



Department of Justice



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TWO REAL ESTATE INVESTORS CONVICTED FOR ROLES IN BID-RIGGING CONSPIRACY IN SAN JOAQUIN COUNTY, CALIF. REAL ESTATE FORECLOSURE AUCTIONS

WASHINGTON – Following a four-week trial, a federal jury today convicted two real estate investors for conspiring to rig bids at public real estate foreclosure auctions held in San Joaquin County, Calif. One of the investors was also convicted of obstruction of justice for destroying evidence related to the crimes.

Andrew B. Katakis and Donald M. Parker were found guilty in the U.S. District Court for the Eastern District of California, of conspiring to rig bids at real estate foreclosure auctions held in San Joaquin County from at least September 2008 until at least October 2009. Katakis was also found guilty of obstruction of justice for deleting electronic records related to the conspiracy.

Katakis was the owner of California Equity Management Group Inc. and managing partner of Lenders Financial Group LLC, both real estate investing companies based in Modesto, Calif. Parker owned and worked for several real estate investing companies based in and around Sacramento and Stockton, Calif.

“Today’s convictions send a clear signal that conspirators who illegally seek to line their pockets at the expense of distressed homeowners will be held accountable for their crimes,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The Antitrust Division and its law enforcement partners are committed to vigorously prosecuting the perpetrators of anticompetitive schemes.”

“The depressed real estate market in the Central Valley provided opportunities for fraud, including bid-rigging at foreclosure auctions,” said Benjamin B. Wagner, U.S. Attorney for the Eastern District of California. “The Antitrust Division has done great work in partnering with this office to attack this aspect of mortgage fraud.”

According to the evidence presented at trial, Katakis, Parker and co-conspirators agreed to suppress and restrain competition by rigging bids to obtain selected properties offered at public auctions in San Joaquin County. The bid-rigging conspiracy lasted from at least September 2008 until at least October 2009. The government also offered evidence that in

September 2010, Katakis deleted electronic records related to the conspiracy after he received a letter notifying him that a federal grand jury had subpoenaed his bank account.

Evidence showed that 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, and it was divided among the conspirators in payoffs.

Also today, the jury could not reach a verdict on a count of mail fraud against Katakis and Parker. The jury also found W. Theodore Longley, an auctioneer who worked on behalf of various trustee companies to sell foreclosed houses at public auctions in San Joaquin County, not guilty on both counts.

Katakis and Parker were convicted of bid rigging in violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. 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. The obstruction of justice conviction carries a maximum sentence of 20 years in prison and a \$250,000 fine.

In addition to today's convictions, 11 individuals 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; Kenneth A. Swanger; Wiley Chandler; and Anthony B. Joachim.

These convictions 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 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 415-934-5300, 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.

The charges in this indictment were 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.

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