

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

DAVID BUTLER,

Defendant.

Criminal No.: 2:12 CR 273-1

Filed:

Violation: 15 U.S.C. § 1

INFORMATION

The United States of America, acting through its attorneys, charges:

1. DAVID BUTLER is hereby made a defendant on the charge stated below:

SHERMAN ACT CONSPIRACY

(15 U.S.C. § 1)

RELEVANT PARTIES AND ENTITIES

2. At all times relevant to this Information, CCTS Tax Liens I, LLC ("CCTS I") and CCTS Tax Liens II, LLC ("CCTS II") were New Jersey corporations located in Cherry Hill, New Jersey. DSBD, LLC ("DSBD") was also a New Jersey corporation located in Barrington, New Jersey and subsequently in Cherry Hill, New Jersey. CCTS I and CCTS II were funds that invested in municipal tax liens. DSBD's role was to manage investments held by CCTS I and

CCTS II. To that end, DSBD oversaw CCTS I and CCTS II's acquisition of tax liens auctioned by municipalities located in the State of New Jersey.

3. From in or about December 2008 until approximately July 2009, Company-1, a New Jersey Corporation located in Cherry Hill, New Jersey, purchased tax liens auctioned by municipalities located in the State of New Jersey.

4. DAVID BUTLER, the defendant, a resident of Cherry Hill, New Jersey, held a limited partnership interest in DSBD. From in or about the beginning of 2005 until approximately November 2008, pursuant to his partnership interest in DSBD, BUTLER bid on and purchased municipal tax liens, which were held as investments by CCTS I and CCTS II. From in or about December 2008 until approximately July 2009, BUTLER also served as Chief Executive Officer of Company-1. In this capacity, BUTLER bid on, and oversaw the purchase of, municipal tax liens for Company-1.

5. Various other persons and entities, not named as defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof. Whenever in this Information reference is made to any act, deed, or transaction of any corporation, such allegation shall be deemed to mean that the corporation engaged in such act, deed, or transaction by or through its officers, directors, agents, employees, or representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

BACKGROUND

6. A municipal tax lien is a legal restriction on real property (whether commercial, residential, industrial or land) imposed by municipalities in the State of New Jersey.

7. When the owners of real property in the State of New Jersey fail to pay real property, water or sewer taxes, the municipality in which the property is located may attach a lien. If, after a waiting period, the lien remains unpaid, the lien may be sold at a live tax lien auction. The value of the lien sold at the auction includes the amount of unpaid taxes on the property, accrued interest, and any applicable costs or penalties.

8. New Jersey has approximately 566 municipalities, which include cities, boroughs and townships. Municipalities hold their tax lien auctions at least annually. Bidders at these auctions include individuals, companies, banks and other financial institutions.

9. At a tax lien auction in New Jersey, bidders bid on the interest rate the property owner will pay upon redeeming the tax lien attached to the owner's property. The bid opens at the statutory maximum of 18 percent, and through a competitive bidding process, can be driven down to 0 percent. At that point, the bidders may pay a premium, meaning the amount of money the winning bidder pays in addition to the lien amount. The winning bidder has the right to collect the amount of the lien from the delinquent taxpayer, along with the winning interest rate, in addition to any subsequent taxes paid by the winning bidder and applicable interest and penalties. The winning bidder also has the right to foreclose on the property owner's right of redemption of the tax lien and take title to the property if the taxes owed on the property, accrued interest, or any applicable costs or penalties remain unpaid.

DESCRIPTION OF THE OFFENSE

10. From at least as early as the beginning of 2005 until approximately February 2009, the exact dates being unknown to the United States, DAVID BUTLER, the defendant, and his co-conspirators, entered into and engaged in a combination and conspiracy to suppress and eliminate competition by submitting non-competitive and collusive bids at certain public auctions for tax liens conducted by municipalities within the District of New Jersey. The combination and conspiracy engaged in by BUTLER and his co-conspirators was in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

11. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among DAVID BUTLER, the defendant, and his co-conspirators, the substantial terms of which were to rig bids for and allocate tax liens being auctioned by municipalities within the District of New Jersey.

MEANS AND METHODS OF THE CONSPIRACY

12. For the purpose of forming and carrying out the charged combination and conspiracy, DAVID BUTLER, the defendant, and his co-conspirators, did those things that they combined and conspired to do, including, among other things:

- a. attended meetings and engaged in discussions or conversations regarding bids for tax liens being auctioned by municipalities within the District of New Jersey;
- b. agreed during those meetings and discussions not to compete at certain tax lien auctions by allocating which tax liens each would bid on or refrain from bidding;

- c. submitted bids in accordance with the agreements reached; and
- d. purchased tax liens pursuant to those agreements at collusive and non-competitive interest rates.

TRADE AND COMMERCE

13. At all times relevant to this Information, funds from outside the State of New Jersey were used by one or more of the co-conspirators to purchase tax liens at auctions subject to the conspiracy. Out-of-state bidders participated in multiple tax lien sales or auctions in New Jersey and paid for tax liens won with out-of-state funds.

14. At all times relevant to this Information, the activities of DAVID BUTLER, the defendant, and his co-conspirators with respect to the sale of municipal tax liens that are the subject of this Information were within the flow of, and substantially affected, interstate trade and commerce.

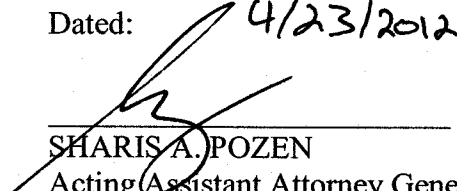
JURISDICTION AND VENUE

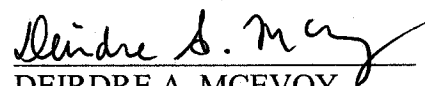
15. The combination and conspiracy charged in this Information was carried out, in part, within the District of New Jersey within the five years preceding the filing of this Information.

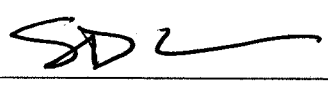
ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.


Dated:

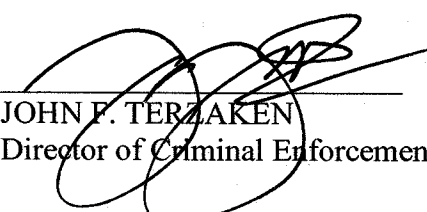
4/23/2012

  
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