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FILED

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CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

11 Attorneys for the United States

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

15 UNITED STATES OF AMERICA

No. CR 14-00593 PJH

16 v.

PLEA AGREEMENT

17 CHUNG LI CHENG, a/k/a GEORGE CHENG,  
18 Defendant.

19 The United States of America and Chung Li Cheng (“defendant”) hereby enter into the  
20 following Plea Agreement pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal  
21 Procedure (“Fed. R. Crim. P.”):

RIGHTS OF DEFENDANT

22 1. The defendant understands his rights:

- 23 (a) to be represented by an attorney;
- 24 (b) to be charged by indictment;
- 25 (c) to plead not guilty to any criminal charge brought against him;
- 26 (d) to have a trial by jury, at which he would be presumed not guilty of the

27 charge and the United States would have to prove every essential element of the charged offense  
28 beyond a reasonable doubt for him to be found guilty;

1 (e) to confront and cross-examine witnesses against him and to subpoena  
2 witnesses in his defense at trial;

3 (f) not to be compelled to incriminate himself;

4 (g) to appeal his conviction, if he is found guilty; and

5 (h) to appeal the imposition of sentence against him.

6 AGREEMENT TO PLEAD GUILTY AND WAIVE CERTAIN RIGHTS

7 2. The defendant knowingly and voluntarily waives the rights set out in Paragraph  
8 1(b)-(g), above. The defendant also knowingly and voluntarily waives the right to file any  
9 appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal  
10 under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2241 or § 2255, that challenges the  
11 sentence imposed by the Court if that sentence is consistent with or below the Sentencing  
12 Guidelines range stipulated by the parties in Paragraph 9 of this Plea Agreement, regardless of  
13 how the sentence is determined by the Court. This Agreement does not affect the rights or  
14 obligations of the United States as set forth in 18 U.S.C. § 3742(b). Nothing in this paragraph,  
15 however, shall act as a bar to the defendant perfecting any legal remedies he may otherwise have  
16 on appeal or collateral attack respecting claims of ineffective assistance of counsel or  
17 prosecutorial misconduct. Pursuant to Fed. R. Crim. P. 7(b), the defendant will waive indictment  
18 at arraignment and will plead guilty to a four-count Information to be filed in the United States  
19 District Court for the Northern District of California. Count One of the Information charges the  
20 defendant with participating in a conspiracy to suppress and restrain competition by rigging bids  
21 to obtain selected properties offered at public real estate foreclosure auctions in Alameda  
22 County, in the Northern District of California (“the Alameda County selected properties”), in  
23 unreasonable restraint of interstate trade and commerce, in violation of the Sherman Act, 15  
24 U.S.C. § 1, beginning as early as May 2008 and continuing until in or about January 2011  
25 (“relevant period”). Count Two of the Information charges the defendant with conspiracy to  
26 commit mail fraud in violation of 18 U.S.C. § 1349, in Alameda County, California, during the  
27 relevant period. Count Three of the Information charges the defendant with participating in a  
28 conspiracy to suppress and restrain competition by rigging bids to obtain selected properties

1 offered at public real estate foreclosure auctions in Contra Costa County in the Northern District  
2 of California (“the Contra Costa County selected properties”), in unreasonable restraint of  
3 interstate trade and commerce, in violation of the Sherman Act, 15 U.S.C. § 1, beginning as early  
4 as August 2008 and continuing until in or about January 2011 (“second relevant period”). Count  
5 Four of the Information charges the defendant with conspiracy to commit mail fraud in violation  
6 of 18 U.S.C. § 1349, in Contra Costa County, California, during the second relevant period.

7 3. The defendant, pursuant to the terms of this Plea Agreement, will plead guilty to  
8 the criminal charges described in Paragraph 2, above, and will make a factual admission of guilt  
9 to the Court in accordance with Fed. R. Crim. P. 11, as set forth in Paragraph 4 below. The  
10 United States agrees that at the arraignment, it will stipulate to the release of the defendant on his  
11 personal recognizance, pursuant to 18 U.S.C. § 3142, pending the sentencing hearing in this case.

