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FILED
FEB - 9 2012
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CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

13 Attorneys for the United States

14 UNITED STATES DISTRICT COURT
15 NORTHERN DISTRICT OF CALIFORNIA
16 OAKLAND DIVISION

17 UNITED STATES OF AMERICA) Criminal No.
18)
19) INFORMATION
20)
21) VIOLATIONS: 15 U.S.C. § 1 –
22 v.) Bid Rigging (Count One);
23) 18 U.S.C. § 1349 – Conspiracy to
24) Commit Mail Fraud (Count Two)
25 HILTON WONG,)
26)
27 Defendant.)
28)

CR12-00082
YGR

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

30 HILTON WONG,

31 the defendant herein, as follows:

32 BACKGROUND

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

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

6 COUNT ONE: 15 U.S.C. § 1 – Bid Rigging

7 THE COMBINATION AND CONSPIRACY

8 2. Beginning as early as August 2009 and continuing until in or about January 2011,
9 the defendant HILTON WONG and co-conspirators entered into and engaged in a combination
10 and conspiracy to suppress and restrain competition by rigging bids to obtain selected properties
11 offered at public auctions in Contra Costa County in the Northern District of California, in
12 unreasonable restraint of interstate trade and commerce, in violation of the Sherman Act, Title
13 15, United States Code, Section 1.

14 3. The charged combination and conspiracy consisted of a continuing agreement,
15 understanding, and concert of action among the defendant and co-conspirators to suppress
16 competition by agreeing to refrain from or stop bidding against each other to purchase selected
17 properties at public auctions in Contra Costa County at non-competitive prices.

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

21 a. agreeing not to compete to purchase selected properties at public auctions
22 in Contra Costa County;

23 b. designating which conspirator would win the selected properties at the
24 public auctions for the group of conspirators; and

25 c. refraining from or stopping bidding for the selected properties at the
26 public auctions.

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1 5. Various entities and individuals, not made defendants in this Court, participated
2 as conspirators in the offense charged and performed acts and made statements in furtherance
3 thereof.

4 TRADE AND COMMERCE

5 6. During the period covered by this Information, the business activities of the
6 defendant and co-conspirators that are the subject of this Information were within the flow of,
7 and substantially affected, interstate trade and commerce. For example, beneficiaries located in
8 states other than California received proceeds from the public auctions that were subject to the
9 bid-rigging conspiracy.

10 JURISDICTION AND VENUE

11 7. The combination and conspiracy charged in this Information was carried out, in
12 part, in the Northern District of California, within the five years preceding the filing of this
13 Information.

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

15 COUNT TWO: 18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud

16 THE CONSPIRACY

17 8. Beginning as early as August 2009 and continuing until in or about January 2011
18 in Contra Costa County in the Northern District of California, the defendant HILTON WONG
19 and co-conspirators did willfully and knowingly combine, conspire, and agree with each other to
20 violate Title 18, United States Code, Section 1341, namely, to knowingly devise and intend to
21 devise and participate in a scheme and artifice to defraud beneficiaries, and to obtain money and
22 property from beneficiaries by means of materially false and fraudulent pretenses,
23 representations, and promises.

24 9. The objects of the conspiracy were to fraudulently acquire title to selected
25 properties sold at public auctions in Contra Costa County, to make and receive payoffs, and to
26 divert money to conspirators that would have gone to the beneficiaries.

27 10. Various entities and individuals, not made defendants in this Court, participated

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1 as co-conspirators in the offense charged and performed acts and made statements in furtherance
2 thereof.

3 MEANS AND METHODS

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

- 7 a. purchasing selected properties at public auctions at suppressed prices;
- 8 b. in some instances, negotiating payoffs with one or more conspirators not
9 to compete;
- 10 c. in many other instances, holding second, private auctions, at or near the
11 courthouse steps where the public auctions were held, frequently referred to as “rounds,” open
12 only to members of the conspiracy, to bid for title to the selected properties;
- 13 d. awarding the selected properties to the conspirators who submitted the
14 highest bids at the second, private auctions;
- 15 e. transferring the right to title to the selected properties into the names of the
16 conspirators who submitted the highest bids at the second, private auctions;
- 17 f. paying conspirators monies that otherwise would have gone to
18 beneficiaries, using either a predetermined formula based on the bidding at the second, private
19 auction or through direct negotiations among the conspirators;
- 20 g. taking steps to conceal the fact that monies were diverted from the
21 beneficiaries to the conspirators;
- 22 h. making and causing to be made materially false and misleading statements
23 on records of public auctions that trustees relied upon to distribute proceeds from the public
24 auction to the beneficiaries and convey title to properties sold at the public auction; and
- 25 i. causing the suppressed purchase price to be reported and paid to the
26 beneficiaries.


27 12. For the purpose of executing the scheme and artifice to defraud and attempting to
28 do so, the defendant and co-conspirators knowingly used and caused to be used the United States

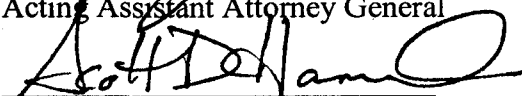
1 Postal Service and private or commercial interstate carriers. For example, trustees used the
2 United States mail and private or commercial interstate carriers to transmit the Trustee's Deeds
3 Upon Sale and other title documents to participants in the conspiracy. These mailings were
4 foreseeable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

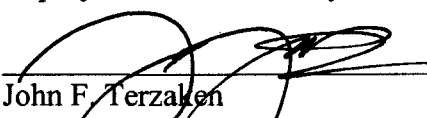
5 JURISDICTION AND VENUE

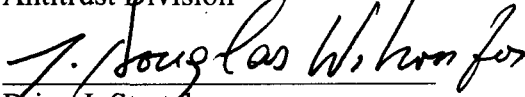
6 13. The combination, conspiracy, and agreement to violate Title 18, United States
7 Code, Section 1341 charged in this Information was carried out, in part, in the Northern District
8 of California, within the five years preceding the filing of this Information.

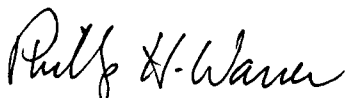
9 ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349.


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14 Sharis A. Pozen
Acting Assistant Attorney General

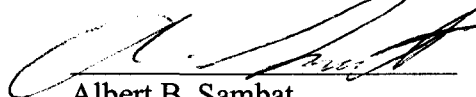
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