

Three Real Estate Investors Indicted For Bid Rigging In Florida Online Foreclosure Auctions

A federal grand jury in West Palm Beach returned an indictment yesterday against three high-volume Florida real estate investors for conspiring to rig bids submitted through the online property foreclosure auction process, the Department of Justice announced.

The indictment, filed in the U.S. District Court for the Southern District of Florida, charges Avi Stern, Christopher Graeve, and Stuart Hankin with conspiring to rig bids during online auctions in Palm Beach County, Florida in order to obtain foreclosed properties at suppressed prices. The indictment alleges that the conduct took place from at least January 2012 until June 2015.

These are the first indictments related to bid rigging in foreclosure auctions filed in Florida by the Justice Department's Antitrust Division. The Antitrust Division previously has prosecuted similar bid rigging conduct in Alabama, California, Georgia and North Carolina, resulting in more than 100 guilty pleas and convictions in those states.

"These charges demonstrate that the Antitrust Division will uncover and prosecute collusion by real estate investors, regardless of whether their conduct is carried out in person, or in texts, online chats or through other electronic means," said Assistant Attorney General Makan Delrahim of the Department of Justice's Antitrust Division. "The Division will continue to work closely with our law enforcement colleagues to prosecute those responsible for taking money that would otherwise have gone to mortgage holders, Palm Beach County, and in some cases, to the owners of foreclosed homes."

"Real estate investors who think they can swindle the system to line their pockets with ill-gotten gains beware," said Assistant Special Agent in Charge Paul Keenan of the FBI Miami's Field Office. "The FBI and our law enforcement partners will vigorously investigate such schemes."

An indictment merely alleges that crimes have been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt.

These charges have been filed as a result of the ongoing investigation being conducted by the Antitrust Division's Washington Criminal I Section and the FBI's Miami Division – West Palm Beach Resident Agency. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Washington Criminal I Section of the Antitrust Division at 202-307-6694 or www.justice.gov/atr/contact/newcase.html.

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