



Department of Justice



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AT  
(202) 514-2007  
TTY (866) 544-5309

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

*Investigation Has Yielded 26 Plea Agreements to Date*

WASHINGTON – A Northern California real estate investor has agreed to plead guilty for his role in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in Northern California, the Department of Justice announced.

A four-count felony charge was filed today in the U.S. District Court for the Northern District of California, in San Francisco, against Norman Montalvo, of Concord, Calif. Montalvo is the 26<sup>th</sup> individual to plead guilty or agree to plead guilty as a result of the department's ongoing antitrust investigation into bid rigging and fraud at public real estate foreclosure auctions in Northern California.

According to court documents, Montalvo 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 San Francisco and San Mateo counties, Calif. Montalvo 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 to co-conspirators money that would have otherwise gone to mortgage holders and others.

The department said Montalvo conspired with others to rig bids and commit mail fraud at public real estate foreclosure auctions in San Francisco and San Mateo counties beginning as early as June 2008 and continuing until about September 2010.

“The real estate investors involved in the conspiracy illegally restrained competition at foreclosure auctions by falsely creating the appearance of unfettered bidding while they were secretly colluding to suppress prices,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division's criminal enforcement program. “The Antitrust Division remains committed to holding accountable those involved in anticompetitive acts that harm lenders and distressed homeowners.”

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 Francisco and San Mateo 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.

“Our vigorous pursuit in enforcing fraudulent anticompetitive practices at foreclosure auctions here in northern California is evident in this guilty plea,” said Joel Moss, Acting Special Agent in Charge of the FBI San Francisco Division. “Criminals who take advantage of the real estate auction process will be brought to justice by the FBI and the Department of Justice.”

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](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 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](http://www.stopfraud.gov).

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