

JAN 24 2007

Michael N. Milby, Clerk of Court

**IN THE UNITED STATES DISTRICT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

UNITED STATES OF AMERICA §

v. §

**JOSE ANTONIO VILLALON, §
a/k/a "J. ANTONIO VILLALON", §
a/k/a "TONY VILLALON" §
DEFENDANT §**

CRIMINAL NO.

H 07 17

INDICTMENT

THE GRAND JURY CHARGES:

COUNT ONE

(Bankruptcy Fraud, 18 U.S.C. § 157 (1))

A. INTRODUCTION

AT ALL TIMES MATERIAL HEREIN:

1. The defendant **JOSE ANTONIO VILLALON** ("VILLALON"), and his wife Criselda F. Villalon owned a residence located at 4111 Laguna Circle, Missouri City, Texas 77459. **Villalon** obtained a law degree from the University of Houston School of Law, and was a self-proclaimed expert in real estate law, oil and gas law and land title law.

The Bankruptcy Process

2. Bankruptcy is a process by which debtors (those in bankruptcy) obtain relief from creditors (those who are owed money by the debtor). The process is designed to achieve orderly transfer of a debtor's assets to creditors from available assets truthfully disclosed and to provide a "fresh start" to honest debtors by allowing them to obtain a discharge of debt. The process is conducted in a federal court and is governed by the United States Bankruptcy Code, which is found in Title 11 of the United States Code.

3. An individual may file a "petition" for one of several types of bankruptcy, commonly referred to as chapters. Two of these types of bankruptcy are known as "Chapter 7" and "Chapter 13." A Chapter 7 bankruptcy is a liquidation bankruptcy in which some of the debtor's assets are exempt from the liquidation. The purpose of Chapter 7 bankruptcy is to liquidate the debtor's non-exempt assets and pay the proceeds to the debtor's creditors. A Chapter 13 bankruptcy is a reorganization bankruptcy in which the debtor makes payments to a Chapter 13 trustee pursuant to a plan and the Chapter 13 trustee in turn distributes the money to the debtor's creditors.

4. A debtor is required to complete and file several documents with the bankruptcy court to carry out the bankruptcy process. These documents consist

of a Petition, which contains summary information about the debtor's financial condition, a Statement of Financial Affairs and various Bankruptcy Schedules, which contain, among other things, detailed information about the debtor's assets, liabilities, recent payments to creditors, past and current income, and anticipated future income. The Petition, Statement of Financial Affairs and Bankruptcy Schedules are required to be signed by the debtor and certified under penalty of perjury that the information contained in them is true and correct.

5. A debtor is required to disclose all of his creditors to the bankruptcy court so that the court can provide notice to the creditors of the filing of the bankruptcy petition. One purpose of this requirement is to allow the creditors the opportunity to participate in the bankruptcy proceeding and protect their interests.

6. As part of the bankruptcy process, a debtor must submit to a meeting conducted by the trustee who is assigned to oversee and to administer the bankruptcy case. At this meeting, called a creditors' meeting, the debtor is placed under oath and questioned by the trustee and any creditors who choose to attend, about the information contained in his bankruptcy documents and about his financial condition in general.

7. On or about June 5, 2000, in the Houston Division of the Southern District of Texas, defendant **Jose Antonio Villalon** and his wife Criselda F. Villalon filed a voluntary Chapter 13 Case No. 00-35233 in the United States Bankruptcy Court. The Villalons failed to attend a creditors' meeting, and on July 10, 2000, a bankruptcy judge converted the Chapter 13 case to a Chapter 7 case, during which time, again, the Villalons did not attend a creditors' meeting. Further, as part of the bankruptcy requirements, the Villalons filed a Statement of Financial Affairs and Bankruptcy Schedules, which Villalon signed as true and correct, under penalty of perjury.

8. On or about April 2, 2001, the court dismissed Case No. 00-35233. The Trustee filed a "No-Asset Report" based on the schedules and statement of financial affairs filed by debtors indicating that the debtors had no assets from which their debts could be satisfied. The Order dismissing the case prohibited the debtors from filing another bankruptcy case for a period of 180 days.

9. On or about June 4, 2001, in the Houston Division of the Southern District of Texas, the defendant **Jose Antonio Villalon** and his wife filed another bankruptcy case under Chapter 13, No. 01-36261, in violation of the court's Order not to file another bankruptcy case for 180 days. The Villalons again failed to attend a creditors meeting, and the court converted the case to a Chapter 7 case on August 10,

2001.

10. On or about August 15, 2001, the Chapter 7 Trustee filed a motion to reopen the first bankruptcy case No. 00-35233 based on the defendant's omission of his ownership in an oil and gas mineral estate in 66.666 acres located in Jefferson County, Texas, called the "Gilfillian Interest", on his schedules, as well as his statement of financial affairs. On August 31, 2001, the court vacated the April 2, 2001, Order dismissing the first bankruptcy case, No. 00-35233, and reopened the case to allow the Chapter 7 Trustee to administer the assets of the defendant's bankruptcy estate.

