

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

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UNITED STATES OF AMERICA)

v.)

ALLEN K. FRENCH,)

Defendant.)

) **CRIMINAL NO. 11-00251-CG**

SOUTHERN DISTRICT
OF ALABAMA

CRIMINAL INFORMATION

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

1. ALLEN K. FRENCH is hereby made a defendant on the charge stated below.

BACKGROUND

2. When Alabama homeowners default on their mortgages, the lender or loan servicer can institute foreclosure proceedings through a non-judicial public foreclosure 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.

DEFENDANT AND CO-CONSPIRATORS

3. During the period covered by this Information, the defendant was an agent of Co-conspirator Company A and Co-conspirator Company B, both of which are real estate investment companies organized and existing under the laws of the state of Alabama, with their principal places of business in Mobile, Alabama. The defendant, Co-conspirator Company A, and Co-conspirator Company B were engaged in the business of buying real estate at foreclosure auctions in the Southern District of Alabama and rehabilitating, selling, or renting the foreclosure properties for an economic benefit.

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

5. Whenever in this Information reference is made to any act, deed, or transaction of any company, the allegation means that the company engaged in the act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

DESCRIPTION OF THE OFFENSE

6. Beginning at least as early as May 2001, and continuing thereafter until at least March 2010, the exact dates being unknown to the United States, the defendant and co-conspirators entered into and engaged in a combination and conspiracy to suppress and eliminate competition by rigging bids and engaging in other collusive and fraudulent activities in order to obtain selected real estate offered at real estate foreclosure auctions in the Southern District of Alabama. The combination and conspiracy engaged in by the defendant and co-conspirators unreasonably restrained interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. §1).

7. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendant and co-conspirators, the substantial terms of which were:

a. to suppress competition by agreeing to refrain from full competitive bidding against each other to obtain title to selected real estate offered at public real estate foreclosure auctions in the Southern District of Alabama;

b. to make payoffs to, and receive payments from, one another in return for suppressing competition for selected real estate offered at public real estate foreclosure auctions;

c. to cause financial institutions, lienholders, and/or homeowners to receive less than the full and competitive price for properties sold through real estate foreclosure auctions; and

d. to obtain title to selected real estate sold at non-competitive, rigged prices.

MEANS AND METHODS OF THE CONSPIRACY

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

a. agreeing, during meetings, conversations, and communications, to rig bids to obtain title to selected real estate offered at public real estate foreclosure auctions in the Southern District of Alabama;

b. designating which co-conspirator would bid on the selected real estate at the public real estate foreclosure auctions for the group of co-conspirators;

- c. refraining from bidding on selected real estate at the public real estate foreclosure auctions;
- d. making payoffs to co-conspirators in exchange for agreements not to bid at the public real estate foreclosure auctions;
- e. receiving payoffs from co-conspirators in exchange for agreements not to bid at public real estate foreclosure auctions;
- f. conducting secret, second auctions of the rigged foreclosed properties, open only to members of the conspiracy, to bid for title to the rigged foreclosure properties;
- g. awarding the rigged foreclosed properties to the co-conspirators who submitted the highest bids at the secret, second auctions;
- h. in some cases, transferring title to rigged foreclosure properties into the names of the co-conspirators who submitted the highest bids at the secret, second auctions; and
- i. distributing the proceeds of the secret, second auctions, including cash payoffs, to members of the conspiracy based upon a predetermined formula agreed to by the members of the conspiracy.

TRADE AND COMMERCE

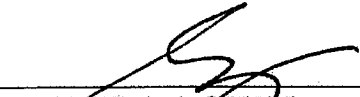
9. During the period covered by this Information, the business activities of the defendant and his co-conspirators that are the subject of this Information were within the flow of, and substantially affected, interstate trade and commerce. For example, financial institutions located in states other than Alabama received proceeds from the public real estate foreclosure auctions that were subject to the bid-rigging conspiracy. In addition, documents relating to the auction process were sent between Alabama and other states.

JURISDICTION AND VENUE

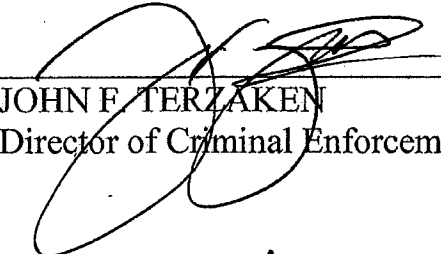
10. The combination and conspiracy charged in this Information was carried out, in part, in the Southern District of Alabama, Southern Division, within the five years preceding the filing of this Information.


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

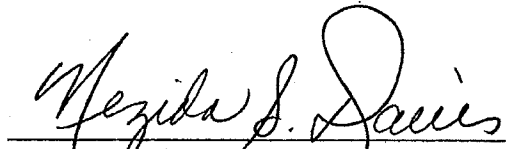
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