



Department of Justice



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

Investigation Has Yielded 24 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.

Felony charges were filed today in the U.S. District Court for the Northern District of California in Oakland, Calif., against Douglas Ditmer of San Ramon, Calif. and Keith Slipper of Oakland.

To date, as a result of the department's ongoing antitrust investigation into bid rigging and fraud at public real estate foreclosure auctions in Northern California, 24 individuals, including Ditmer and Slipper, have agreed to plead or have pleaded guilty.

“By agreeing not to compete with one another in the bidding process, these investors illegally profited and undermined the integrity of the real estate market,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division's criminal enforcement program. “The conspiracy eliminated competition and prevented lenders and distressed homeowners from getting fair market prices for their property.”

According to court documents, Ditmer and Slipper participated in conspiracies to rig bids and commit mail fraud by agreeing to stop bidding or to refrain from bidding for properties at public foreclosure auctions in Contra Costa and Alameda counties, Calif., negotiating payoffs with other conspirators not to compete, purchasing selected properties at public auctions at suppressed prices, and participating in second, private auctions open only to members of the conspiracy, where the property was awarded to the conspirator who submitted the highest bid.

The department said Ditmer conspired with others to rig bids and commit mail fraud at public real estate foreclosure auctions in Contra Costa County beginning as early as July 2008 and continuing until about January 2011, and in Alameda County beginning as early as June 2007 and continuing until about January 2011. Slipper conspired with others to rig bids and commit mail fraud at public foreclosure auctions in Contra Costa County beginning as early as

June 2008 and continuing until about December 2010, and in Alameda County beginning as early as March 2009 and continuing until about May 2009

“The FBI continues to work closely with the Antitrust Division to target those individuals who engage in fraudulent bid rigging and other anticompetitive activities at foreclosure auctions,” said FBI Special Agent in Charge Stephanie Douglas of the San Francisco Field Office. “We are committed to bringing to justice those who engage in illegal and unfair practices that adversely impact legitimate home buyers and sellers.”

The department said that the primary purpose of the conspiracies was to suppress and restrain competition in order to obtain selected real estate offered at Contra Costa and Alameda county 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. According to court documents, these conspirators paid and received money that otherwise would have gone to pay off the mortgage and other holders of debt secured by the properties, and, in some cases, the defaulting 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 \$1 million. 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.

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 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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