12 FACTUAL BASIS FOR CHARGED OFFENSES

13 4. The defendant agrees that he is guilty of the offenses to which he will plead  
14 guilty, and agrees that the following facts are true:

15 (a) As to Count One of the Information:

16 During the relevant period, the defendant participated in a conspiracy to rig bids to obtain  
17 the Alameda County selected properties. The primary purpose of this conspiracy was to  
18 suppress and restrain competition to purchase the Alameda County selected properties at  
19 non-competitive prices. To carry out their conspiracy, the defendant and his co-conspirators  
20 agreed not to compete to purchase the Alameda County selected properties, designated which  
21 conspirator would win the Alameda County selected properties at the public auctions for the  
22 group of conspirators, and refrained from or stopped bidding on the Alameda County selected  
23 properties at the public auctions.

24 During the relevant period, the business activities of the defendant and his  
25 co-conspirators were within the flow of, and substantially affected, interstate trade and  
26 commerce. For example, mortgage holders located in states other than California received  
27 proceeds from the public real estate foreclosure auctions that were subject to the bid-rigging  
28 conspiracy.

1 During the relevant period, the conspiratorial activities described above took place in the  
2 Northern District of California, and the real estate that was the subject of this conspiracy was  
3 located in this District.

4 (b) As to Count Two of the Information:

5 During the relevant period, the defendant and his co-conspirators willfully and knowingly  
6 agreed to devise and intended to devise and to participate in a scheme and artifice to defraud  
7 mortgage holders, other holders of debt secured by the selected properties, and, in some cases,  
8 the defaulting homeowners (collectively, “beneficiaries”), and to obtain money and property  
9 from them by means of materially false and fraudulent pretenses, representations, and promises.  
10 The objects of the conspiracy were to fraudulently acquire title to the Alameda County selected  
11 properties, to make and receive payoffs, and to divert money to conspirators that would have  
12 gone to the beneficiaries. Among other things, the defendant and his co-conspirators executed a  
13 deceptive scheme by purchasing the selected properties at public auctions at suppressed prices;  
14 in some instances, negotiating payoffs with one or more conspirators not to compete; in many  
15 other instances, holding second, private auctions, open only to members of the conspiracy, to bid  
16 for title to the Alameda County selected properties; awarding the Alameda County selected  
17 properties to the conspirators who submitted the highest bids at the second, private auctions;  
18 transferring the right to title to the Alameda County selected properties into the names of the  
19 conspirators who submitted the highest bids at the second, private auctions; paying conspirators  
20 monies that otherwise would have gone to the beneficiaries, using either a predetermined  
21 formula based on the bidding at the second, private auction or through direct negotiations among  
22 the conspirators; taking steps to conceal the fact that monies were diverted from the beneficiaries  
23 to the conspirators; making and causing to be made materially false and misleading statements  
24 on records of public auctions that trustees relied upon to distribute proceeds from the public  
25 auction to the beneficiaries and convey title to properties sold at the public auction; and causing  
26 the suppressed purchase price to be reported and paid to the beneficiaries.

27 The defendant and others, for the purpose of executing the conspiracy described above  
28 and attempting to do so, knowingly used and caused to be used the United States Postal Service

1 and private or commercial interstate carriers. For example, trustees used the United States mail  
2 and private or commercial interstate carriers to transmit Trustee's Deeds Upon Sale and other  
3 title documents to participants in the conspiracy. These mailings were foreseeable to the  
4 defendant in the ordinary course of business.

5 During the relevant period, the real estate that was the subject of this conspiracy was  
6 located in the Northern District of California.

7 (c) As to Count Three of the Information:

8 During the second relevant period, the defendant participated in a conspiracy to rig bids  
9 to obtain the Contra Costa County selected properties. The primary purpose of this conspiracy  
10 was to suppress and restrain competition to purchase the Contra Costa County selected properties  
11 at non-competitive prices. To carry out their conspiracy, the defendant and his co-conspirators  
12 agreed not to compete to purchase the Contra Costa County selected properties, designated  
13 which conspirator would win the Contra Costa County selected properties at the public auctions  
14 for the group of conspirators, and refrained from or stopped bidding on the Contra Costa County  
15 selected properties at the public auctions.

16 During the second relevant period, the business activities of the defendant and his  
17 co-conspirators were within the flow of, and substantially affected, interstate trade and  
18 commerce. For example, mortgage holders located in states other than California received  
19 proceeds from the public real estate foreclosure auctions that were subject to the bid-rigging  
20 conspiracy.

