



Department of Justice



FOR IMMEDIATE RELEASE
TUESDAY, MARCH 11, 2014
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TWO NORTHERN CALIFORNIA REAL ESTATE INVESTORS CHARGED WITH BID RIGGING AT PUBLIC FORECLOSURE AUCTIONS

Investigation Has Yielded 46 Plea Agreements to Date

WASHINGTON – Two Northern California real estate investors pleaded 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 on June 30, 2011, in the U.S. District Court for the Northern District of California in Oakland, against Grant Alvernaz, of Pleasant Hill, Calif., and Douglas Moore, of Walnut Creek, Calif. Alvernaz pleaded guilty to the charges on Sept. 7, 2011. Moore pleaded guilty to the charges on Aug. 24, 2011. The charges and the guilty pleas were unsealed yesterday. Including Alvernaz and Moore, a total of 46 individuals have pleaded guilty or agreed 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, Alvernaz and Moore conspired with others 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 and Alameda counties, Calif. Alvernaz and Moore were also charged with conspiring to commit mail fraud by fraudulently acquiring title to selected Contra Costa and Alameda County properties sold at public auctions and making and receiving payoffs and diverting 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. Alvernaz and Moore pleaded guilty to participating in the conspiracies in Contra Costa County beginning as early as February 2009 and continuing until in or about December 2010 and in Alameda County from as early as March 2009 and continuing until about November 2010.

“The integrity of real estate foreclosure markets depends on open and honest competition, which the perpetrators of these collusive schemes undermined,” said Assistant Attorney General Bill Baer in charge of the Department of Justice’s Antitrust Division. “The division will continue to pursue those who illegally enrich themselves at the expense of lenders and financially distressed homeowners.”

The department stated that the primary purpose of the conspiracies was to suppress and restrain competition in order to obtain selected real estate offered at Contra Costa and 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 unsealed court documents narrate the criminal actions taken as part of this real estate bid-rigging conspiracy in northern California,” said David J. Johnson, FBI Special Agent in Charge of the San Francisco Field Office. “The public should consider this an example of how a competitive marketplace can be taken advantage of by those who are shortsighted by greed.”

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.

The 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 cases 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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