



Department of Justice



United States Attorney Benjamin B. Wagner
Eastern District of California

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

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.

Gregory L. Jackson 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, Jackson participated in the scheme beginning in or about March 2009 until in or about October 2009.

To date, six individuals, including Jackson, have pleaded guilty in U.S. District Court for the Eastern District of California in connection with this investigation: Anthony B. Ghio, John R. Vanzetti, Theodore B. Hutz, Richard W. Northcutt and Yama Marifat.

“Today’s guilty plea demonstrates the Antitrust Division’s commitment to vigorously pursue and prosecute bid rigging conspiracies in real estate foreclosure auctions that harm competition,” said Assistant Attorney General Varney.

“Public auctions are designed to determine the fair market value in the housing market, and they play a pivotal role in protecting its integrity. These defendants manipulated the system for their own gain; their conduct was serious and prosecution is necessary,” said U.S. Attorney Wagner.

Jackson 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. Jackson 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 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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