



Department of Justice



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AT
(202) 514-2007
TTY (866) 544-5309

**GEORGIA REAL ESTATE INVESTMENT COMPANY AND OWNER PLEAD GUILTY
TO CONSPIRACIES TO RIG BIDS AND COMMIT MAIL FRAUD FOR THE PURCHASE
OF REAL ESTATE AT PUBLIC FORECLOSURE AUCTIONS**

First Charges Filed in Georgia Real Estate Foreclosure Auctions Investigation

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

Separate felony charges were filed on Sept. 25, 2013, in the U.S. District Court for the Northern District of Georgia in Atlanta, against Penguin Properties LLC and its owner, Seth D. Lynn.

According to court documents, from at least as early as Feb. 6, 2007 until at least Jan. 3, 2012, Penguin Properties and Lynn conspired with others not to bid against one another, but instead to designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in Fulton County, Ga. Penguin Properties and Lynn were also charged with a conspiracy to use the mail to carry out a scheme to fraudulently acquire title to selected Fulton County 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.

Charges were also brought against Penguin Properties and Lynn for their involvement in similar conspiracies in DeKalb County, Ga., from at least as early as July 6, 2004 until at least Jan. 3, 2012.

“Today’s charges are the first to be filed in the state of Georgia in the Antitrust Division’s ongoing investigation into anticompetitive conduct in real estate foreclosure auctions,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division’s investigation has already resulted in dozens of guilty pleas in other states, and the division remains committed to eliminating anticompetitive practices at foreclosure auctions.”

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 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 core of this case was about an unlevel field and one of unfairness with regard to the auction/bidding process of foreclosed properties,” said Mark F. Giuliano, Special Agent in Charge of the FBI Atlanta Field Office. “The FBI remains committed in providing investigative resources to the U.S. Department of Justice’s Antitrust effort to address such matters.”

A violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals and a \$100 million fine for corporations. 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 of \$250,000 for an individual, and a fine of \$500,000 for a corporation. The respective maximum fines for the conspiracy to commit mail fraud charge may be increased to 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.

The investigation is being conducted by Antitrust Division attorneys in Atlanta and the FBI’s Atlanta Division, with the assistance of the Atlanta Field Office of the Housing and Urban Development Office of Inspector General and the U.S. Attorney’s Office for the Northern District of Georgia. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should call 404-331-7113 or visit www.justice.gov/atr/contact/newcase.htm.

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.

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