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OAKLAND

E-11111111

Attorneys for the United States

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

UNITED STATES OF AMERICA

v.

BARRY HEISNER,

Defendant.

) Criminal No. **CR12-00084**  
)  
) **INFORMATION**  
)  
) VIOLATIONS: 15 U.S.C. § 1 –  
) Bid Rigging (Count One);  
) 18 U.S.C. § 1349 – Conspiracy to  
) Commit Mail Fraud (Count Two); 18  
) U.S.C. § 981(a)(1)(C) and 28 U.S.C. §  
) 2461(c) – Forfeiture  
)  
)

**PJH**

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

BARRY HEISNER,

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

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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

7 THE COMBINATION AND CONSPIRACY

8 2. Beginning as early as August 2008 and continuing until in or about January 2011,  
9 the defendant BARRY HEISNER and co-conspirators entered into and engaged in a combination  
10 and 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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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

16                              THE CONSPIRACY

17           8.       Beginning as early as August 2008 and continuing until in or about January 2011  
18 in Contra Costa County in the Northern District of California, the defendant BARRY HEISNER  
19 and 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  
28 as co-conspirators in the offense charged and performed acts and made statements in furtherance

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thereof.

### MEANS AND METHODS

11. 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.

12. 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

13. 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.

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

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

14. Paragraph 1 and Paragraphs 8 through 13 are hereby re-alleged as if fully set forth here for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

15. Upon conviction of the offense alleged in Count Two of this Information, the defendant:

BARRY HEISNER,

shall forfeit to the United States pursuant to Title 18, United State Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property constituting, or derived from, proceeds the defendant obtained directly or indirectly as the result of said violation, including a monetary forfeiture judgment in the amount of \$524,039.


16. If, as a result of any act or omission of the defendant, any of said property:


- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

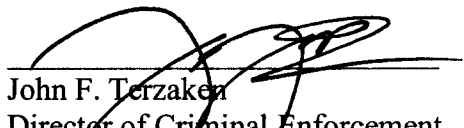
any and all interest that the defendant has in any other property, up to the value of the property described in Paragraph 15 above, shall be forfeited to the United States pursuant to Title 21,

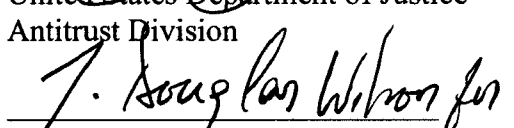
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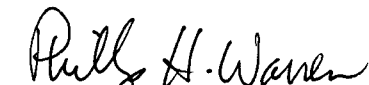
1 United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section  
2 2461(c).

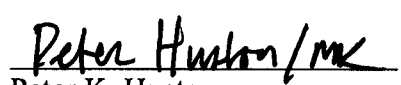
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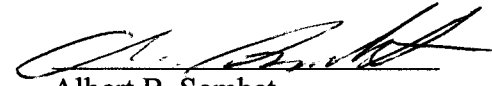
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