

E. KATE PATCHEN (NYRN 4104634)
ALBERT B. SAMBAT (CSBN 236472)
MICAH L. WYATT (CSBN 267465)
GABRIEL R. MARTINEZ (CSBN 275142)
JEANE HAMILTON (CSBN 157834)
U.S. Department of Justice
Antitrust Division
450 Golden Gate Avenue
Box 36046, Room 10-0101
San Francisco, CA 94102
kate.patchen@usdoj.gov
Telephone: (415) 436-6660

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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

Attorneys for the United States

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

UNITED STATES OF AMERICA

v.

LESLIE GEE,

Defendant.

) Criminal No.

) **INFORMATION**

) VIOLATIONS: 15 U.S.C. § 1 –

) Bid Rigging (Counts One & Three);

) 18 U.S.C. § 1349 – Conspiracy to

) Commit Mail Fraud (Counts Two &

) Four)

CR14-00003YGR

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

LESLIE GEE,

the defendant herein, as follows:

BACKGROUND

1. At all times relevant to this Information, when California homeowners defaulted on their mortgages, mortgage holders could institute foreclosure proceedings and sell the properties through non-judicial public real estate foreclosure auctions (“public auctions”). These public auctions were governed by California Civil Code, Section 2924, *et seq.* Typically, a
INFORMATION – LESLIE GEE– 1

1 trustee was appointed to oversee the public auctions. These public auctions usually took place at
2 or near the courthouse of the county in which the properties were located. The auctioneer, acting
3 on behalf of the trustee, sold the property to the bidder offering the highest purchase price.
4 Proceeds from the sale were then used to pay the mortgage holders, other holders of debt secured
5 by the property, and, in some cases, the defaulting homeowner (collectively, "beneficiaries").

6 COUNT ONE: 15 U.S.C. § 1 – Bid Rigging (Contra Costa County)

7 THE COMBINATION AND CONSPIRACY

8 2. Beginning as early as March 2009 and continuing until in or about October 2010,
9 the defendant, LESLIE GEE, and co-conspirators entered into and engaged in a combination and
10 conspiracy to suppress and restrain competition by rigging bids to obtain selected properties
11 offered at public auctions in Contra Costa County in the Northern District of California, in
12 unreasonable restraint of interstate trade and commerce, in violation of the Sherman Act, Title
13 15, United States Code, Section 1.

14 3. The charged combination and conspiracy consisted of a continuing agreement,
15 understanding, and concert of action among the defendant and co-conspirators to suppress
16 competition by agreeing to refrain from or stop bidding against each other to purchase selected
17 properties at public auctions in Contra Costa County at non-competitive prices.

18 4. For the purpose of forming and carrying out the charged combination and
19 conspiracy, the defendant and co-conspirators did those things that they combined and conspired
20 to do, including, among other things:

21 a. agreeing not to compete to purchase selected properties at public auctions
22 in Contra Costa County;

23 b. designating which conspirator would win the selected properties at the
24 public auctions for the group of conspirators; and

25 c. refraining from or stopping bidding for the selected properties at the
26 public auctions.

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INFORMATION – LESLIE GEE– 2

1 5. Various entities and individuals, not made defendants in this Count, participated
2 as conspirators in the offense charged and performed acts and made statements in furtherance
3 thereof.

4 TRADE AND COMMERCE

5 6. During the period covered by this Information, the business activities of the
6 defendant and co-conspirators that are the subject of this Information were within the flow of,
7 and substantially affected, interstate trade and commerce. For example, beneficiaries located in
8 states other than California received proceeds from the public auctions that were subject to the
9 bid-rigging conspiracy.

10 JURISDICTION AND VENUE

11 7. The combination and conspiracy charged in this Information was carried out, in
12 part, in the Northern District of California, within the five years preceding the filing of this
13 Information.

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

15 COUNT TWO: 18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud (Contra Costa County)

16 THE CONSPIRACY

17 8. Beginning as early as March 2009 and continuing until in or about October 2010
18 in Contra Costa County in the Northern District of California, the defendant, LESLIE GEE, and
19 co-conspirators did willfully and knowingly combine, conspire, and agree with each other to
20 violate Title 18, United States Code, Section 1341, namely, to knowingly devise and intend to
21 devise and participate in a scheme and artifice to defraud beneficiaries, and to obtain money and
22 property from beneficiaries by means of materially false and fraudulent pretenses,
23 representations, and promises.