21 During the second relevant period, the conspiratorial activities described above took  
22 place in the Northern District of California, and the real estate that was the subject of this  
23 conspiracy was located in this District.

24 (d) As to Count Four of the Information:

25 During the second relevant period, the defendant and his co-conspirators willfully and  
26 knowingly agreed to devise and intended to devise and to participate in a scheme and artifice to  
27 defraud beneficiaries, and to obtain money and property from them by means of materially false  
28 and fraudulent pretenses, representations, and promises. The objects of the conspiracy were to

1 fraudulently acquire title to the Contra Costa County selected properties, to make and receive  
2 payoffs, and to divert money to conspirators that would have gone to the beneficiaries. Among  
3 other things, the defendant and his co-conspirators executed a deceptive scheme by purchasing  
4 the Contra Costa County selected properties at public auctions at suppressed prices; in some  
5 instances, negotiating payoffs with one or more conspirators not to compete; in many other  
6 instances, holding second, private auctions open only to members of the conspiracy, to bid for  
7 title to the Contra Costa County selected properties; awarding the Contra Costa County selected  
8 properties to the conspirators who submitted the highest bids at the second, private auctions;  
9 transferring the right to title to the Contra Costa County selected properties into the names of the  
10 conspirators who submitted the highest bids at the second, private auctions; paying conspirators  
11 monies that otherwise would have gone to the beneficiaries, using either a predetermined  
12 formula based on the bidding at the second, private auction or through direct negotiations among  
13 the conspirators; taking steps to conceal the fact that monies were diverted from the beneficiaries  
14 to the conspirators; making and causing to be made materially false and misleading statements  
15 on records of public auctions that trustees relied upon to distribute proceeds from the public  
16 auction to the beneficiaries and convey title to properties sold at the public auction; and causing  
17 the suppressed purchase price to be reported and paid to the beneficiaries.

18         The defendant and others, for the purpose of executing the conspiracy described above  
19 and attempting to do so, knowingly used and caused to be used the United States Postal Service  
20 and private or commercial interstate carriers. For example, trustees used the United States mail  
21 and private or commercial interstate carriers to transmit Trustee's Deeds Upon Sale and other  
22 title documents to participants in the conspiracy. These mailings were foreseeable to the  
23 defendant in the ordinary course of business.

24         During the second relevant period, the real estate that was the subject of this conspiracy  
25 was located in the Northern District of California.

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POSSIBLE MAXIMUM SENTENCE

1  
2 5. The defendant understands that the statutory maximum penalty that may be  
3 imposed against him upon conviction for a violation of Count One or Count Three, 15 U.S.C.  
4 § 1, is:

5 (a) a term of imprisonment for ten years (15 U.S.C. § 1);

6 (b) a fine in an amount equal to the greatest of (1) \$1 million, (2) twice the  
7 gross pecuniary gain the conspirators derived from the crime, or (3) twice the gross pecuniary  
8 loss caused to the victims of the crime by the conspirators (15 U.S.C. § 1; 18 U.S.C. § 3571(b)  
9 and (d)); and

10 (c) a term of supervised release of not more than three years following any  
11 term of imprisonment. If the defendant violates any condition of supervised release, the  
12 defendant could be required to serve up to an additional two years in prison (18 U.S.C.  
13 § 3559(a)(3); 18 U.S.C. § 3583(b)(2) and (e)(3); and United States Sentencing Guidelines  
14 (“U.S.S.G.,” “Sentencing Guidelines,” or “Guidelines”) §5D1.2(a)(2)).

15 6. The defendant understands that the statutory maximum penalty that may be  
16 imposed against him upon conviction for a violation of Count Two or Count Four, 18 U.S.C.  
17 § 1349, is:

18 (a) a term of imprisonment for thirty years (18 U.S.C. § 1349);

19 (b) a fine of not more than \$1 million; and

20 (c) a term of supervised release of not more than five years following any  
21 term of imprisonment. If the defendant violates any condition of supervised release, the  
22 defendant could be required to serve up to an additional three years in prison (18 U.S.C.  
23 § 3559(a)(2); 18 U.S.C. § 3583(b)(1) and (e)(3); and U.S.S.G. §5D1.2(a)(1)).

24 (d) forfeiture of any property constituting or derived from proceeds obtained  
25 as the result of the violation (18 U.S.C. § 981(a)(1)(C) & 28 U.S.C. § 2461(c)).

