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**FILED**

NOV 19 2014

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

**JST**

13 UNITED STATES DISTRICT COURT  
14 NORTHERN DISTRICT OF CALIFORNIA

15 OAKLAND **CR 14 581**

16 UNITED STATES OF AMERICA ) No.  
17 )  
18 )  
19 v. ) VIOLATIONS: 15 U.S.C. § 1 –  
20 ) Bid Rigging (Counts One, Four &  
21 ) Seven); 18 U.S.C. § 1341 – Mail Fraud  
22 ) (Counts Two, Three, Five, Six, Eight,  
23 ) Nine, & Ten); 18 U.S.C. § 981(a)(1)(C),  
24 ) 28 U.S.C. § 2461(c) – Forfeiture  
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INDICTMENT

The Grand Jury charges that:

BACKGROUND

1. At all times relevant to this Indictment, when California homeowners defaulted on their mortgages, mortgage holders could institute foreclosure proceedings and sell the properties through non-judicial public real estate foreclosure auctions (“public auctions”). These public auctions were governed by California Civil Code, Section 2924, *et seq.* Typically, a trustee was

1 appointed to oversee the public auctions. These public auctions usually took place at or near the  
2 courthouse of the county in which the properties were located. The auctioneer, acting on behalf  
3 of the trustee, sold the property to the bidder offering the highest purchase price. Proceeds from  
4 the sale were then used to pay the mortgage holders, other holders of debt secured by the  
5 property, and, in some cases, the defaulting homeowner (collectively "beneficiaries").

6 2. During the period covered by this Indictment, defendant JOHN SHIELLS was a  
7 bidder at and purchased real estate at public auctions in Alameda, Contra Costa, and San  
8 Francisco counties, California.

9 3. During the period covered by this Indictment, defendant MIGUEL DE SANZ was  
10 a bidder at and purchased real estate at public auctions in Alameda, Contra Costa, and San  
11 Francisco counties, California.

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

13 4. The following individuals are hereby indicted and made defendants on the charge  
14 contained in Count One below:

- 15 a. JOHN SHIELLS; and  
16 b. MIGUEL DE SANZ.

17 **THE COMBINATION AND CONSPIRACY**

18 5. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein  
19 as if fully set forth in this Count.

20 6. Beginning as early as June 2007 and continuing until in or about January 2011,  
21 the exact dates being unknown to the Grand Jury, the defendants, JOHN SHIELLS and MIGUEL  
22 DE SANZ, and others known and unknown to the Grand Jury, entered into and engaged in a  
23 combination and conspiracy to suppress and restrain competition by rigging bids to obtain  
24 hundreds of selected properties offered at public auctions in Alameda County in the Northern  
25 District of California, in unreasonable restraint of interstate trade and commerce, in violation of  
26 Section 1 of the Sherman Act, Title 15, United States Code.

27 7. The charged combination and conspiracy consisted of a continuing agreement,  
28 understanding, and concert of action among the defendants and co-conspirators to suppress

1 competition by refraining from and stopping bidding against each other to purchase hundreds of  
2 selected properties at public auctions in Alameda County at non-competitive prices.

3 MEANS AND METHODS

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

- 7 a. agreeing not to compete to purchase selected properties at public auctions;  
8 b. designating which conspirators would win selected properties at public  
9 auctions;  
10 c. refraining from and stopping bidding for selected properties at public  
11 auctions;  
12 d. purchasing selected properties at public auctions at artificially suppressed  
13 prices;  
14 e. negotiating, making, and receiving payoffs for agreeing not to compete  
15 with co-conspirators; and  
16 f. holding second, private auctions, known as "rounds," to determine the  
17 payoff amounts and the conspirators who would be awarded the selected  
18 properties.

19 9. Various entities and individuals, not made defendants in this Court, participated  
20 as co-conspirators in the offense charged and performed acts and made statements in furtherance  
21 thereof.

