



Department of Justice



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

Investigation Has Yielded 10 Guilty Pleas to Date

WASHINGTON – Two Alabama real estate investors and their company pleaded guilty today for their roles in conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in southern Alabama, the Department of Justice announced.

Robert M. Brannon, of Laurel, Miss.; his son, Jason R. Brannon, of Mobile, Ala.; and their Mobile-based company, J & R Properties LLC, pleaded guilty today to an indictment originally returned on June 28, 2012 in the U.S. District Court for the Southern District of Alabama charging each of them with one count of bid rigging and one count of conspiracy to commit mail fraud. According to court documents, the Brannons and their company conspired with others not to bid against one another at public real estate foreclosure auctions in southern Alabama. 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 their company were also charged with conspiring to use the U.S. mail to carry out a fraudulent 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. The Brannons and their company are charged with participating in the bid-rigging and mail fraud conspiracies from as early as October 2004 until at least August 2007.

“The conspirators subverted the competitive bidding process by engaging in a collusive scheme to artificially depress prices at real estate foreclosure auctions and to defraud financial institutions and homeowners out of money and property,” said Renata B. Hesse, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “Today’s guilty pleas send a strong message that the division is committed to prosecuting those who fraudulently subvert competition for their own financial gain.”

“The success of this investigation represents the FBI’s staunch commitment to target and investigate those who are willing to abuse and exploit illegal advantages during this legal process for personal gain at the expense of suffering citizens and businesses,” said Acting Special Agent in Charge of the FBI’s Mobile Division Stephen E. Richardson.

Including today’s pleas, to date, eight individuals—Harold H. Buchman, Allen K. French, Bobby Threlkeld Jr., Steven J. Cox, Lawrence B. Stacy, David R. Bradley and the Brannons—and two companies—M & B Builders LLC and J & R Properties— have pleaded guilty in the U.S. District Court for the Southern District of Alabama in connection with this ongoing investigation.

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 victims of the crime 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. 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.

Today’s charges are part of efforts underway by President Obama’s Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 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’s 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 more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.StopFraud.gov.

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