26 7. In addition, the defendant understands that:

27 (a) pursuant to U.S.S.G. §5E1.1 or 18 U.S.C. § 3663(a)(3), the Court may  
28 order him to pay restitution to the victims of the offense; and



1 (b) pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order the  
 2 defendant to pay a \$100 special assessment upon conviction for each charged crime, totaling  
 3 \$400.

4 SENTENCING GUIDELINES

5 8. The defendant understands that the Sentencing Guidelines are advisory, not  
 6 mandatory, but that the Court must consider the Guidelines in effect on the day of sentencing,  
 7 along with the other factors set forth in 18 U.S.C. § 3553(a), in determining and imposing  
 8 sentence. The defendant understands that the Guidelines determinations will be made by the  
 9 Court by a preponderance-of-the-evidence standard. The defendant understands that although  
 10 the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its  
 11 sentence must be reasonable, based upon consideration of all relevant sentencing factors set forth  
 12 in 18 U.S.C. § 3553(a). Pursuant to U.S.S.G. §1B1.8, the United States agrees that self-  
 13 incriminating information that the defendant provides to the United States pursuant to this Plea  
 14 Agreement will not be used to increase the volume of affected commerce or loss attributable to  
 15 the defendant or in determining the defendant’s applicable Guidelines range, except to the extent  
 16 provided in U.S.S.G. §1B1.8(b).

17 SENTENCING AGREEMENT

18 9. The United States and the defendant agree that the following Sentencing  
 19 Guidelines apply:

20 (a) Counts One and Three (15 U.S.C. § 1):

21 Counts One and Three are grouped under U.S.S.G § 3D1.2(d) by  
 22 aggregating the volume of commerce attributable to the defendant in both  
 23 counties, for a total of \$24,704,142.00.

- 24 i. Base Offense Level, U.S.S.G. §2R1.1(a): 12
- 25 ii. Conduct involved agreement to submit non-competitive  
 26 bids, U.S.S.G. §2R1.1(b)(1): +1
- 27 iii. Volume of Commerce, U.S.S.G. §2R1.1(b)(2)(B): +4
- 28 iv. Upward adjustment for aggravating role in the  
 offense, U.S.S.G. §3B1.1(a): +4



1 Total: 21

2  
3 Fine calculated as one to five percent of the volume  
4 of commerce, but not less than \$20,000,  
U.S.S.G. §2R1.1(c)(1): \$247,041 to \$1,235,207

5 (b) Counts Two and Four (18 U.S.C. § 1349):

6 Counts Two and Four are grouped under U.S.S.G §3D1.2(d) by  
7 aggregating the fraud loss for the selected properties from both counties, for a  
8 total of \$4,411,853.00.

9 i. Base Offense Level, U.S.S.G. §2X1.1(a)  
10 (incorporates base offense level from Guideline  
for substantive offense, U.S.S.G. §2B1.1(a)(1)) 7

11 ii. Adjustments, U.S.S.G. §2X1.1(a)  
12 (incorporates adjustments from Guideline for  
13 substantive offense)

14 a. Loss > \$2.5 Million U.S.S.G. §2B1.1(b)(1)(J): +18

15 b. 10 or more victims, U.S.S.G. §2B1.1(b)(2)(A)(i): +2

16 c. Upward adjustment for aggravating role in the  
17 offense, U.S.S.G. §3B1.1(a): +4

18 Total: 31

19 Fine, U.S.S.G. §5E1.2(c)(3): \$15,000 to \$150,000

20 Counts One and Three group with Counts Two and Four under U.S.S.G. §3D1.2(b). According  
21 to U.S.S.G. §3D1.3(a), the combined offense level is the highest offense level between these two  
22 subgroups. Therefore, the offense level to be applied is the offense level for the subgroup  
23 consisting of Counts Two and Four, which results in a combined offense level of 31.

24 10. The United States agrees that it will make a motion, pursuant to U.S.S.G. §3E1.1,  
25 for a downward adjustment of three levels for acceptance of responsibility due to the defendant's  
26 timely notification of his intention to enter a guilty plea. Therefore, the ultimate Guidelines  
27 calculations result in an adjusted offense level of 28, for a jail term of 78 to 97 months and a fine  
28 of \$12,500 to \$125,000.

