



# Department of Justice



FOR IMMEDIATE RELEASE  
WEDNESDAY, MAY 8, 2013  
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AT  
(202) 514-2007  
TTY (866) 544-5309

## **NORTHERN CALIFORNIA REAL ESTATE INVESTOR INDICTED** **ON ADDITIONAL CHARGE**

### *Superseding Indictment Adds Obstruction of Justice to Bid-Rigging and Mail Fraud Charges*

WASHINGTON – A federal grand jury in U.S. District Court for the Eastern District of California in Sacramento today returned a superseding indictment charging Andrew B. Katakis, of Danville, Calif., with obstruction of justice related to a federal investigation into conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions held in San Joaquin County, Calif., the Department of Justice announced.

The remaining allegations are unchanged from the original indictment, which was returned by a federal grand jury on Dec. 7, 2011. The pre-existing counts charge Katakis, Donald M. Parker, Anthony B. Joachim and W. Theodore Longley with conspiring with other unnamed co-conspirators to rig bids and commit mail fraud when purchasing selected properties at public real estate foreclosure auctions. Wiley C. Chandler, another real estate investor who was also charged in the original indictment, pleaded guilty on Feb. 24, 2012.

The added charge alleges that after Katakis received a letter notifying him that a federal grand jury had subpoenaed his bank account, he deleted and caused others to delete electronic records and documents related to the conspiracies. The superseding indictment alleges that Katakis also installed and caused others to install and use a software program that overwrote deleted electronic records and documents so that they could not be viewed or recovered.

“Obstruction of a grand jury investigation is a crime the Antitrust Division takes seriously,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “We will prosecute those who subvert the competitive process, as well as those who attempt to conceal their illegal actions by destroying evidence.”

According to the superseding indictment, Katakis, Parker, Joachim, Longley 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 conspirators also devised a scheme to fraudulently acquire titles to selected properties sold at the public auctions and to divert money to co-conspirators that would have gone to the beneficiaries. The indictment alleges that the conspiracy lasted from at least September 2008 until at least October 2009.

“This superseding indictment includes allegations that, in addition to the charges previously alleged, this defendant obstructed justice,” said Benjamin B. Wagner, U.S. Attorney for the Eastern District of California. “The new charge arises out of a long-running investigation that has already resulted in guilty pleas by numerous other defendants who participated in the scheme charged in this case.”

Katakis, Parker, Joachim and Longley are charged with bid rigging, a 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. They are also charged with conspiracy to commit mail fraud, which carries a maximum sentence of 30 years in prison and a \$1 million fine. The government can also seek to forfeit the proceeds earned from participating in the conspiracy to commit mail fraud. The newly added obstruction of justice charge against Katakis carries a maximum sentence of 20 years and a \$250,000 fine.

To date, 10 individuals have pleaded guilty in U.S. District Court for the Eastern District of California in connection with the investigation: Anthony B. Ghio, John R. Vanzetti, Theodore B. Hutz, Richard W. Northcutt, Yama Marifat, Gregory L. Jackson, Walter Daniel Olmstead, Robert Rose, Kenneth Swanger and Chandler.

The additional charge today is the latest filed by the department in its 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 415-436-6660, visit [www.justice.gov/atr/contact/newcase.htm](http://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.

Today’s charges 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’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 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](http://www.StopFraud.gov).

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