



Department of Justice



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Eastern District of California**

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CALIFORNIA REAL ESTATE INVESTOR PLEADS GUILTY TO BID RIGGING AT PUBLIC FORECLOSURE AUCTIONS

Fifth Guilty Plea in Bid Rigging Investigation

WASHINGTON – A real estate investor pleaded guilty today in U.S. District Court in Sacramento, Calif., to conspiring to rig bids and commit mail fraud at public real estate foreclosure auctions held in San Joaquin County, Calif., Christine Varney, Assistant Attorney General of the Department of Justice’s Antitrust Division, and Benjamin B. Wagner, U.S. Attorney for the Eastern District of California, announced.

Yama Marifat, 38, of Pleasanton, Calif., pleaded guilty to conspiring with a group of real estate speculators who agreed not to bid against each other at certain public real estate foreclosure auctions in San Joaquin County. The primary purpose of the conspiracy was to suppress and restrain competition and to obtain selected real estate offered at San Joaquin County public foreclosure auctions at non-competitive prices, the department said in court papers.

According to the court documents, after the conspirators’ designated bidder bought a property at a public auction, they would hold a second, private auction, at which each participating conspirator would bid the amount above the public auction price he or she was willing to pay. The conspirator who bid the highest amount at the end of the private auction won the property. The difference between the price at the public auction and that at the second auction was the group’s illicit profit, and it was divided among the conspirators in payoffs. According to his plea agreement, Marifat participated in the scheme from in or about April 2009 until in or about October 2009.

To date, including Marifat, five individuals have pleaded guilty in U.S. District Court for the Eastern District of California in connection with this investigation. On April 16, 2010, Anthony B. Ghio pleaded guilty to participating in a conspiracy to rig bids at public foreclosure auctions held in San Joaquin County. On June 24, 2010, John R. Vanzetti and Theodore B. Hutz pleaded guilty to participating in the conspiracy. On Feb. 4, 2011, Richard W. Northcutt also pleaded guilty to participating in the conspiracy.

“With our law enforcement partners, the Antitrust Division will continue investigating and prosecuting anticompetitive practices in real estate foreclosure auctions in the Sacramento area and into northern California,” said Assistant Attorney General Varney.

“By rigging public auctions of foreclosed properties, the defendants who have pleaded guilty as a result of this investigation illegally manipulated the market for residential real estate,” said U.S. Attorney Wagner. The Department of Justice is committed to improving the transparency and integrity of that market, and we will continue to investigate and prosecute those who would seek to undermine the market through their illegal activities.”

Marifat pleaded guilty to bid rigging, a violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. Marifat also pleaded guilty to conspiracy to commit mail fraud, which carries a maximum sentence of 30 years in prison and a \$1 million fine.

These charges arose from an ongoing federal antitrust investigation of fraud and bidding irregularities in certain real estate auctions in San Joaquin County. The investigation is being conducted by the Antitrust Division’s San Francisco Office, the U.S. Attorney’s Office for the Eastern District of California, the FBI’s Sacramento Division and the San Joaquin County District Attorney’s Office. Trial attorneys Barbara Nelson, Anna Pletcher and Tai Milder from the Antitrust Division’s San Francisco Office and Assistant U.S. Attorney Russell L. Carlberg are prosecuting the case.

Today’s plea is part of efforts underway by President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement 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. One component of the task force is the national Mortgage Fraud Working Group, co-chaired by U.S. Attorney Wagner. For more information on the task force, visit www.StopFraud.gov.

Anyone with information concerning bid rigging or fraud related to real estate foreclosure auctions should contact the Antitrust Division’s San Francisco Office at 415-436-6660, visit www.justice.gov/atr/contact/newcase.htm, the U.S. Attorney’s Office for the Eastern District of California at 916-554-2700 or the FBI’s Sacramento Division at 916-481-9110.

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