.

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