



# Department of Justice



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## **TWO ALABAMA REAL ESTATE INVESTORS AND THEIR COMPANY INDICTED FOR CONSPIRACIES TO RIG BIDS AND COMMIT MAIL FRAUD FOR THE PURCHASE OF REAL ESTATE AT PUBLIC FORECLOSURE AUCTIONS**

WASHINGTON – A federal grand jury in Mobile, Ala., returned an indictment today against two real estate investors and their company, charging them with participating in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions held in southern Alabama, the Department of Justice announced today.

The department said the father and son real estate investors, Robert M. Brannon of Laurel, Miss., and Jason R. Brannon of Mobile, respectively, and their Mobile-based company, J & R Properties LLC, conspired with others not to bid against one another at public real estate foreclosure auctions in southern Alabama. The indictment, returned in the U.S. District Court for the Southern District of Alabama, charges that after a designated bidder bought a property at a public auction, which typically takes place at the county courthouse, the conspirators would generally hold a secret, second auction, at which each participant would bid the amount above the public auction price he or she was willing to pay. The highest bidder at the secret, second auction won the property.

The Brannons and J & R Properties were also charged with conspiring to use the U.S. mail to carry out a scheme to acquire title to rigged foreclosure properties sold at public auctions at artificially suppressed prices, to make and receive payoffs to co-conspirators, and to cause financial institutions, homeowners and others with a legal interest in rigged foreclosure properties to receive less than the competitive price for the properties. Jason Brannon, Robert Brannon and J & R Properties are charged with participating in the bid-rigging and mail fraud schemes from as early as October 2004 until at least August 2007.

“Today’s indictment underscores the commitment of the Antitrust Division to prosecute those who illegally profit on the real estate market at the expense of distressed homeowners,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division’s Criminal Enforcement Program. “The division will pursue vigorously those who engage in collusive schemes to eliminate competition in the marketplace.”

FBI Acting Special Agent in Charge Patrick Kiernan reaffirmed his commitment to pursuing these complex economic investigations stating, “This investigation has sent a strong message to the community at large, and the real estate community specifically, that abuses within

the real estate industry will not be tolerated. Fraud related to home mortgage investments can have financial implications both locally and nationally, and the integrity of the system must be vigilantly maintained.”

Each violation of the Sherman Act carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals, and a \$100 million fine for companies. The maximum fine for a Sherman Act charge may be increased to twice the gain derived from the crime or twice the loss suffered by the victim if either amount is greater than the statutory maximum fine. Each count of conspiracy to commit mail fraud carries a maximum penalty of 20 years in prison and a fine of \$250,000 for individuals, and a fine of \$500,000 for companies. The fine may be increased to twice the gross gain the conspirators derived from the crime or twice the gross loss caused to the victims of the crime by the conspirators.

The investigation into fraud and bid rigging at certain real estate foreclosure auctions in southern Alabama is being conducted by the Antitrust Division’s Atlanta Field Office and the FBI’s Mobile Office, with the assistance of the U.S. Attorney’s Office for the Southern District of Alabama. To date, five individuals—Harold H. Buchman, Allen K. French, Bobby Threlkeld Jr., Steven J. Cox and Lawrence B. Stacy—and one company—M & B Builders LLC—have pleaded guilty in the U.S. District Court for the Southern District of Alabama in connection with the investigation. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Antitrust Division’s Atlanta Field Office at 404-331-7100 or visit [www.justice.gov/atr/contact/newcase.htm](http://www.justice.gov/atr/contact/newcase.htm).

Today’s charges are part of efforts underway by President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency 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. For more information on the task force, visit [www.StopFraud.gov](http://www.StopFraud.gov).

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