B. The Scheme and Artifice

1. From in or about May 2000, and continuing to on or about March 13, 2003, in the Houston Division of the Southern District of Texas and elsewhere,

**JOSE ANTONIO VILLALON,
a/k/a "J. ANTONIO VILLALON",
a/k/a "TONY VILLALON"**

defendant herein, having devised and intending to devise a scheme and artifice to defraud the bankruptcy court, the trustees, and his creditors, did, for the purpose of executing and concealing and attempting to execute and conceal the scheme and artifice, file two petitions under title 11, in Case Nos. 00-35233 and 01-36261, respectively; file documents, specifically the Statement of Financial Affairs and

Bankruptcy Schedules in a proceeding under title 11; that is, in case Nos. 00-35233 and 01-36261; and, make false and fraudulent representations concerning and in relation to a proceeding under title 11; that is, in Case No. 00-35233, as more fully set forth below.

C. Execution and Concealment of the Scheme and Artifice

1. The scheme and artifice essentially consisted of the defendant, in each of the above cases, concealing, and attempting to conceal, assets that would place the Bankruptcy Court, Trustees, and creditors on notice of the existence of his ownership interest in the “Gilfillian Interest” or the transfer of his ownership interest in the oil and gas mineral estate, and the money he received from leasing the mineral estate. The defendant used the following manner and means, among other things, to execute this scheme to conceal assets:

2. It was a part of the scheme and artifice to defraud that the defendant would and did fail to provide the Bankruptcy Court, the chapter 7 Trustee, and creditors, copies of the June 5, 2000, deeds transferring his interest in the “Gilfillian Interest” despite requests for information by the Chapter 7 Trustee.

3. It was further part of the scheme and artifice to defraud that the defendant would and did fail to disclose to the Bankruptcy Court, Trustee, and creditors, transfer of 60 per cent of the oil and gas mineral interest to his son Michael

Villalon who later transferred the mineral interest to a company owned by the defendant, and 40 per cent to a company called Lucitoo Production Company.

4. It was further part of the scheme and artifice to defraud that the defendant would and did continue to hold the “Gilfillian Interest” for his son Michael Villalon as a “trustee” and he did not disclose this to the Bankruptcy Court, Trustee, and creditors.

5. It was further part of the scheme and artifice to defraud that the defendant listed no property interests, legal or equitable, attributable to the “Gilfillian Interest” in his Schedule of Assets, causing the Trustee and creditors to be unaware of its existence and value.

6. It was further part of the scheme and artifice to defraud that the defendant would and did fail to disclose to the Bankruptcy Court, Trustees, and creditors, the lease agreement with SK Exploration for which the defendant, on or about June 2, 2000, received payment of \$360,000 for leasing the Gilfillian Interest and his interest in additional payments of \$240,000 due under the lease agreement from SK Exploration after the debtor filed the first Bankruptcy case.

7. It was further part of the scheme and artifice to defraud that the defendant would and did know that the Gilfillian Interest had a value of many million of dollars at the time he filed both Bankruptcy cases Nos. 00-35233 and 01-36261,

and he failed to disclose this information to the Bankruptcy Court, Trustees, and creditors.

8. It was further part of the scheme and artifice to defraud the defendant would and did fail to disclose to the Bankruptcy Court, Trustee, and creditors his interest in litigation in Jefferson County, Texas concerning ownership of the Gilfillian Interest.

In violation of Title 18, United States Code, Section 157 (1).

COUNT TWO
(Concealment of Assets, 18 U.S.C., §152(1))

On or about June 5, 2000, in the Houston Division of the Southern District and, and elsewhere,

JOSE ANTONIO VILLALON,
a/k/a “J. ANTONIO VILLALON”,
a/k/a “ TONY VILLALON”

defendant herein, in connection with a case under Title 11, United States Code, specifically, case no. 00-35233, *In re Jose Antonio Villalon and Criselda F. Villalon*, in the United States Bankruptcy Court, the Southern District of Texas, Houston Division, knowingly and fraudulently concealed from creditors and the United States Trustee property belonging to the defendant’s bankruptcy estate, specifically, defendant’s interest in the Gilfillian Mineral Estate located in Jefferson County,

Texas.

In violation of Title 18, United States Code, Section 152(1).

COUNT THREE

(Concealment of Assets, 18 U.S.C., §152(1))

On or about June 2, 2000, in the Houston Division of the Southern District and,
and elsewhere,

**JOSE ANTONIO VILLALON,
a/k/a “J. ANTONIO VILLALON”,
a/k/a “ TONY VILLALON”**

defendant herein, in connection with a case under Title 11, United States Code,
specifically, case no. 00-35233, *In re Jose Antonio Villalon and Criselda F.*

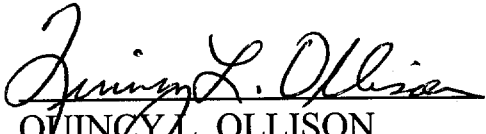
Villalon, in the United States Bankruptcy Court, the Southern District of Texas,
Houston Division, knowingly and fraudulently concealed from creditors and the
United States Trustee property belonging to the defendant’s bankruptcy estate,
specifically, payment of \$360,000 received from SK Exploration Houston, Texas, for
lease of mineral interest.

In violation of Title 18, United States Code, Section 152(1).

A TRUE BILL

Original Signature on File

DONALD J. DeGABRIELLE, JR.
UNITED STATES ATTORNEY

By: 
QUINCY L. OLLISON
Assistant United States Attorney