

JUSTICE NEWS

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Georgia Real Estate Investor Pleads Guilty to Bid Rigging at Public Home Foreclosure Auctions

A Georgia real estate investor pleaded guilty today for his role in bid-rigging and bank fraud conspiracies in connection with public real estate foreclosure auctions in Georgia, the Justice Department announced today.

Otto Gogolin admitted that he agreed not to bid against other real estate investors at certain public real estate foreclosure auctions in an effort to subvert the competitive process. Additionally, according to court documents, Gogolin and his co-conspirators defrauded banks that owned the mortgage notes. Gogolin admitted to participating in the conspiracy in Forsyth County, Georgia, from July 2008 to December 2011.

According to court documents filed in this case in the U.S. District Court for the Northern District of Georgia, the conspirators artificially suppressed the prices of properties sold at certain public real estate foreclosure auctions by agreeing not to outbid one another and then made and received payoffs to each other. Among other methods, the conspirators allegedly held secret "second auctions" of properties they had obtained through rigged bids and then divided the auction proceeds that otherwise would have gone to pay off the mortgage and other secured debt holders and, in some cases, to the previous owner of the foreclosed home.

Including the charges filed against Gogolin, 23 defendants have been charged in connection with the department's ongoing investigation into bid rigging and fraudulent schemes involving real estate foreclosure auctions in the Atlanta area, 21 of whom have either pleaded guilty or agreed to plead guilty. In addition to the cases filed in Georgia, the Antitrust Division has recently filed similar cases in Alabama, North Carolina and California. More than 100 defendants in total have been indicted or have pleaded guilty for rigging foreclosure auctions and lining their own pockets at the expense of banks and homeowners going through foreclosures.

These charges have been filed as a result of the ongoing investigation being conducted by the 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, in connection with the president's Financial Fraud Enforcement Task Force. The president established the task force 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 is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants.

For more information about the task force, please visit <http://www.stopfraud.gov/>. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Washington Criminal II Section of the Antitrust Division at 202-598-4000, call the Antitrust Division's Citizen Complaint Center at 888-647-3258, or visit <http://www.justice.gov/atr/report-violations>.

Gogolin Information

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