



You are here

[Home](#) » [Office of Public Affairs](#) » [Briefing Room](#) » [Justice News](#)

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, July 1, 2016

Three Georgia Real Estate Investors Plead Guilty to Bid Rigging and Bank Fraud at Public Home Foreclosure Auctions

Three Georgia real estate investors pleaded guilty today for their roles in bid-rigging and fraud conspiracies committed at public real estate foreclosure auctions in Georgia, the Department of Justice announced today.

Jeffrey Wayne Brock, David Wallace “Chuck” Doughty, and Stanley Ralph Sullivan each admitted that they agreed to rig auctions of foreclosed homes in Cobb County from June 2007 until January 2012. According to court documents filed in the U.S. District Court for the Northern District of Georgia, Brock, Doughty, Sullivan and their co-conspirators agreed not to compete for the purchase of selected foreclosed homes so that they could win the auctions for those homes with artificially low bids. The winning bidders then made payoffs to conspirators who had refrained from bidding against them. As a result, conspirators profited from money that otherwise would have gone to mortgage holders and other secured debt holders, and in some cases, to the owners of foreclosed homes.

“These defendants conspired to corrupt foreclosure auctions that should have benefited lenders and homeowners,” said Principal Deputy Assistant Attorney General Renata Hesse, head of the Justice Department’s Antitrust Division. “The Antitrust Division will continue to work with our colleagues at the FBI to pursue those who took advantage of disruption caused by the financial crisis to line their own pockets.”

“Foreclosure auction fraud in Georgia remains a focus for the FBI investigators and federal prosecutors within the Antitrust Division of the U.S. Department of Justice,” said Special Agent in Charge J. Britt Johnson of the FBI’s Atlanta Division. “By the very nature of this criminal act, the bank, and more importantly, the home owner in financial distress, are the victims that these federal laws were created to protect. The FBI will continue to provide investigative assets toward these matters in order to keep the level playing field that the law intended regarding these auctions.”

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Including the individuals pleading today, twenty 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. Eighteen of those have either pleaded guilty or agree to plead guilty.

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 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 about the task force, please visit 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>.

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Updated July 1, 2016

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Business
Grants

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Forms
Publications
Case Highlights
Legislative Histories
Information for Victims in
Large Cases

NEWS

Justice News
The Justice Blog
Public Schedule
Videos
Photo Gallery

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Interns, Recent Graduates,
and Fellows
Veteran Recruitment

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