



Department of Justice



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TWO NORTHERN CALIFORNIA REAL ESTATE INVESTORS AGREE TO PLEAD GUILTY TO BID RIGGING AND FRAUD CONSPIRACIES AT PUBLIC FORECLOSURE AUCTIONS

WASHINGTON – Two Northern California real estate investors have agreed to plead guilty for their role in bid rigging and fraud conspiracies at public real estate foreclosure auctions in Northern California, the Department of Justice announced.

Felony charges were filed today in U.S. District Court of the Northern District of California in Oakland against real estate investors Mark Roemer and Bradley Roemer. To date, 54 individuals have pleaded guilty or agreed to plead guilty to criminal charges as a result of the department’s ongoing antitrust investigations into bid rigging and fraud at public foreclosure auctions in Northern California. In addition, 20 other real estate investors have been charged in five multi-count indictments for their roles in bid rigging and fraud schemes at foreclosure auctions in Alameda, Contra Costa, San Mateo and San Francisco counties.

“Cynical investors who rig real estate foreclosure auctions will be held accountable for their crimes,” said Assistant Attorney General Bill Baer of the Department of Justice’s Antitrust Division. “Winning auctions through fraud injures consumers and mortgage lenders by circumventing the competitive process that the antitrust laws are intended to protect.”

According to court documents, beginning as early as December 2009 and continuing until about November 2010, the defendants 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 Alameda County. Both defendants were 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. 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.

“These charges demonstrate our continued commitment to investigate and prosecute individuals and organizations responsible for the corruption of the public foreclosure auction

process,” said Special Agent in Charge David J. Johnson of the FBI’s San Francisco Field Office. “The FBI is committed to working these important cases and remains unwavering in our dedication to bringing the members of these illegal conspiracies to justice.”

Each 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 in 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.

The 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.

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