



UNITED STATES ATTORNEY'S OFFICE EASTERN DISTRICT OF VIRGINIA

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Serial Bankruptcy Filer Pleads Guilty to Bankruptcy and Mail Fraud Charges

(Norfolk, Virginia) – John Michael Gatchell, age 43, of Virginia Beach, pled guilty today in United States District Court to making a false declaration in a bankruptcy case, bankruptcy fraud, and mail fraud. An indictment charging Gatchell with those offenses was returned last October by a federal grand jury. Chuck Rosenberg, United States Attorney for the Eastern District of Virginia; and Cassandra M. Chandler, Special Agent in Charge, Norfolk Field Office, Federal Bureau of Investigation (FBI), also announced that Gatchell will be sentenced on June 8, 2007.

According to court documents, Gatchell, a serial bankruptcy filer, filed a Chapter 13 bankruptcy petition in January 2002, in the United States Bankruptcy Court in Norfolk, Virginia. That petition failed to disclose, as required, three earlier bankruptcy cases he had filed. Additionally, in a three year period from August 2000 through August 2003, Gatchell filed four separate Chapter 13 petitions to forestall foreclosure proceedings on properties he owned in Virginia Beach. These petitions were filed in bad faith to thwart the mortgage lenders' efforts to foreclose on the properties as a result of Gatchell's failure to make mortgage payments. Each bankruptcy case was eventually dismissed because of Gatchell's failure to follow bankruptcy rules.

In addition, Gatchell defrauded Conrad London Jewels, Ltd., a Chicago-based jewelry dealer, by purchasing a 2.39 carat diamond stone with a check for \$24,500 which he knew was drawn on a closed account. In a separate fraud, he also collected \$157,000 from 17 investors by falsely representing that an initial public offering of stock in Zero's Subs was imminent, and that the money would be used to purchase stock on their behalf. In fact, there was no such public offering of Zero's stock, and Gatchell used the money for his own personal benefit.

The case was investigated by the Federal Bureau of Investigation. Assistant United States Attorney Alan M. Salsbury is prosecuting the case for the United States.