1           11.     The defendant understands that the Court will order him to pay a special  
2 assessment of \$100 per count (\$400 total) pursuant to 18 U.S.C. § 3013(a)(2)(A), in addition to  
3 any fine imposed. The parties agree that there exists no aggravating or mitigating circumstance  
4 of a kind, or to a degree, not adequately taken into consideration by the U.S. Sentencing  
5 Commission in formulating the Sentencing Guidelines justifying a departure pursuant to  
6 U.S.S.G. §5K2.0.

7           12.     The Mandatory Victim Restitution Act requires the Court to order restitution to  
8 the victims of certain offenses. The government and the defendant agree to recommend that the  
9 Court order the defendant to pay restitution in the amount of \$259,594.31 pursuant to U.S.S.G.  
10 §5E1.1(a). The defendant understands that this Plea Agreement is voidable by the government if  
11 he fails to pay the restitution as ordered by the Court. The defendant further agrees that he will  
12 not seek to discharge any restitution obligation or any part of such obligation in any bankruptcy  
13 proceeding.

14           13.     The defendant agrees that the illegally derived proceeds discussed above are  
15 subject to forfeiture. The defendant agrees to pay a forfeiture money judgment in the amount of  
16 \$209,587 in United States Currency (the "Forfeiture Money Judgment"). The defendant further  
17 agrees to make payment to the United States, as set forth in the STIPULATION AND  
18 PRELIMINARY FORFEITURE ORDER, which is attached hereto and incorporated herein by  
19 reference.

20           14.     The defendant agrees to fully assist the government in effectuating the payment of  
21 the Forfeiture Money Judgment. The defendant agrees that before or after sentencing, he will,  
22 upon request of the Court, the government, or the U.S. Probation Office, provide accurate and  
23 complete financial information, submit sworn statements and give depositions under oath  
24 concerning his assets and his ability to pay, surrender assets he obtained as a result of his crimes,  
25 and release funds and property under his control in order to pay any fine, forfeiture, or  
26 restitution. If the United States discovers that the defendant has failed to disclose in any  
27 financial statement he submits, assets in which he has any interest, the defendant consents to the  
28

1 forfeiture of such undisclosed assets to the United States in order to satisfy the Forfeiture Money  
2 Judgment.

3 15. The defendant agrees that the Forfeiture Money Judgment constitutes proceeds as  
4 defined in 18 U.S.C. § 981(a)(2) and/or are substitute assets as defined in 21 U.S.C. § 853(p),  
5 that the defendant obtained directly or indirectly as a result of violations of 18 U.S.C. § 1349,  
6 and thus are subject to forfeiture to the United States upon his guilty plea pursuant to this  
7 Agreement.

8 16. The United States and the defendant are not aware of any information that would  
9 affect the defendant's Criminal History Category. If no other information were discovered, the  
10 defendant's Criminal History Category would be I. The parties understand that the defendant's  
11 Criminal History Category is determined by the Court.

12 17. The defendant understands that the sentence to be imposed on him is within the  
13 sole discretion of the sentencing judge. The United States cannot and does not make any  
14 promises or representations as to what sentence the defendant will receive. However, the United  
15 States will inform the Probation Office and the Court of (a) this Agreement; (b) the nature and  
16 extent of the defendant's activities in this case and all other activities of the defendant that the  
17 United States deems relevant to sentencing; and (c) the nature and extent of the defendant's  
18 cooperation with the United States. In so doing, the United States may use any information it  
19 deems relevant, including information provided by the defendant both prior and subsequent to  
20 the signing of this Agreement. The United States reserves the right to make any statement to the  
21 Court or the Probation Office concerning the nature of the criminal violations charged in the  
22 attached Information, the participation of the defendant therein, and any other facts or  
23 circumstances that it deems relevant. The United States also reserves the right to comment on or  
24 to correct any representation made by or on behalf of the defendant and to supply any other  
25 information that the Court may require.