22 TRADE AND COMMERCE

23 10. The public auctions and the business activities of the defendants and co-  
24 conspirators that are the subject of this Count were within the continuous and uninterrupted flow  
25 of, and substantially affected, interstate trade and commerce. For example, during the period  
26 covered by this Count:

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- 1 a. substantial proceeds from the sale of properties purchased by the  
2 conspirators pursuant to the bid-rigging conspiracy were transmitted from  
3 locations in one state to certain beneficiaries located in other states;  
4 b. instructions regarding the terms of sale of properties that would be  
5 purchased by the conspirators pursuant to the bid-rigging conspiracy were  
6 transmitted and communicated by certain beneficiaries located in one state  
7 to trustees located in other states;  
8 c. paperwork related to the sale of properties purchased by the conspirators  
9 pursuant to the bid-rigging conspiracy was sent by trustees located in one  
10 state to certain beneficiaries located in other states, notifying them of the  
11 sale of properties in which the beneficiaries held an interest; and  
12 d. beneficiaries included companies that operated in interstate commerce.

13 JURISDICTION AND VENUE

14 11. The combination and conspiracy charged in this Count was carried out, in part, in  
15 the Northern District of California, within the five years preceding the return of this Indictment.

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

17 COUNTS TWO AND THREE: Mail Fraud 18 U.S.C. § 1341 (Alameda County)

18 The Grand Jury further charges that:

19 SCHEME TO DEFRAUD

20 12. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein  
21 as if fully set forth in these Counts.

22 13. Beginning as early as June 2007 and continuing until in or about January 2011,  
23 the exact dates being unknown to the Grand Jury, in Alameda County in the Northern District of  
24 California, the defendants, JOHN SHIELLS and MIGUEL DE SANZ, and others known and  
25 unknown to the Grand Jury, did knowingly and with intent to defraud, devise and participate in a  
26 scheme and artifice to defraud beneficiaries and to obtain money and property from beneficiaries  
27 by means of materially false and fraudulent pretenses, representations, and promises, and, for

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1 purposes of executing such scheme, did use and knowingly cause to be used the United States  
2 mail and private or commercial interstate carriers.

3 14. The purpose of the scheme was to fraudulently acquire title to hundreds of  
4 selected properties sold at public auctions in Alameda County and to divert money to co-  
5 schemers that would have gone to beneficiaries.

6 MEANS AND METHODS OF THE SCHEME TO DEFRAUD

7 15. For the purpose of forming and carrying out the charged scheme to defraud, the  
8 defendants and co-schemers did those things that they schemed to do, including, among other  
9 things:

- 10 a. holding second, private auctions, known as "rounds," to determine payoff  
11 amounts and the schemers who would be awarded the selected properties;  
12 b. making and causing to be made materially false and misleading statements  
13 that trustees relied upon to distribute proceeds to beneficiaries and to  
14 convey title to selected properties;  
15 c. paying co-schemers monies that otherwise would have gone to  
16 beneficiaries;  
17 d. concealing rounds and payoffs from trustees and beneficiaries; and  
18 e. causing the suppressed purchase prices to be reported and paid to  
19 beneficiaries.

20 USE OF THE MAILS

21 16. In order to execute the scheme and artifice to defraud, the defendants and co-  
22 schemers knowingly used and caused to be used the United States Postal Service and private or  
23 commercial interstate carriers.

24 17. On or about the dates and with respect to the individual defendants specified as to  
25 each count set forth below, the defendants and co-schemers did knowingly cause to be delivered  
26 by United States mail and private or commercial carriers, including the United States Postal  
27 Service, United Parcel Service, and FedEx, the items identified in each Count below:

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Count	Defendants	Approx. Date	To	From	Description
2	JOHN SHIELLS, MIGUEL DE SANZ	5/17/2010	3075 Prospect Park, Ste. 100, Rancho Cordova, California	Lender Processing Services, Inc.	Purchase Money and Auction Paperwork for 499 Estudillo Avenue, #104, San Leandro, California
3	JOHN SHIELLS, MIGUEL DE SANZ	6/2/2010	22538 Mission Blvd., Hayward, California	California Reconveyance Company	Trustee's Deed Upon Sale for 1007 41 <sup>st</sup> Street, #323, Emeryville, California

JURISDICTION AND VENUE

18. The scheme and artifice to defraud charged in these Counts was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1341.

**COUNT FOUR: 15 U.S.C. § 1 – Bid Rigging (Contra Costa County)**

19. The following individuals are hereby indicted and made defendants on the charge contained in Count Four below:

- a. JOHN SHIELLS; and
- b. MIGUEL DE SANZ.

THE COMBINATION AND CONSPIRACY

20. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein as if fully set forth in this Count.