24 9. The objects of the conspiracy were to fraudulently acquire title to selected
25 properties sold at public auctions in Contra Costa County, to make and receive payoffs, and to
26 divert money to conspirators that would have gone to the beneficiaries.

27 10. Various entities and individuals, not made defendants in this Count, participated

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1 as co-conspirators in the offense charged and performed acts and made statements in furtherance
2 thereof.

3 MEANS AND METHODS

4 11. For the purpose of forming and carrying out the charged conspiracy, the
5 defendant and co-conspirators did those things that they conspired to do, including, among other
6 things:

- 7 a. purchasing selected properties at public auctions at suppressed prices;
- 8 b. in some instances, negotiating payoffs with one or more conspirators not
9 to compete;
- 10 c. in many other instances, holding second, private auctions, at or near the
11 courthouse steps where the public auctions were held, frequently referred to as "rounds," open
12 only to members of the conspiracy, to bid for title to the selected properties;
- 13 d. awarding the selected properties to the conspirators who submitted the
14 highest bids at the second, private auctions;
- 15 e. transferring the right to title to the selected properties into the names of the
16 conspirators who submitted the highest bids at the second, private auctions;
- 17 f. paying conspirators monies that otherwise would have gone to
18 beneficiaries, using either a predetermined formula based on the bidding at the second, private
19 auction or through direct negotiations among the conspirators;
- 20 g. taking steps to conceal the fact that monies were diverted from the
21 beneficiaries to the conspirators;
- 22 h. making and causing to be made materially false and misleading statements
23 on records of public auctions that trustees relied upon to distribute proceeds from the public
24 auction to the beneficiaries and convey title to properties sold at the public auction; and
- 25 i. causing the suppressed purchase price to be reported and paid to the
26 beneficiaries.

27 12. For the purpose of executing the scheme and artifice to defraud and attempting to
28 do so, the defendant and co-conspirators knowingly used and caused to be used the United States

1 Postal Service and private or commercial interstate carriers. For example, trustees used the
2 United States mail and private or commercial interstate carriers to transmit the Trustee's Deeds
3 Upon Sale and other title documents to participants in the conspiracy. These mailings were
4 foreseeable to the defendant in the ordinary course of business.

5 JURISDICTION AND VENUE

6 13. The combination, conspiracy, and agreement to violate Title 18, United States
7 Code, Section 1341 charged in this Information was carried out, in part, in the Northern District
8 of California, within the five years preceding the filing of this Information.

9 ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349.

10 COUNT THREE: 15 U.S.C. § 1 – Bid Rigging (Alameda County)

11 THE COMBINATION AND CONSPIRACY

12 14. Beginning as early as April 2009 and continuing until in or about November
13 2009, the defendant, LESLIE GEE, and co-conspirators entered into and engaged in a
14 combination and conspiracy to suppress and restrain competition by rigging bids to obtain
15 selected properties offered at public auctions in Alameda County in the Northern District of
16 California, in unreasonable restraint of interstate trade and commerce, in violation of the
17 Sherman Act, Title 15, United States Code, Section 1.

18 15. The charged combination and conspiracy consisted of a continuing agreement,
19 understanding, and concert of action among the defendant and co-conspirators to suppress
20 competition by agreeing to refrain from or stop bidding against each other to purchase selected
21 properties at public auctions in Alameda County at non-competitive prices.

22 16. For the purpose of forming and carrying out the charged combination and
23 conspiracy, the defendant and co-conspirators did those things that they combined and conspired
24 to do, including, among other things:

25 a. agreeing not to compete to purchase selected properties at public auctions
26 in Alameda County;

27 b. designating which conspirator would win the selected properties at the
28 public auctions for the group of conspirators; and

INFORMATION – LESLIE GEE– 5

1 c. refraining from or stopping bidding for the selected properties at the
2 public auctions.

3 17. Various entities and individuals, not made defendants in this Count, participated
4 as conspirators in the offense charged and performed acts and made statements in furtherance
5 thereof.

6 TRADE AND COMMERCE

7 18. During the period covered by this Information, the business activities of the
8 defendant and co-conspirators that are the subject of this Information were within the flow of,
9 and substantially affected, interstate trade and commerce. For example, beneficiaries located in
10 states other than California received proceeds from the public auctions that were subject to the
11 bid-rigging conspiracy.