26 18. If the United States determines that the defendant has provided substantial  
27 assistance in any Federal Proceeding, as defined in Paragraph 21 of this Plea Agreement, and has  
28 otherwise fully complied with all of the terms of this Plea Agreement, it will file a motion,

1 pursuant to U.S.S.G. §5K1.1, advising the sentencing judge of all relevant facts pertaining to that  
2 determination and requesting the Court to sentence the defendant in light of the factors set forth  
3 in U.S.S.G. §5K1.1(a)(1)-(5). The defendant acknowledges that the decision whether he has  
4 provided substantial assistance in any Federal Proceeding and has otherwise complied with the  
5 terms of this Plea Agreement is within the sole discretion of the United States. It is understood  
6 that, should the United States determine that the defendant has not provided substantial  
7 assistance in any Federal Proceeding, or should the United States determine that the defendant  
8 has violated any provision of this Plea Agreement, such a determination will release the United  
9 States from any obligation to file a motion pursuant to U.S.S.G. §5K1.1, but will not entitle the  
10 defendant to withdraw his guilty plea once it has been entered. The defendant further  
11 understands that, whether or not the United States files a motion pursuant to U.S.S.G. §5K1.1,  
12 the sentence to be imposed on him remains within the sole discretion of the sentencing judge.

13 19. Subject to the ongoing, full, and truthful cooperation of the defendant described in  
14 Paragraph 21 of this Plea Agreement, and before sentencing in the case, the United States will  
15 fully advise the Court and the Probation Office of the fact, manner, and extent of the defendant's  
16 cooperation and his commitment to prospective cooperation with the United States' investigation  
17 and prosecutions, all material facts relating to the defendant's involvement in the charged  
18 offenses, and all other relevant conduct. To enable the Court to have the benefit of all relevant  
19 sentencing information, the United States may request, and the defendant will not oppose, that  
20 sentencing be postponed until the defendant's cooperation is complete.

21 20. The United States and the defendant understand that the Court retains complete  
22 discretion to accept or reject either party's sentencing recommendation. The defendant  
23 understands that, as provided in Fed. R. Crim. P. 11(c)(3)(B), if the Court does not impose a  
24 sentence consistent with either party's sentencing recommendation, he nevertheless has no right  
25 to withdraw his plea of guilty.

#### 26 DEFENDANT'S COOPERATION

27 21. The defendant will cooperate fully and truthfully with the United States in the  
28 prosecution of this case, the conduct of the current federal investigation of violations of federal

1 antitrust and related criminal laws involving the purchase of properties at public real estate  
2 foreclosure auctions in the Northern District of California, any other federal investigation  
3 resulting therefrom, and any litigation or other proceedings arising or resulting from any such  
4 investigation to which the United States is a party (“Federal Proceeding”). The ongoing, full,  
5 and truthful cooperation of the defendant shall include, but not be limited to:

6 (a) producing all non-privileged documents, including claimed personal  
7 documents, and other materials, wherever located, in the possession, custody, or control of the  
8 defendant, requested by attorneys and agents of the United States;

9 (b) making himself available for interviews, not at the expense of the United  
10 States, upon the request of attorneys and agents of the United States;

11 (c) responding fully and truthfully to all inquiries of the United States in  
12 connection with any Federal Proceeding, without falsely implicating any person or intentionally  
13 withholding any information, subject to the penalties of making false statements (18 U.S.C.  
14 § 1001) and obstruction of justice (18 U.S.C. § 1503, *et seq.*);

15 (d) otherwise voluntarily providing the United States with any non-privileged  
16 material or information, not requested in (a)-(c) of this paragraph, that he may have that is related  
17 to any Federal Proceeding; and

18 (e) when called upon to do so by the United States in connection with any  
19 Federal Proceeding, testifying in grand jury, trial, and other judicial proceedings fully, truthfully,  
20 and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or  
21 declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C.  
22 §§ 401-402), and obstruction of justice (18 U.S.C. § 1503, *et seq.*).

23 GOVERNMENT’S AGREEMENT

24 22. Subject to the full, truthful, and continuing cooperation of the defendant described  
25 in Paragraph 21 of this Plea Agreement, and upon the Court’s acceptance of the guilty plea  
26 called for by this Plea Agreement and the imposition of sentence, the United States will not bring  
27 further criminal charges against the defendant for any act or offense committed before the date of  
28 this Plea Agreement that was undertaken in furtherance of an antitrust conspiracy or in violation

1 of any related criminal law involving the purchase of properties at public real estate foreclosure  
2 auctions in the Northern District of California (“Relevant Offenses”). The non-prosecution  
3 terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal  
4 tax or securities laws, or to any crime of violence.