21. Beginning as early as July 2008 and continuing until in or about January 2011, the exact dates being unknown to the Grand Jury, the defendants, JOHN SHIELLS and MIGUEL DE SANZ, and others known and unknown to the Grand Jury, entered into and engaged in a combination and conspiracy to suppress and restrain competition by rigging bids to obtain hundreds of selected properties offered at public auctions in Contra Costa County in the Northern District of California, in unreasonable restraint of interstate trade and commerce, in violation of Section 1 of the Sherman Act, Title 15, United States Code.



- 1 a. substantial proceeds from the sale of properties purchased by the  
2 conspirators pursuant to the bid-rigging conspiracy were transmitted from  
3 locations in one state to certain beneficiaries located in other states;  
4 b. instructions regarding the terms of sale of properties that would be  
5 purchased by the conspirators pursuant to the bid-rigging conspiracy were  
6 transmitted and communicated by certain beneficiaries located in one state  
7 to trustees located in other states;  
8 c. paperwork related to the sale of properties purchased by the conspirators  
9 pursuant to the bid-rigging conspiracy was sent by trustees located in one  
10 state to certain beneficiaries located in other states, notifying them of the  
11 sale of properties in which the beneficiaries held an interest; and  
12 d. beneficiaries included companies that operated in interstate commerce.

13 JURISDICTION AND VENUE

14 26. The combination and conspiracy charged in this Count was carried out, in part, in  
15 the Northern District of California, within the five years preceding the return of this Indictment.

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

17 COUNTS FIVE AND SIX: 18 U.S.C. § 1341 Mail Fraud (Contra Costa County)

18 The Grand Jury further charges that:

19 SCHEME TO DEFRAUD

20 27. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein  
21 as if fully set forth in these Counts.

22 28. Beginning as early as July 2008 and continuing until in or about January 2011, the  
23 exact dates being unknown to the Grand Jury, in Contra Costa County in the Northern District of  
24 California, the defendants, JOHN SHIELLS and MIGUEL DE SANZ, and others known and  
25 unknown to the Grand Jury, did knowingly and with intent to defraud, devise and participate in a  
26 scheme and artifice to defraud beneficiaries and to obtain money and property from beneficiaries  
27 by means of materially false and fraudulent pretenses, representations, and promises, and, for

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1 purposes of executing such scheme, did use and knowingly cause to be used the United States  
2 mail and private or commercial interstate carriers.

3 29. The purpose of the scheme was to fraudulently acquire title to hundreds of  
4 selected properties sold at public auctions in Contra Costa County and to divert money to co-  
5 schemers that would have gone to beneficiaries.

6 MEANS AND METHODS OF THE SCHEME TO DEFRAUD

7 30. For the purpose of forming and carrying out the charged scheme to defraud, the  
8 defendants and co-schemers did those things that they schemed to do, including, among other  
9 things:

- 10 a. holding second, private auctions, known as "rounds," to determine payoff  
11 amounts and the schemers who would be awarded the selected properties;  
12 b. making and causing to be made materially false and misleading statements  
13 that trustees relied upon to distribute proceeds to beneficiaries and to  
14 convey title to selected properties;  
15 c. paying co-schemers monies that otherwise would have gone to  
16 beneficiaries;  
17 d. concealing rounds and payoffs from trustees and beneficiaries; and  
18 e. causing the suppressed purchase prices to be reported and paid to  
19 beneficiaries.

20 USE OF THE MAILS

21 31. In order to execute the scheme and artifice to defraud, the defendants and co-  
22 schemers knowingly used and caused to be used the United States Postal Service and private or  
23 commercial interstate carriers.

24 32. On or about the dates and with respect to the individual defendants specified as to  
25 each count set forth below, the defendants and co-schemers did knowingly cause to be delivered  
26 by United States mail and private or commercial carriers, including the United States Postal  
27 Service, United Parcel Service, and FedEx, the items identified in each Count below:

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Count	Defendants	Approx. Date	To	From	Description
5	JOHN SHIELLS, MIGUEL DE SANZ	11/30/2009	22538 Mission Blvd., Hayward, California	NDEX West, L.L.C.	Trustee's Deed Upon Sale for 121 Poplar Court, Hercules, California
6	JOHN SHIELLS, MIGUEL DE SANZ	12/22/2009	22538 Mission Blvd., Hayward, California	California Reconveyance Company	Trustee's Deed Upon Sale for 2472 Millstream Lane, San Ramon, California

JURISDICTION AND VENUE

33. The scheme and artifice to defraud charged in these Counts was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1341.

