



Department of Justice



**United States Attorney Benjamin B. Wagner
Eastern District of California**

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

SACRAMENTO, Calif. — A real estate investor pleaded guilty today in U.S. District Court in Sacramento to conspiring to rig bids and commit mail fraud at public real estate foreclosure auctions held in San Joaquin County, Sharis A. Pozen, Acting 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.

Walter Daniel Olmstead, 39, of Tracy, 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. According to court documents, 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 noncompetitive prices.

According to the court documents, after the conspirators’ designated winning 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, Olmstead participated in the scheme beginning in or about November 2008 until in or about July 2009.

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

“The Antitrust Division continues to vigorously pursue bid rigging conspiracies at real estate foreclosure auctions that eliminate competition in the marketplace and harm consumers,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division will work with its law enforcement partners to ensure that the real estate foreclosure auction process is fair and open so that consumers will benefit from competition.”

U.S. Attorney Wagner said: “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. 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 such illegal activities.”

Olmstead 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. Olmstead 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 bid rigging 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 Anna Pletcher, Richard Cohen 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 charges are 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 or 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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