



Department of Justice



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

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

Investigations Have Yielded 37 Guilty Pleas to Date

WASHINGTON – A Northern California real estate investor pleaded guilty today 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.

Kuo Hsuan “Chuck” Chang, of San Francisco, entered his guilty plea in U.S. District Court for the Northern District of California in San Francisco. Felony charges were filed against Chang on Oct. 9, 2013.

Chang is the 37th individual 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, Chang 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 County, Calif. Chang was also 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 co-conspirators’ money that would have otherwise gone to mortgage holders and others. Chang is charged with participating in these conspiracies beginning as early as October 2009 and continuing until about November 2010.

“The Antitrust Division will continue to vigorously prosecute anticompetitive schemes that compromise local markets and cause financial harm to consumers,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “Collusion at foreclosure auctions harmed both lenders and distressed homeowners in an already struggling real estate market, and the conspirators must be held accountable.”

As described in the charging document, 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 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.

“We urge anyone with information regarding fraudulent anticompetitive practices at foreclosure auctions to contact the FBI or our partners at the Antitrust Division,” said FBI San Francisco Special Agent in Charge David J. Johnson. “The FBI will continue to work with our law enforcement partners and the community to root out and bring to justice those individuals who undermine the real estate market and victimize legitimate consumers.”

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 charges against Chang 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, Alameda and Contra Costa 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 or call the FBI tip line at 415-553-7400.

This case was 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.

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