**COUNT SEVEN: 15 U.S.C. § 1 – Bid Rigging (San Francisco County)**

The Grand Jury further charges that:

34. The following individuals are hereby indicted and made defendants on the charges stated in Count Seven below:

- a. JOHN SHIELLS; and
- b. MIGUEL DE SANZ.

THE COMBINATION AND CONSPIRACY

35. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein as if fully set forth in this Count.

36. Beginning as early as November 2008 and continuing until in or about January 2011, the exact dates being unknown to the Grand Jury, the defendants, JOHN SHIELLS and MIGUEL DE SANZ, and others known and unknown to the Grand Jury, entered into and engaged in a combination and conspiracy to suppress and restrain competition by rigging bids to obtain dozens of selected properties offered at public auctions in San Francisco County in the

1 Northern District of California, in unreasonable restraint of interstate trade and commerce, in  
2 violation of Section 1 of the Sherman Act, Title 15, United States Code.

3 37. The charged combination and conspiracy consisted of a continuing agreement,  
4 understanding, and concert of action among the defendants and co-conspirators to suppress  
5 competition by refraining from and stopping bidding against each other to purchase dozens of  
6 selected properties at public auctions in San Francisco County at non-competitive prices.

7 MEANS AND METHODS

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

- 11 a. agreeing not to compete or to stop competing to purchase selected  
12 properties at public auctions in returns for payoffs;
- 13 b. designating which conspirators would win selected properties at public  
14 auctions;
- 15 c. refraining from or stopping bidding for selected properties at public  
16 auctions; and,
- 17 d. purchasing selected properties at public auctions at artificially suppressed  
18 prices.

19 39. Various entities and individuals, not made defendants in this Count, participated  
20 as co-conspirators in the offense charged and performed acts and made statements in furtherance  
21 thereof.

22 TRADE AND COMMERCE

23 40. The public auctions and the business activities of the defendants and co-  
24 conspirators that are the subject of this Count were within the continuous and uninterrupted flow  
25 of, and substantially affected, interstate trade and commerce. For example, during the period  
26 covered by this Count:

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- 1 a. substantial proceeds from the sale of properties purchased by the  
2 conspirators pursuant to the bid-rigging conspiracy were transmitted from  
3 locations in one state to certain beneficiaries located in other states;  
4 b. instructions regarding the terms of sale of properties that would be  
5 purchased by the conspirators pursuant to the bid-rigging conspiracy  
6 were transmitted and communicated by certain beneficiaries located in one  
7 state to trustees located in other states;  
8 c. paperwork related to the sale of properties purchased by the conspirators  
9 pursuant to the bid-rigging conspiracy was sent by trustees located in one  
10 state to certain beneficiaries located in other states, notifying them of the  
11 sale of properties in which the beneficiaries held an interest; and  
12 d. beneficiaries included companies that operated in interstate commerce.

13 JURISDICTION AND VENUE

14 41. The combination and conspiracy charged in this Count was carried out, in part, in  
15 the Northern District of California, within the five years preceding the return of this Indictment.

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

17 COUNTS EIGHT THROUGH TEN: 18 U.S.C. § 1341 – Mail Fraud (San Francisco  
18 County)

19 The Grand Jury further charges that:

20 SCHEME TO DEFRAUD

21 42. Paragraphs 1 through 3 of this Indictment are re-alleged and incorporated herein  
22 as if fully set forth in these Counts.

23 43. Beginning as early as November 2008 and continuing until on or about January  
24 11, 2011, the exact dates being unknown to the Grand Jury, in San Francisco County in the  
25 Northern District of California, the defendants, JOHN SHIELLS and MIGUEL DE SANZ, and  
26 others known and unknown to the Grand Jury, did knowingly and with intent to defraud, devise  
27 and participate in a scheme and artifice to defraud beneficiaries and to obtain money and  
28 property from beneficiaries by means of materially false and fraudulent pretenses,

1 representations, and promises, and for purposes of executing such scheme, did use and  
2 knowingly cause to be used the United States mail and private or commercial interstate carriers.

