



Department of Justice



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GEORGIA REAL ESTATE INVESTOR PLEADS GUILTY TO BID RIGGING AND FRAUD CONSPIRACIES AT PUBLIC REAL ESTATE FORECLOSURE AUCTIONS

WASHINGTON – A Georgia real estate investor pleaded guilty today for his role in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in Georgia, the Department of Justice announced.

Felony charges against David Wedean were filed on April 27, 2015, in the U.S. District Court of the Northern District of Georgia in Atlanta. According to court documents, from at least as early March 2007 and continuing at least until August 2011, in Fulton County, Georgia, and from at least as early as August 2007 and continuing at least until September 2011, in DeKalb County, Georgia, Wedean conspired with others not to bid against one another, but instead designated a winning bidder to obtain selected properties at public real estate foreclosure auctions in Fulton and DeKalb Counties. Wedean was also charged with a conspiracy to use the mail to carry out a scheme to fraudulently acquire title to selected Fulton and DeKalb 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 defendant conspired with other real estate investors to profit by defrauding mortgage holders and property owners,” said Assistant Attorney General Bill Baer of the Justice Department’s Antitrust Division. “This case, which is the eighth prosecution so far against defendants for rigging public foreclosure auctions in Georgia, demonstrates the Division’s continuing commitment to rooting out corruption and fraud in real estate markets around the country.”

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 Fulton and DeKalb 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, in working with the U.S. Department of Justice’s Antitrust Division, continues to address the unlawful bid rigging seen in Georgia’s real estate foreclosure auctions,” said Special Agent in Charge J. Britt Johnson of the FBI’s Atlanta Field Office. “The guilty plea of Mr. Wedean, a Georgia based real estate investor, not only illustrates the problem but also how the federal government will aggressively pursue those engaged in this criminal activity.”

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 a Sherman Act charge may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either amount is greater than the statutory maximum fine. A count of conspiracy to commit mail fraud carries a maximum penalty of 20 years in prison and a fine in an amount equal to the greatest of \$250,000, twice the gross gain the conspirators derived from the crime or twice the gross loss caused to the victims of the crime by the conspirators.

Including Wedean, eight cases have been filed as a result of the ongoing investigation being conducted by Antitrust Division’s Washington Criminal II Section, the FBI’s Atlanta Division and the U.S. Attorney’s Office of the Northern District of Georgia. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions in Georgia should contact Washington Criminal II Section of the Antitrust Division at 202-598-4000, call the Antitrust Division’s Citizen Complaint Center at 1-888-647-3258 or visit www.justice.gov/atr/contact/newcase.htm.

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. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit www.StopFraud.gov.

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