



# Department of Justice



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

### *Investigation Has Resulted in 11 Guilty Pleas to Date*

WASHINGTON – An Eastern California real estate investor pleaded guilty today to conspiring to rig bids and commit mail fraud at public real estate foreclosure auctions in Eastern California, the Department of Justice announced.

Anthony B. Joachim of Stockton, Calif., entered his guilty plea in U.S. District Court for the Eastern District of California in Sacramento. Joachim was originally indicted by a federal grand jury in Sacramento on Dec. 7, 2011, along with three other investors – Andrew B. Katakis, Donald M. Parker and Wiley C. Chandler – and one auctioneer – W. Theodore Longley. All five individuals were charged with conspiring with other unnamed co-conspirators to rig bids and commit mail fraud when purchasing selected properties at public real estate foreclosure auctions in San Joaquin County, Calif. The indictment was superseded on May 8, 2013, to include an obstruction of justice charge against Katakis. Chandler pleaded guilty on Feb. 24, 2012, and trial is scheduled to begin against the remaining individuals on Jan. 28, 2014.

According to court documents, Joachim conspired with others not to bid against one another and to instead designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in San Joaquin County. Joachim was also charged with conspiring to use the mail to carry out a scheme to fraudulently acquire title to selected San Joaquin County properties sold at public auctions, to make and receive payoffs and to divert money to co-conspirators that would have otherwise 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. The private auctions often took place at or near the courthouse steps where the public auctions were held. According to Joachim's plea agreement, he participated in the conspiracies between about April 2009 until about October 2009.

"Today's plea is the 11<sup>th</sup> in the Antitrust Division's ongoing investigation of bid rigging and fraud involving real estate foreclosure auctions in the Eastern District of California," said Bill Baer, Assistant Attorney General in charge of the Department of Justice's Antitrust

Division. “The division has uncovered similar schemes across the country and continues to prosecute those who profit by undermining competition at real estate 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 San Joaquin 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.

“My office will continue to fight real estate fraud in all its forms, including bringing to justice those who would subvert public foreclosure auctions for their own personal gain,” said United States Attorney Benjamin B. Wagner of the Eastern District of California.

Joachim 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. Joachim also pleaded guilty to conspiracy to commit mail fraud, which carries a maximum sentence of 30 years in prison and a \$1 million fine.

The guilty plea entered today is the latest in the department’s 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 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. Anyone with information concerning bid rigging or fraud related to real estate foreclosure auctions should contact the Antitrust Division’s San Francisco office at 415-436-6660, visit [www.justice.gov/atr/contact/newcase.htm](http://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.

Today’s action was 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 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. 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](http://www.StopFraud.gov).

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