



Department of Justice



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NORTHERN CALIFORNIA REAL ESTATE INVESTOR AGREES TO PLEAD GUILTY TO BID RIGGING AT PUBLIC FORECLOSURE AUCTIONS

Investigation Has Yielded 25 Plea Agreements to Date

WASHINGTON – A Northern California real estate investor has agreed to plead guilty for her role 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 against Danli Liu of Fremont, Calif.

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, 25 individuals, including Liu, have agreed to plead or have pleaded guilty.

According to court documents, Liu conspired with others not to bid against one another, but instead to designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in Alameda County, Calif. Liu was also charged with a conspiracy 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 often took place at or near the courthouse steps where the public auctions were held.

The department said Liu conspired with others to rig bids and commit mail fraud at public real estate foreclosure auctions in Alameda County beginning as early as April 2009 and continuing until about March 2010.

“Liu and her fellow conspirators secretly conspired to purchase foreclosed real estate at suppressed prices, thereby restraining competition at these foreclosure auctions in Northern California,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division's criminal enforcement program. “The conspirators' actions harmed lenders and distressed homeowners in an already struggling real estate market, and the division is committed to holding investors accountable for such behavior.”

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 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.

“The FBI and the Antitrust Division will continue to bring to justice those who engage in fraudulent anticompetitive practices at foreclosure auctions,” said Stephanie Douglas, FBI Special Agent in Charge of the San Francisco Field Office. “We will hold those individuals accountable for the damage they have done to their victims and the real estate market.”

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 victim 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.

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. 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 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 Obama’s Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 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’s 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 more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

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