

FILED IN OPEN COURT  
U.S.D.C. - Atlanta

JUN 07 2016

JAMES N. HATTEN, Clerk  
By: *[Signature]* Deputy Clerk

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

UNITED STATES OF AMERICA	)	
	)	Criminal No. 1:16-CR-195
v.	)	
	)	Filed: June 7, 2016
JEFFREY WAYNE BROCK,	)	
DAVID WALLACE DOUGHTY	)	
a/k/a CHUCK DOUGHTY, and	)	Violations:
STANLEY RALPH SULLIVAN,	)	15 U.S.C. § 1
	)	18 U.S.C. § 1349
Defendants	)	

CRIMINAL INFORMATION

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

1. JEFFREY WAYNE BROCK is hereby made a defendant on the charges stated below.
2. DAVID WALLACE DOUGHTY a/k/a CHUCK DOUGHTY is hereby made a defendant on the charges stated below.
3. STANLEY RALPH SULLIVAN is hereby made a defendant on the charges stated below.

BACKGROUND

4. When Georgia homeowners default on their mortgages, the mortgage holder, some of whom are financial institutions, can institute foreclosure proceedings through a non-judicial public real estate foreclosure auction (“public auction”). These public auctions typically take place at the county courthouse. At the auction, an auctioneer sells the property to the bidder

offering the highest purchase price. Proceeds from the sale are then used to pay off the mortgage and other debt attached to the property. Any remaining proceeds are paid to the homeowner.

DEFENDANTS AND CO-CONSPIRATORS

5. During the period covered by this Information, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN were engaged in the business of buying real estate at public auctions in the Northern District of Georgia and rehabilitating, selling, or renting the foreclosure properties for an economic benefit.

6. Various entities and individuals, not made defendants in this Information, participated as co-conspirators in the offenses charged herein and performed acts and made statements in furtherance thereof.

COUNT ONE – BID-RIGGING CONSPIRACY

(15 U.S.C. § 1)

7. Each and every allegation contained in Paragraphs 1-6 of this Information is hereby realleged as if fully set forth in this Count.

DESCRIPTION OF THE OFFENSE

8. Beginning at least as early as June 5, 2007, and continuing thereafter until at least January 18, 2012, the exact dates being unknown to the United States, in Cobb County in the Northern District of Georgia and elsewhere, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators knowingly entered into and engaged in a combination and conspiracy to suppress and restrain competition by rigging bids to obtain selected properties offered at public auctions in Cobb County in the Northern District of Georgia (“rigged foreclosure properties”), in unreasonable restraint of

interstate trade and commerce, in violation of the Sherman Act, Title 15, United States Code, Section 1.

9. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators, to suppress competition by agreeing to refrain from or stop bidding against each other to purchase rigged foreclosure properties at non-competitive prices.

MEANS AND METHODS OF THE CONSPIRACY

10. For the purpose of forming and carrying out the charged combination and conspiracy, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators did those things that they combined and conspired to do, including, among other things:

- a. agreeing not to compete against each other to purchase rigged foreclosure properties;
- b. designating which co-conspirator would bid on the rigged foreclosure properties and which co-conspirators would refrain from bidding; and
- c. refraining from or stopping bidding for rigged foreclosure properties.

TRADE AND COMMERCE

11. During the period covered by this Count, the business activities of defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators that are the subject of this Count were within the flow of, and substantially affected, interstate trade and commerce. For example, financial institutions located

in states other than Georgia received proceeds from the public auctions that were subject to the bid-rigging conspiracy.

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

COUNT TWO - CONSPIRACY TO COMMIT BANK FRAUD

(18 U.S.C. § 1349)

The United States further charges:

12. Each and every allegation contained in Paragraphs 1-6 of this Information is hereby realleged as if fully set forth in this Count.

DESCRIPTION OF THE OFFENSE

13. Beginning at least as early as June 5, 2007, and continuing thereafter until at least January 18, 2012, the exact dates being unknown to the United States, in Cobb County in the Northern District of Georgia, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators did willfully and knowingly combine, conspire, and agree with each other to violate Title 18, United States Code, Section 1344, namely, to knowingly execute and attempt to execute a scheme and artifice (1) to defraud financial institutions, as defined by Title 18, United States Code, Sections 20 and 27; and (2) to obtain moneys, funds, assets, and other property owned by, and under the custody and control of, financial institutions, as defined by Title 18, United States Code, Sections 20 and 27, by means of false and fraudulent pretenses, representations, and promises.

14. The objects of the conspiracy were, among other things, to fraudulently acquire title to rigged foreclosure properties at artificially suppressed prices; to make payoffs to and

receive payoffs from co-conspirators; and to divert money away from financial institutions, homeowners, or others with a legal interest in rigged foreclosure properties.

MEANS AND METHODS OF THE CONSPIRACY

15. For the purpose of forming and carrying out the charged combination and conspiracy, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators did those things that they combined and conspired to do, including, among other things:

- a. purchasing rigged foreclosure properties at public auctions at artificially suppressed prices;
- b. negotiating payoffs with each other and with one or more co-conspirators in exchange for agreements not to compete at public auctions;
- c. conducting secret, second auctions, open only to co-conspirators, to bid for title to rigged foreclosure properties;
- d. awarding rigged foreclosure properties to co-conspirators who submitted the highest bids at the secret, second auctions;
- e. transferring title to rigged foreclosure properties into the names of co-conspirators who submitted the highest bids at the secret, second auctions;
- f. distributing payoffs to co-conspirators that otherwise would have gone to financial institutions, homeowners, and others with a legal interest in the rigged foreclosure properties, in an amount based on a predetermined formula agreed upon by co-conspirators or through direct negotiations between co-conspirators;

g. making and causing to be made materially false and misleading pretenses and representations to agents of the foreclosing financial institutions and others involved in the auction and sale of the rigged foreclosure properties; and

h. causing artificially suppressed purchase prices to be reported and paid to financial institutions and others with a legal interest in rigged foreclosure properties.

OVERT ACTS

16. In furtherance of the conspiracy and to effect the illegal objects thereof, defendants JEFFREY WAYNE BROCK, DAVID WALLACE DOUGHTY, and STANLEY RALPH SULLIVAN and co-conspirators committed overt acts in the Northern District of Georgia and elsewhere, including, but not limited to, those acts stated in Paragraph 15 of this Count.

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

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Date: June 7, 2016



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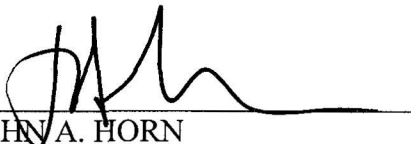


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