



Department of Justice



FOR IMMEDIATE RELEASE
THURSDAY, OCTOBER 27, 2011
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EIGHT NORTHERN CALIFORNIA REAL ESTATE INVESTORS AGREE TO PLEAD GUILTY TO BID RIGGING AT PUBLIC FORECLOSURE AUCTIONS

Investigation Has Yielded 18 Plea Agreements to Date

WASHINGTON – Eight Northern California real estate investors have agreed to plead guilty today for their roles in two separate conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in Northern California, the Department of Justice announced.

Charges were filed today in U.S. District Court for the Northern District of California in San Francisco against Gary Anderson of Saratoga, Calif.; Patrick Campion of San Francisco; James Doherty of Hillsborough, Calif.; Keith Goodman of San Francisco; Troy Kent of San Mateo, Calif.; Craig Lipton of San Francisco; Henry Pessah of Burlingame, Calif.; and Laith Salma of San Francisco.

According to the felony charges, the real estate investors participated in a conspiracy to rig bids by agreeing to refrain from bidding against one another at public real estate foreclosure auctions in San Francisco County and San Mateo County. Doherty, Goodman and Lipton participated in the conspiracy in San Francisco, and Anderson, Campion, Kent, Pessah and Salma participated in the conspiracy in San Mateo.

“The collusion taking place at these auctions allowed the conspirators to line their pockets with funds that otherwise would have gone to lenders and, at times, financially distressed homeowners,” said Sharis Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The investigation into collusion at these foreclosure auction markets is ongoing, and the Antitrust Division will continue to pursue the perpetrators of these fraudulent schemes until they are brought to justice.”

“The FBI and the Antitrust Division are working closely together to ensure that those who engage in fraudulent bid-rigging and other anticompetitive activities at foreclosure auctions are brought to justice,” said FBI Special Agent in Charge Stephanie Douglas. “We will continue to hold individuals accountable for crimes that damage the real estate market and defraud unsuspecting victims of their right to a fair marketplace.”

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 County and San Mateo County public foreclosure auctions at noncompetitive 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, the eight real estate investors conspired with others not to bid against one another at public real estate foreclosure auctions in Northern California, participating in a conspiracy for various lengths of time between November 2008 and January 2011. The real estate investors were also charged with conspiracies to use the mail to carry out a fraudulent scheme to make payoffs to obtain title to selected real estate at fraudulently suppressed prices, to receive payoffs and to divert money to co-conspirators and away from mortgage holders and others with a legal interest in these properties.

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. Each count of conspiracy to commit mail fraud carries a maximum sentence of 30 years in prison and a \$1 million fine. 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 the \$1 million statutory maximum.

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. To date, as a result of the investigation, 18 individuals have agreed to plead guilty.

The ongoing investigation into fraud and bid rigging at certain real estate foreclosure auctions in Northern California is 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 <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 Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit www.StopFraud.gov.

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