



Department of Justice



FOR IMMEDIATE RELEASE
FRIDAY, DECEMBER 2, 2011
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**ALABAMA REAL ESTATE INVESTOR AGREES TO PLEAD GUILTY TO
CONSPIRACY TO RIG BIDS FOR THE PURCHASE OF REAL ESTATE AT PUBLIC
FORECLOSURE AUCTIONS**

WASHINGTON – A Mobile, Ala., real estate investor has agreed to plead guilty today for his role in a conspiracy to rig bids and commit mail fraud at public real estate foreclosure auctions in southern Alabama, the Department of Justice announced.

Charges were filed today in U.S. District Court for the Southern District of Alabama in Mobile against Bobby Threlkeld Jr. Threlkeld was charged with one count of bid rigging to obtain selected real estate at foreclosure auctions and one count of conspiracy to commit mail fraud. The department said that Threlkeld participated in a conspiracy to rig bids by agreeing to refrain from bidding against other investors at public real estate foreclosure auctions in Mobile County and its surrounding areas.

The department said that the primary purpose of the conspiracy was to suppress and restrain competition and to make and receive payoffs in order to obtain selected real estate offered at public foreclosure auctions at noncompetitive 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.

“Today’s charges demonstrate that the Antitrust Division vigorously pursues and prosecutes those who take part in conspiracies to rig bids at real estate foreclosure auctions,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division is committed to working closely with its law enforcement partners to ensure that these real estate auctions are fair and open so that consumers will benefit from competition.”

According to the court documents, between May 2001 and December 2006, Threlkeld conspired with others not to bid against one another at public real estate foreclosure auctions in southern Alabama. After the conspirators’ designated bidder bought a property at the public auctions, which typically take 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 was willing to pay. The highest bidder at the secret, second auction won the property. Threlkeld was also charged with conspiring to commit mail fraud by using the U.S.

mail in carrying out the conspiracy to defraud financial institutions by paying potential competitors not to bid competitively in the public auctions for foreclosed properties.

Threlkeld was charged with violating 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 victim if either amount is greater than the statutory maximum. Threlkeld was also charged with conspiracy to commit mail fraud which carries a maximum penalty of 20 years in prison and a fine in the amount equal to the greatest of \$250,000, 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.

Today's charges are the latest filed by the department in its ongoing investigation into bid rigging and fraud at public real estate foreclosure auctions in southern Alabama. In addition to today's charges, on Sept. 15, 2011, Allen K. French, Harold H. Buchman and Buchman's company, M & B Builders LLC, were each charged in U.S. District Court for the Southern District of Alabama with one count of bid rigging to obtain selected real estate in southern Alabama at foreclosure auctions. On the same day, M & B Builders was also charged with one count of conspiracy to commit mail fraud. On Oct. 14, 2011, French, Buchman and M & B Builders pleaded guilty to the charges.

The Antitrust Division and the FBI have identified a pattern of collusive schemes among real estate investors aimed at eliminating competition at real estate foreclosure auctions, and today's charges are part of the department's ongoing effort to combat this conduct and restore competition to public auctions. 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 Field 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 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.

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