



# 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 AND FRAUD AT PUBLIC FORECLOSURE AUCTIONS**

### *Investigations Have Yielded 50 Plea Agreements and 16 Indicted Individuals*

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.

Felony charges were filed today in the U.S. District Court for the Northern District of California in Oakland against Garry Wan of Concord, California. To date, 50 individuals have agreed to plead or have pleaded 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, beginning as early as May 2008 until January 2011, Wan conspired with others not to bid against one another, and instead designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in Alameda County. Wan was also charged with conspiring to use the mail to carry out a scheme to fraudulently acquire title to selected Alameda County properties sold at public auctions, to make and receive payoffs, and to divert money to co-conspirators that would have otherwise gone to mortgage holders and other beneficiaries 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.

"While there has been a lengthy series of guilty pleas by the participants in this activity, the division's work is not yet over," said Brent Snyder, Deputy Assistant Attorney General for the Antitrust Division's criminal enforcement program. "We will continue to work with our law enforcement partners to investigate and prosecute collusion at real estate foreclosure auctions, which allow the conspirators to profit from illegal payoffs at the expense of financial institutions and distressed homeowners."

The department said that the primary purpose of the conspiracies was to suppress and eliminate 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.

“These charges demonstrate our continued commitment to investigate and prosecute individuals and organizations responsible for the corruption of the public foreclosure auction process,” said David J. Johnson, FBI Special Agent in Charge of the San Francisco Field Office. “The FBI is committed to work these important cases and remains unwavering in our dedication to bring the members of these illegal conspiracies to 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.

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, California. 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 415-934-5300, 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’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 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](http://www.StopFraud.gov).

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