



Department of Justice



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Eastern District of California

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

10th Guilty Plea in the Investigation to Date

SACRAMENTO, Calif. – A real estate investor pleaded guilty today in U.S. District Court in Sacramento to conspiring to rig bids and commit mail fraud at public real estate foreclosure auctions held in San Joaquin County, Calif., Sharis A. Pozen, Acting Assistant Attorney General of the Department of Justice’s Antitrust Division, and Benjamin B. Wagner, U.S. Attorney for the Eastern District of California, announced.

Wiley C. Chandler pleaded guilty to conspiring with a group of real estate speculators who agreed to rig bids and commit mail fraud when purchasing selected properties at public real estate foreclosure auctions in San Joaquin County. The goals of the conspiracies were to suppress and restrain competition, to fraudulently obtain selected real estate at noncompetitive prices and to divert money to coconspirators that would have gone to the beneficiaries, the department said in court papers.

According to the court documents, after the conspirators’ designated bidder bought a property at a public auction, they would hold a second, private auction, at which each participating conspirator would bid the amount above the public auction price he or she was willing to pay. The conspirator who bid the highest amount at the end of the private auction won the property. The difference between the price at the public auction and that at the second auction was the group’s illicit profit. The illicit profit was divided among the conspirators in payoffs. According to Chandler’s plea agreement, the conspiracies began at least early as September 2008 and continued until at least October 2009.

To date, 10 individuals, including Chandler, have pleaded guilty in U.S. District Court for the Eastern District of California in connection with the investigation. They are: Anthony B. Ghio; John R. Vanzetti; Theodore B. Hutz; Richard W. Northcutt; Yama Marifat; Gregory L. Jackson; Walter Daniel Olmstead; Robert Rose; and Kenneth A. Swanger.

Chandler was indicted by a federal grand jury in Sacramento on Dec. 7, 2011 with three investors – Andrew B. Katakis, Donald M. Parker and Anthony B. Joachim – and one auctioneer, W. Theodore Longley. Trial dates for these individuals have yet to be set.

“The Antitrust Division will continue to cooperate with its law enforcement partners to bring to justice those who undermine the competitive market for foreclosed properties and harm consumers,” said Acting Assistant Attorney General Pozen.

“Public auctions are meant for the public, not for an elite group conspiring together for their own profit,” U.S. Attorney Wagner stated. “The prosecution of these defendants is necessary to protect the integrity of the housing market.”

Chandler pleaded guilty to bid rigging, a violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory maximum fine. Chandler also pleaded guilty to conspiracy to commit mail fraud, which carries a maximum sentence of 30 years in prison and a \$1 million fine.

These charges arose from an ongoing federal antitrust investigation of fraud and bidding irregularities in certain real estate auctions in San Joaquin County. The investigation is being conducted by the Antitrust Division’s San Francisco Field Office, the U.S. Attorney’s Office for the Eastern District of California, the FBI’s Sacramento Division and the San Joaquin County District Attorney’s Office. Trial attorneys Anna Pletcher and Tai Milder from the Antitrust Division’s San Francisco Field Office and Assistant U.S. Attorney Russell L. Carlberg are prosecuting the case.

Today’s charges are part of efforts underway by President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. One component of the task force is the national Mortgage Fraud Working Group, co-chaired by U.S. Attorney Wagner. For more information on the task force, visit www.StopFraud.gov.

Anyone with information concerning bid rigging or fraud related to real estate foreclosure auctions should contact the Antitrust Division’s San Francisco Field Office at 415-436-6660, visit www.justice.gov/atr/contact/newcase.htm, contact the U.S. Attorney’s Office for the Eastern District of California at 916-554-2700 or contact the FBI’s Sacramento Division at 916-481-9110.

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