5 23. The defendant understands that he may be subject to administrative action by  
6 federal or state agencies other than the United States Department of Justice, Antitrust Division,  
7 based upon the conviction resulting from this Plea Agreement, and that this Plea Agreement in  
8 no way controls whatever action, if any, other agencies may take. However, the United States  
9 agrees that, if requested, it will advise the appropriate officials of any governmental agency  
10 considering such administrative action of the fact, manner, and extent of the cooperation of the  
11 defendant as a matter for that agency to consider before determining what administrative action,  
12 if any, to take.

13 REPRESENTATION BY COUNSEL

14 24. The defendant has reviewed all legal and factual aspects of this case with his  
15 attorney and is fully satisfied with his attorney’s legal representation. The defendant has  
16 thoroughly reviewed this Plea Agreement with his attorney and has received satisfactory  
17 explanations from his attorney concerning each paragraph of this Plea Agreement and  
18 alternatives available to the defendant other than entering into this Plea Agreement. After  
19 conferring with his attorney and considering all available alternatives, the defendant has made a  
20 knowing and voluntary decision to enter into this Plea Agreement.

21 VOLUNTARY PLEA

22 25. The defendant’s decision to enter into this Plea Agreement and to tender a plea of  
23 guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises,  
24 or representations other than the representations contained in this Plea Agreement. The United  
25 States has made no promises or representations to the defendant as to whether the Court will  
26 accept or reject the recommendations contained within this Plea Agreement.

27 //

28 //



VIOLATION OF PLEA AGREEMENT

1  
2           26.     The defendant agrees that, should the United States determine in good faith,  
3 during the period that any Federal Proceeding is pending, that the defendant has failed to provide  
4 full and truthful cooperation, as described in Paragraph 21 of this Plea Agreement, or has  
5 otherwise violated any provision of this Plea Agreement, the United States will notify the  
6 defendant or his counsel in writing by personal or overnight delivery or facsimile transmission,  
7 and may also notify his counsel by telephone, of its intention to void any of its obligations under  
8 this Plea Agreement (except its obligations under this paragraph), and the defendant shall be  
9 subject to prosecution for any federal crime of which the United States has knowledge, including  
10 but not limited to, the substantive offenses relating to the investigation resulting in this Plea  
11 Agreement. The defendant may seek Court review of any determination made by the United  
12 States under this paragraph to void any of its obligations under the Plea Agreement. The  
13 defendant agrees that, in the event that the United States is released from its obligations under  
14 this Plea Agreement and brings criminal charges against the defendant for any Relevant  
15 Offenses, the statute of limitations period for such offense shall be tolled for the period between  
16 the date of the signing of this Plea Agreement and six months after the date the United States  
17 gave notice of its intent to void its obligations under this Plea Agreement.

18           27.     The defendant understands and agrees that in any further prosecution of him  
19 resulting from the release of the United States from its obligations under this Plea Agreement  
20 based on the defendant's violation of the Plea Agreement, any documents, statements,  
21 information, testimony, or evidence provided by him to attorneys or agents of the United States,  
22 federal grand juries, or courts, and any leads derived therefrom, may be used against him in any  
23 such further prosecution. In addition, the defendant unconditionally waives his right to challenge  
24 the use of such evidence in any such further prosecution, notwithstanding the protections of Fed.  
25 R. Evid. 410.

26 //  
27 //  
28 //



ENTIRETY OF AGREEMENT

28. This Plea Agreement constitutes the entire agreement between the United States and the defendant concerning the disposition of the criminal charges in this case. This Plea Agreement cannot be modified except in writing, signed by the United States and the defendant.

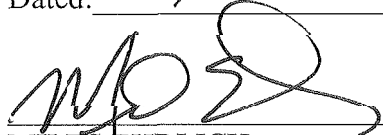
29. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

30. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.



CHUNG LI CHENG  
Defendant

Dated: 2/11/2015



MILES EHRLICH  
Ramsey & Ehrlich LLP  
Counsel for Defendant Chung Li Cheng  
803 Hearst Avenue  
Berkeley, CA 94710

Dated: 2/11/15



MICAH L. WYATT, Trial Attorney  
E. KATE PATCHEN, Assistant Chief  
MANISH KUMAR, Trial Attorney  
United States Department of Justice  
Antitrust Division

Dated: 2/12/15