



Department of Justice



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AT
(202) 514-2007
TTY (866) 544-5309

TWO NORTHERN CALIFORNIA REAL ESTATE INVESTORS AGREE TO PLEAD GUILTY TO BID RIGGING AT PUBLIC FORECLOSURE AUCTIONS

Investigation Has Yielded 22 Plea Agreements to Date

WASHINGTON – Two northern California real estate investors have agreed to plead guilty for their roles in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in northern California, the Department of Justice announced.

The felony charges were filed today in the U.S. District Court for the Northern District of California in San Francisco, against Lydia Fong and Matthew Worthing, both of San Francisco.

According to court documents, Fong and Worthing conspired with others for various lengths of time between October 2009 and November 2010, not to compete against one another, but instead to designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in San Francisco County. Worthing was also charged with participating in a similar conspiracy in San Mateo County, Calif. from September 2010 until January 2011. Fong and Worthing also were charged with conspiracies to use the mail to carry out a scheme to fraudulently acquire title to selected properties sold at public auctions.

“The collusion taking place at these auctions eliminated competition from the marketplace and allowed the conspirators to profit from the financial distress of others,” said Acting Assistant Attorney General Sharis A. Pozen in charge of the Department of Justice’s Antitrust Division. “The division will continue to pursue the perpetrators of these fraudulent schemes so they are held accountable for their actions.”

“Fraudulent bid rigging and other anticompetitive activities at foreclosure auctions by conspirators are illegal and unfair to individuals who are forced to sell and legitimate buyers looking to purchase homes in our communities,” said FBI Special Agent in Charge Stephanie Douglas of the San Francisco Field Office. “We continue to work closely with our partners at the Antitrust Division to identify and bring to justice those who engage in this type of activity.”

The department said that the primary purpose of the conspiracies was to suppress and restrain competition and to make and receive payoffs in order to obtain selected real estate offered at San Mateo and San Francisco Counties public foreclosure auctions at non-competitive

prices. When real estate properties are sold at these auctions, the proceeds are used to pay off the mortgage and other debt attached to the property, with remaining proceeds, if any, paid to the homeowner.

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. The maximum fine for the Sherman Act charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victim if either amount is greater than the \$1 million statutory maximum. Each count of conspiracy to commit mail fraud carries a maximum sentence of 30 years in prison and a \$1 million fine. The government can also seek to forfeit the proceeds earned from participating in the conspiracy to commit mail fraud.

The charges today are the latest cases filed by the department in its ongoing investigation into bid rigging and fraud at public real estate foreclosure auctions in San Francisco, San Mateo, Contra Costa and Alameda Counties, Calif. To date, as a result of the investigation, 22 individuals, including Fong and Worthing, have agreed to plead or have pleaded guilty.

The ongoing investigation into fraud and bid rigging at certain real estate foreclosure auctions in northern California is being conducted by the Antitrust Division's San Francisco Office and the FBI's San Francisco office. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Antitrust Division's San Francisco Office at 415-436-6660, visit <http://www.justice.gov/atr/contact/newcase.htm> or call the FBI tip line at 415-553-7400.

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. For more information on the task force, visit www.StopFraud.gov.

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