



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 43 Plea Agreements to Date

WASHINGTON – Three Northern California real estate investors have agreed to plead guilty 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.

Felony charges were filed today in U.S. District Court for the Northern District of California in Oakland against Rudolph Silva of Concord, Calif., Thomas Bishop of Pleasant Hill, Calif., and Leslie Gee of Danville, Calif. Including Silva, Bishop and Gee, a total of 43 individuals have pleaded guilty or agreed 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, Silva, Bishop and Gee conspired with others, for various lengths of time between January 2008 and January 2011, not to bid against one another, and instead to designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in Contra Costa County, Calif. Silva, Bishop and Gee were also charged with conspiring to use the mail to carry out a scheme to fraudulently acquire title to selected Contra Costa County 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. Additional charges were filed against Gee for his involvement in similar conduct in Alameda County, Calif., from as early as April 2009 until about November 2009.

“Today’s plea agreements are the latest step in the Antitrust Division’s efforts to hold accountable investors for their fraudulent and collusive activities at real estate foreclosure auctions,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division will continue to prosecute individuals who participated in illegal conspiracies and harmed distressed homeowners and lenders.”

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 and Contra Costa 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 our partners have an obligation to investigate and pursue those who disrupt a free and fair marketplace,” said FBI Special Agent in Charge David J. Johnson of the San Francisco Field Office. “We will continue to educate the public on the criminality of bid rigging at real estate foreclosure auctions.”

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

Today’s charges 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, 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 Office at 415-436-6660, or call the FBI tip line at 415-553-7400.

Today’s charges were 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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