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FILED

JUN 27 2013

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OAKLAND

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11
12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14 OAKLAND DIVISION

CR13-00412 YGR

15) Criminal No.
16 UNITED STATES OF AMERICA)
17)

) **INFORMATION**

18 v.

) VIOLATIONS: 15 U.S.C. § 1 –

) Bid Rigging (Count One);

) 18 U.S.C. § 1349 – Conspiracy to

) Commit Mail Fraud (Count Two)

19
20 STAN KAHAN,

21 Defendant.
22)

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

24 STAN KAHAN,

25 the defendant herein, as follows:

26 BACKGROUND

27 1. At all times relevant to this Information, when California homeowners defaulted
28 on their mortgages, mortgage holders could institute foreclosure proceedings and sell the

1 properties through non-judicial public real estate foreclosure auctions (“public auctions”). These
2 public auctions were governed by California Civil Code, Section 2924, *et seq.* Typically, a
3 trustee was appointed to oversee the public auctions. These public auctions usually took place at
4 or near the courthouse of the county in which the properties were located. The auctioneer, acting
5 on behalf of the trustee, sold the property to the bidder offering the highest purchase price.
6 Proceeds from the sale were then used to pay the mortgage holders, other holders of debt secured
7 by the property, and, in some cases, the defaulting homeowner (collectively, “beneficiaries”).

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

9 THE COMBINATION AND CONSPIRACY

10 2. Beginning as early as November 2008 and continuing until in or about May 2010,
11 the defendant, STAN KAHAN, and co-conspirators entered into and engaged in a combination
12 and conspiracy to suppress and restrain competition by rigging bids to obtain selected properties
13 offered at public auctions in Alameda County in the Northern District of California, in
14 unreasonable restraint of interstate trade and commerce, in violation of the Sherman Act, Title
15 15, United States Code, Section 1.

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

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

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

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

27 c. refraining from or stopping bidding for the selected properties at the
28 public auctions.

1 5. Various entities and individuals, not made defendants in this Count, participated
2 as co-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 his 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 (Alameda County)

16 THE CONSPIRACY

17 8. Beginning as early as November 2008 and continuing until in or about May 2010
18 in Alameda County in the Northern District of California, the defendant, STAN KAHAN, and
19 his 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 Alameda County, to make and receive payoffs, and to divert
26 money to conspirators that would have gone to the beneficiaries.

27 //

28 //

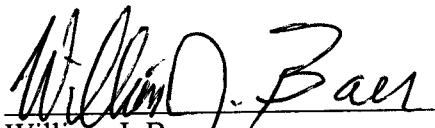
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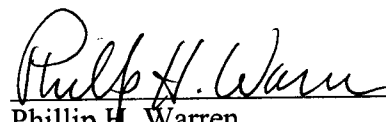
1 12. For the purpose of executing the scheme and artifice to defraud and attempting to
2 do so, the defendant and his co-conspirators knowingly used and caused to be used the United
3 States Postal Service and private or commercial interstate carriers. For example, trustees used
4 the United States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

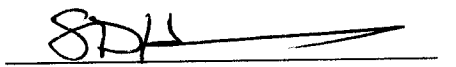
7 JURISDICTION AND VENUE

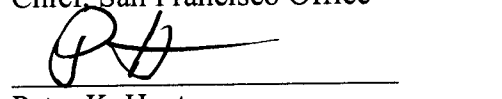
8 13. The combination, conspiracy, and agreement to violate Title 18, United States
9 Code, Section 1341 charged in this Information was carried out, in part, in the Northern District
10 of California, within the five years preceding the filing of this Information.

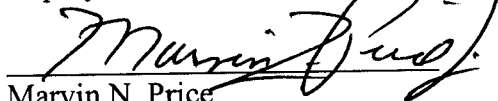
11 ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349.

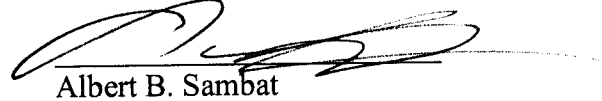
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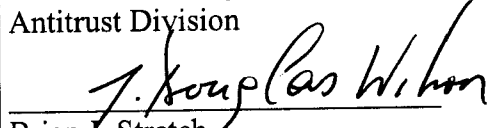

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