



THE UNIVERSITY OF
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The Limited Impact of Collusion in Home Foreclosure Auctions

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ABSTRACT

Starting from at least 2008, over 100 individuals across six states rigged bids at foreclosure auctions to buy homes at below market prices. I study the impact of this collusive activity in Northern California by exploiting an FBI raid on January 11, 2011, which effectively ended collusion. This paper uses price data on public auction sales and sales of undistressed homes, and incorporates information from an ongoing Department of Justice investigation that identifies homes purchased from rigged and non rigged auctions. I find that despite how pervasive collusion appeared to be, the collusive activity had limited impact on auction prices.