

JUSTICE NEWS

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Two Georgia Real Estate Investors Plead Guilty to Bid Rigging and Fraud at Public Home Foreclosure Auctions

Two Georgia real estate investors pleaded guilty today for their roles in bid-rigging and fraud conspiracies committed at public real estate foreclosure auctions in Georgia, the Department of Justice announced today.

Michael Stock and Jon Stovall Jr. each admitted that they agreed with other real estate investors to refrain from bidding against one another at public real estate foreclosure auctions in exchange for payoffs. Stock admitted to participating in the conspiracy in Fulton and DeKalb counties from as early as August 2009 until at least November 2011, and Stovall admitted to participating in Fulton County from as early as October 2008 until at least January 2012. Additionally, Stock and Stovall admitted to conspiring to use the mail to carry out a scheme to defraud homeowners and mortgage holders.

According to court documents filed today in the U.S. District Court for the Northern District of Georgia, the conspirators agreed not to compete against each other at public real estate foreclosure auctions, artificially suppressed the prices of properties sold at these auctions, and made and received payoffs from each other. As a result, the conspirators seized money that otherwise would have gone to pay off the mortgage and other secured debt holders, and, in some cases, to the previous owner of the foreclosed home.

"These defendants conspired to take money that rightfully belonged to homeowners and lenders," said Principal Deputy Assistant Attorney General Renata Hesse, head of the Justice Department's Antitrust Division. "Those homeowners and lenders have a right to expect that the properties will be sold in free and competitive auctions. The Antitrust Division will continue to partner with our colleagues at the FBI to aggressively pursue conduct designed to disrupt that process."

"Foreclosure auction fraud in Georgia remains a focus for the FBI investigators and federal prosecutors within the Antitrust Division of the U.S. Department of Justice. By the very nature of this criminal act, the bank, and more importantly, the home owner in financial distress, are the victims that these federal laws were created to protect. The FBI will continue to provide investigative assets toward these matters in order to keep the level playing field that the law intended regarding these auctions."

Including the individuals pleading today, 20 defendants have been charged in connection with the department's ongoing investigation into bid rigging and fraudulent schemes involving real estate foreclosure auctions in the Atlanta area. Eighteen of those have either pleaded guilty or agreed to plead guilty.

These charges have been filed as a result of the ongoing investigation being conducted by the Antitrust Division's Washington Criminal II Section, the FBI's Atlanta Division and the U.S. Attorney's Office of the Northern District of Georgia, in connection with the president's Financial Fraud Enforcement Task Force. The president established the task force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys' Offices and state and local partners, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state, and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions and other organizations. Since

fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information about the task force, please visit <http://www.stopfraud.gov/>. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Washington Criminal II Section of the Antitrust Division at 202-598-4000, call the Antitrust Division's Citizen Complaint Center at 888-647-3258, or visit <http://www.justice.gov/atr/report-violations>.

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