12 JURISDICTION AND VENUE

13 19. The combination and conspiracy charged in this Information was carried out, in
14 part, in the Northern District of California, within the five years preceding the filing of this
15 Information.

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

17 COUNT FOUR: 18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud (Alameda County)

18 THE CONSPIRACY

19 20. Beginning as early as April 2009 and continuing until in or about November 2009
20 in Alameda County in the Northern District of California, the defendant, LESLIE GEE, and
21 co-conspirators did willfully and knowingly combine, conspire, and agree with each other to
22 violate Title 18, United States Code, Section 1341, namely, to knowingly devise and intend to
23 devise and participate in a scheme and artifice to defraud beneficiaries, and to obtain money and
24 property from beneficiaries by means of materially false and fraudulent pretenses,
25 representations, and promises.

26 21. The objects of the conspiracy were to fraudulently acquire title to selected
27 properties sold at public auctions in Alameda County, to make and receive payoffs, and to divert
28 money to conspirators that would have gone to the beneficiaries.

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22. Various entities and individuals, not made defendants in this Count, participated as co-conspirators in the offense charged and performed acts and made statements in furtherance thereof.

MEANS AND METHODS

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

- a. purchasing selected properties at public auctions at suppressed prices;
- b. in some instances, negotiating payoffs with one or more conspirators not to compete;
- c. in many other instances, holding second, private auctions, at or near the courthouse steps where the public auctions were held, frequently referred to as “rounds,” open only to members of the conspiracy, to bid for title to the selected properties;
- d. awarding the selected properties to the conspirators who submitted the highest bids at the second, private auctions;
- e. transferring the right to title to the selected properties into the names of the conspirators who submitted the highest bids at the second, private auctions;
- f. paying conspirators monies that otherwise would have gone to beneficiaries, using either a predetermined formula based on the bidding at the second, private auction or through direct negotiations among the conspirators;
- g. taking steps to conceal the fact that monies were diverted from the beneficiaries to the conspirators;
- h. making and causing to be made materially false and misleading statements on records of public auctions that trustees relied upon to distribute proceeds from the public auction to the beneficiaries and convey title to properties sold at the public auction; and
- i. causing the suppressed purchase price to be reported and paid to the beneficiaries.

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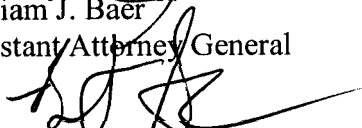
24. For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendant and co-conspirators knowingly used and caused to be used the United States Postal Service and private or commercial interstate carriers. For example, trustees used the United States mail and private or commercial interstate carriers to transmit the Trustee's Deeds Upon Sale and other title documents to participants in the conspiracy. These mailings were foreseeable to the defendant in the ordinary course of business.

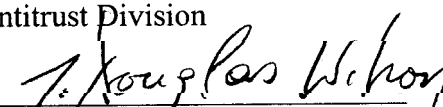
JURISDICTION AND VENUE

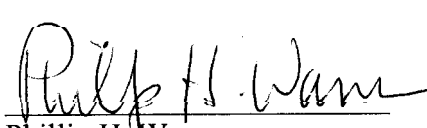
25. The combination, conspiracy, and agreement to violate Title 18, United States Code, Section 1341 charged in this Information was carried out, in part, in the Northern District of California, within the five years preceding the filing of this Information.

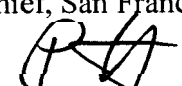
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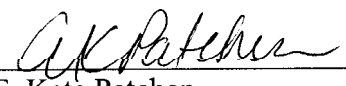

William J. Baer
Assistant Attorney General


Brent Snyder
Deputy Assistant Attorney General
United States Department of Justice
Antitrust Division


Brian J. Stretch
Attorney for the United States
Acting under Authority Conferred
by 28 U.S.C. § 515


Phillip H. Warren
Chief, San Francisco Office


Peter K. Huston
Assistant Chief, San Francisco Office


E. Kate Patchen
Albert B. Sambat
Micah L. Wyatt
Gabriel R. Martinez
Jeane Hamilton
Trial Attorneys
U.S. Department of Justice
Antitrust Division