



Department of Justice



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**ALABAMA REAL ESTATE INVESTOR AGREES TO PLEAD GUILTY TO
CONSPIRACIES TO RIG BIDS AND COMMIT MAIL FRAUD FOR THE PURCHASE
OF REAL ESTATE AT PUBLIC FORECLOSURE AUCTIONS**

WASHINGTON – An Alabama real estate investor has agreed to plead guilty and to serve prison time for his role in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in southern Alabama, the Department of Justice announced today. To date, as a result of the ongoing investigation, three individuals and one company have pleaded guilty.

Charges were filed today in the U.S. District Court for the Southern District of Alabama in Mobile, Ala., against Lawrence B. Stacy of Mobile. Stacy was charged with one count of bid rigging and one count of conspiracy to commit mail fraud. According to the plea agreement, which is subject to court approval, Stacy has agreed to serve six months in prison. Additionally, Stacy has agreed to pay a \$10,000 criminal fine and to cooperate with the department's ongoing investigation.

According to court documents, Stacy conspired with others not to bid against one another at public real estate foreclosure auctions in southern Alabama. After a 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 or she was willing to pay. The highest bidder at the secret, second auction won the property.

Stacy was also charged with conspiring to use the U.S. mail to carry out a scheme to acquire title to rigged foreclosure properties sold at public auctions at artificially suppressed prices, to make and receive payoffs to co-conspirators and to cause financial institutions, homeowners and others with a legal interest in rigged foreclosure properties to receive less than the competitive price for the properties. Stacy participated in the bid-rigging and mail fraud conspiracies from at least as early as May 2002 until at least January 2007.

“The Antitrust Division will continue to pursue vigorously the perpetrators involved in these real estate foreclosure auction schemes,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “Those who eliminate competition from the marketplace and prey on the misfortune of others will be held accountable for their actions.”

FBI Special Agent in Charge of the Mobile FBI office, 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."

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. The maximum fine for a Sherman Act charge 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 fine. Each count of conspiracy to commit mail fraud carries a maximum penalty of 20 years in prison and a fine in an amount equal to the greatest of \$250,000, 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 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 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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