



Department of Justice



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

*Investigation Has Yielded Charges Against 10 Individuals to Date*

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

Charges were filed today in U.S. District Court for the Northern District of California in Oakland, Calif., against Eric Larsen of San Leandro, Calif., and Timothy Powers of Alamo, Calif., for their participation in bid-rigging and mail-fraud conspiracies at public real estate foreclosure auctions in Contra Costa and Alameda counties, Calif. Powers is charged with participating in the conspiracy in Contra Costa County from as early as May 2009 until about December 2010, and Larsen is charged with participating in the conspiracy in Alameda County from as early as February 2009 until about January 2010.

“The Antitrust Division will vigorously pursue fraudulent schemes that eliminate competition from the marketplace and cause financial harm to victims,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The collusion taking place at these auctions preyed on the misfortune caused by the unprecedented rate of foreclosures and lined the pockets of colluding real estate investors with funds that otherwise would have gone to lenders and, at times, homeowners.”

“The FBI and the Antitrust Division are partners in the fight to bring to justice those who engage in fraudulent anticompetitive practices at foreclosure auctions,” said FBI Special Agent in Charge Stephanie Douglas. “We are committed to holding those individuals accountable for the damage they have done to the real estate market and to unsuspecting victims.”

The department said that the primary purpose of the conspiracies was to suppress and restrain competition and to conceal payoffs in auction records in order to obtain selected real estate offered at public foreclosure auctions in Alameda and Contra Costa counties at noncompetitive 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, Larsen and Powers conspired with others not to bid against one another, but instead designate a winning bidder to obtain the title to selected real estate offered at public real estate foreclosure auctions in Contra Costa and Alameda counties. Larsen and Powers also were charged with conspiracies to use the mail to carry out a fraudulent scheme to divert money to co-conspirators away from mortgage holders and others by holding private auctions open only to members of the conspiracy and awarding the selected real estate to the conspirators who submitted the highest bids. These private auctions took place at or near the courthouse steps where the public auctions were held. The department said that Larsen and Powers also took steps to conceal the payoffs to conspirators for not bidding competitively and caused false and misleading statements to be made on records of public auctions regarding the total purchase price of the selected real estate.

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. Each count of conspiracy to commit mail fraud carries a maximum sentence of 30 years in prison and a \$1 million fine. 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.

The charges against Larsen and Powers are the latest cases filed by the department in its ongoing investigation into bid rigging and fraud at public real estate foreclosure auctions in Contra Costa County and Alameda County. To date, as a result of the investigation, 10 individuals have agreed to plead guilty.

The 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](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 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](http://www.StopFraud.gov).

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