



# Department of Justice



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

### *Investigation Has Yielded 40 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 San Francisco, against Florence Fung of Sacramento, Calif, and Michael Navone of San Rafael, Calif. Fung and Navone are the 39<sup>th</sup> and 40<sup>th</sup> individuals to plead guilty or agree to plead guilty as a result of the department's ongoing antitrust investigations into bid rigging and fraud at public real estate foreclosure auctions in Northern California.

According to court documents, Fung and Navone conspired with others, for various lengths of time between February 2009 and January 2011, not to bid against one another, but instead to designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in San Mateo County. Fung and Navone also were charged with conspiring to use the mail to carry out schemes to fraudulently acquire title to selected properties sold at public auctions, to make and receive payoffs and to divert money to co-conspirators that would have gone to mortgage holders and others. Navone was also charged with participating in similar conspiracies in San Francisco County beginning as early as October 2009 until about January 2011.

"Instead of competing at real estate foreclosure auctions, the conspirators agreed not to bid against one another and determined among themselves who would submit the winning bid, stifling honest and fair competition," said Bill Baer, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "The Antitrust Division and its partners at the FBI continue to remain committed to holding accountable investors who attempt to subvert the competitiveness of the bidding process."

The department said that the primary purpose of the conspiracies was to suppress and restrain competition and to conceal payoffs in order to obtain selected real estate offered at San Mateo and San Francisco 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.

“The FBI continues to join the Antitrust Division in holding criminals accountable for bid rigging and fraudulent practices at public real estate foreclosure auctions,” said David J. Johnson, FBI Special Agent in Charge of the San Francisco Field Office. “Anticompetitive practices disrupt a fair marketplace and the FBI will investigate these types of crimes.”

A 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 victims if either amount is greater than \$1 million. A 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.

Today’s charges are the latest 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. These investigations are 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.html](http://www.justice.gov/atr/contact/newcase.html) or call the FBI tip line at 415-553-7400.

Today’s charges were brought in connection with the President’s Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys’ offices and state and local partners, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed nearly 10,000 financial fraud cases against nearly 15,000 defendants, including more than 2,900 mortgage fraud defendants. For more information on the task force, please visit [www.StopFraud.gov](http://www.StopFraud.gov).

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