3 44. The purpose of the scheme was to fraudulently acquire title to dozens of selected  
4 properties sold at public auctions in San Francisco County and to divert money to co-schemers  
5 that would have gone to beneficiaries.

6 MEANS AND METHODS OF THE SCHEME TO DEFRAUD

7 45. For the purpose of forming and carrying out the charged scheme to defraud, the  
8 defendants and co-schemers did those things that they schemed to do, including, among other  
9 things:

- 10 a. paying co-schemers monies that otherwise would have gone to  
11 beneficiaries;
- 12 b. taking steps to conceal the fact that monies were diverted from  
13 beneficiaries to co-schemers;
- 14 c. making and causing to be made materially false and misleading statements  
15 that trustees relied upon to distribute proceeds to beneficiaries and to  
16 convey title to selected properties; and
- 17 d. causing the suppressed purchase prices to be reported and paid to  
18 beneficiaries.

19 USE OF THE MAILS

20 46. In order to execute the scheme and artifice to defraud, the defendants and co-  
21 schemers knowingly used and caused to be used the United States Postal Service and private or  
22 commercial interstate carriers.

23 47. On or about the dates and with respect to the individual defendants specified as to  
24 each count set forth below, the defendants and co-schemers did knowingly cause to be delivered  
25 by United States mail and private or commercial carriers, including the United States Postal  
26 Service, United Parcel Service, and FedEx, the items identified in each Count below:

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Count	Defendants	Approx. Date	To	From	Description
8	JOHN SHIELLS, MIGUEL DE SANZ	1/15/2010	22538 Mission Blvd., Hayward, California	California Reconveyance Company	Trustee's Deed Upon Sale for 609 Excelsior Avenue, San Francisco, California
9	JOHN SHIELLS, MIGUEL DE SANZ	2/25/2010	2300 Bridgeway, Sausalito, California	T.D. Service Company	Trustee's Deed Upon Sale for 842 Peru Street, San Francisco, California
10	JOHN SHIELLS, MIGUEL DE SANZ	5/19/2010	22538 Mission Blvd., Hayward, California	Regional Trustee Services Corp.	Trustee's Deed Upon Sale for 80 Collingwood Street, #302, San Francisco, California

JURISDICTION AND VENUE

48. The scheme and artifice to defraud charged in these Counts was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1341.

**FORFEITURE ALLEGATION: 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)**

49. Paragraphs 1 through 3, paragraphs 12 through 18, paragraphs 27 through 33, and paragraphs 42 through 48 are hereby re-alleged as if fully set forth herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

50. Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), upon conviction of the offenses alleged in Counts Two, Three, Five, Six, Eight, Nine, and Ten of this Indictment, each defendant so convicted shall be jointly and severally liable to forfeit to the United States any property constituting, or derived from, proceeds obtained directly or indirectly from the scheme and artifice to defraud alleged in said Counts.

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1 51. If, as a result of any act or omission of the defendants, any of said property:

- 2 a. cannot be located upon the exercise of due diligence;
- 3 b. has been transferred or sold to, or deposited with, a third party;
- 4 c. has been placed beyond the jurisdiction of the Court;
- 5 d. has been substantially diminished in value; or
- 6 e. has been commingled with other property that cannot be divided
- 7 without difficulty,

8 any and all interest that the defendants have in any other property, up to the value of the property  
 9 described in Paragraph 50, above, shall be forfeited to the United States pursuant to Title 21,  
 10 United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section  
 11 2461(c).

12  
13 Dated: 11-19-2014

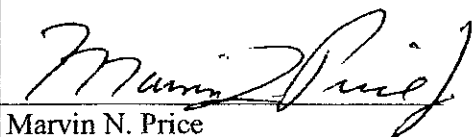
A TRUE BILL.


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16 Brent Snyder  
17 Deputy Assistant Attorney General

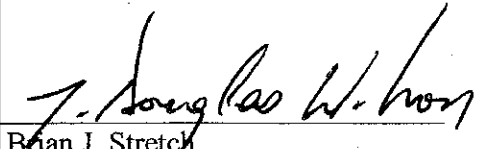
FOREPERSON

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David J. Ward, Trial Attorney  
Albert B. Sambat, Trial Attorney  
Manish Kumar, Trial Attorney  
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Antitrust Division |