UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

v.

MIKE MAKHANI, also known as "Kamran Makhani,"

Defendant.

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INFORMATION

Cr. No. 98-808
(T. 15, U.S.C., § 1;
T. 26, U.S.C., § 7206(1); and
T. 18, U.S.C., § 3551 et seq.)

Filed: 10/13/98

THE UNITED STATES CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

The Defendant

1. The defendant MIKE MAKHANI, also known as "Kamran Makhani," resided in Kings Point, New York. The defendant MIKE MAKHANI was a real estate speculator doing business in Queens, New York. At various times the defendant MIKE MAKHANI was an officer and owner of Regional Organization Corp., New York Organization Corp., International Mortgage Center, Urban International of Queens, and Amha International. These businesses were located in Queens, New York.

Foreclosure Proceedings

2. In Queens County, New York, foreclosure proceedings were initiated by the mortgage holder (generally a bank) suing the property owner for defaulting on the mortgage loan and seeking to foreclose on the property that secured the loan. When a judgment was

rendered for a mortgage holder, the amount generally included, among other things, the remaining balance on the loan secured by the mortgage, interest, and penalties.

3. Once a mortgage holder obtained a judgment, the judge presiding over the foreclosure proceeding would appoint a Referee to conduct a sale of the property by public auction. The Referee was responsible for providing the notice required by New York state law that there would be a foreclosure auction on the date and time specified in the notice. The Referee then held the public foreclosure auction. The foreclosure auctions were usually held at the Queens County Courthouse, located on Sutphin Boulevard in Jamaica, New York.

4. The bidding at a public foreclosure auction typically opened at the mortgage holder's "upset price." The upset price was sometimes the amount of the judgment obtained by the mortgage holder against the property owner, but was often less, depending on market conditions or the condition of the property. The Referee sought the highest price possible at the public foreclosure auction by soliciting open and competitive bidding from potential purchasers and selecting the highest bid as the price at which to sell the property.

5. Immediately after the auction, the highest bidder paid a 10% deposit to the Referee by cashier's or certified check. The Referee and the highest bidder then completed the "Terms of Sale." The Terms of Sale included, among other things, the property's address, the date of the auction, the name of the highest bidder, the amount of the winning bid, and the amount of the deposit paid. The highest bidder needed the Terms of Sale to complete the settlement of the property transaction (also called "closing"), which usually occurred within 30 days of the auction. Once the closing was completed, the highest bidder took title to the property.

6. At the closing on a property purchased at a public foreclosure auction, the Referee was responsible for obtaining the balance due on the property from the successful bidder or his assignee. The Referee was also then responsible for distributing the proceeds to the mortgage holder in total or partial satisfaction of the judgment. Any money paid for the property above the amount owed to the mortgage holder represented a "surplus," which the Referee would then deposit with the Queens County Clerk. Other lienholders and the foreclosed property owner could then make a claim on that surplus money.

The Conspiracy's Effect on Interstate Commerce

7. The defendant MIKE MAKHANI and his co-conspirators regularly bought residential properties at foreclosure auctions held at the Queens County Courthouse.

8. Many mortgage holders involved in the foreclosure auctions in Queens County were either out-of-state lenders or New York lenders with out-of-state mortgage processing operations. Consequently, in connection with many properties purchased at public foreclosure auctions by the defendant or his co-conspirators pursuant to the conspiracy charged in Count One below, money and documents moved across state lines as part of those transactions. Those business activities were within the flow of, and substantially affected, interstate trade and commerce.

COUNT ONE - SHERMAN ACT CONSPIRACY

9. Paragraphs one through eight are realleged and incorporated by reference as though fully set forth herein.

10. In or about and between January 1992 and February 1997, both dates being approximate and inclusive, the defendant MIKE MAKHANI, also known as "Kamran

Makhani," and others entered into and engaged in a combination and conspiracy that illegally restrained interstate trade and commerce in violation of Section 1 of the Sherman Act. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendant and co-conspirators, the substantial term of which was to suppress competition by refraining from full competitive bidding at certain public foreclosure auctions held in Queens County, in the Eastern District of New York.

11. It was part of the conspiracy that the defendant MIKE MAKHANI and his co-conspirators agreed not to bid against each other at public foreclosure auctions at the Queens County Courthouse. As a result, the conspirators purchased auctioned property at prices lower than would have resulted from a fully competitive auction, thereby depriving mortgage holders, lienholders, and property owners of the full value of the auctioned property.

12. It was further part of the conspiracy that after the public foreclosure auction, the defendant MIKE MAKHANI and his co-conspirators would hold a second, private auction, open only to the conspirators and generally conducted by written bid, in which the conspirators would bid to acquire the foreclosed property at a price higher than the price paid by the conspirators' designated bidder at the public foreclosure auction.

13. It was further part of the conspiracy that the defendant MIKE MAKHANI and his co-conspirators would award the property to the conspirator with the highest bid at the private auction. The conspirators would then divide among themselves the difference between the prices paid at the public foreclosure auction and the private auction.

14. It was further part of the conspiracy that following the private auction, the conspirator who was the highest bidder at the public foreclosure auction would assign his right to purchase the property to the conspirator who was the highest bidder at the private auction.

15. It was further part of the conspiracy that the conspirator who submitted the highest bid during the private auction could thereafter: (1) proceed to close on the property with the Referee at the price set during the rigged, public auction, or (2) sell his right to close on the property at the price set during the rigged auction to a third party.

(Title 15, United States Code, Section 1; Title 18 United States Code, Section 3551 et seq.)

COUNT TWO - SUBSCRIPTION OF A FALSE TAX RETURN

16. On or about August 18, 1994, within the Eastern District of New York, the defendant MIKE MAKHANI, also known as "Kamran Makhani," did knowingly and willfully make and subscribe a 1993 U.S. Individual Income Tax Return (Form 1040) on behalf of himself, which was verified by a written declaration that it was made under penalties of perjury and was filed with the Director, Internal Revenue Service Center at Holtsville, New York, which return he did not believe to be true and correct as to every material matter, in that said 1993 U.S. Income Tax Return stated

that his adjusted gross income was $29,515, whereas, as he then and there well knew and believed, his adjusted gross income for 1993 was substantially higher than reported.

(Title 26, United States Code, Section 7206(1); Title 18, United States Code, Section 3551 et seq.)

_____”/s/”_____
ZACHARY W. CARTER
United States Attorney

_____”/s/”_____
JOEL I. KLEIN
Assistant Attorney General

_____”/s/”_____
RALPH T. GIORDANO
Chief, New York Office

U.S. Department of Justice
Antitrust Division