



Department of Justice



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

Investigation Has Yielded 20 Plea Agreements to Date

WASHINGTON – Three Northern California real estate investors have agreed to plead guilty today 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. To date, as a result of the ongoing investigation, 20 individuals have agreed to plead guilty.

Charges were filed today in U.S. District Court for the Northern District of California in Oakland, Calif., against Barry Heisner of Brentwood, Calif.; Dominic Leung of Alameda, Calif.; and Hilton Wong of San Ramon, Calif.

According to court documents, for various lengths of time between August 2008 and January 2011, Heisner, Leung and Wong conspired with others not to bid against one another at public real estate foreclosure auctions. Instead, the investors designated a winning bidder to obtain selected properties at public real estate foreclosure auctions in Contra Costa County.

“The Antitrust Division will continue to pursue vigorously the perpetrators of these fraudulent schemes. Those who eliminated competition from the marketplace and lined their pockets while preying on the misfortune of others will be held accountable for their actions,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division also will aggressively seek to forfeit the proceeds earned by those who took a leading role in facilitating these conspiracies.”

“The integrity of the real estate market depends on the transparency and fairness of all participants,” said FBI Special Agent in Charge Stephanie Douglas. “When individuals take advantage of the public’s trust to enrich themselves they damage the very foundation of our economy. The FBI is committed to working with our local and federal partners to continue to bring those who engage in anticompetitive activities to justice.”

Heisner, Leung and Wong 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, to make and receive payoffs, and to divert money to co-conspirators that would have gone to mortgage

holders and others by holding second, private auctions open only to members of the conspiracy. The department said that the selected properties were then awarded to the conspirators who submitted the highest bids in the second, private auctions. The private auctions took place at or near the courthouse steps where the public auctions were held. According to court documents, a forfeiture allegation was also included in the charges against Heisner.

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 Contra Costa County public foreclosure auctions 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.

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 government can also seek to forfeit the proceeds earned from participating in the conspiracy to commit mail fraud. 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.

Today's charges 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 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 Field 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 Field 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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