



Department of Justice

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Eastern District of California

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NEW JERSEY MAN CHARGED IN TOMATO INDUSTRY PROBE WITH RACKETEERING, MONEY LAUNDERING AND ANTITRUST VIOLATIONS

SACRAMENTO — A New Jersey processed tomato products broker has been charged with participating in conspiracies involving racketeering, price fixing, bid rigging and contract allocation, and with money laundering, in the processed tomato products industry, U.S. Attorney for the Eastern District of California, McGregor W. Scott, and Acting Assistant Attorney General for the Department's Antitrust Division, Deborah A. Garza, announced today.

Randall Lee Rahal has agreed to plead guilty to the racketeering, money laundering and antitrust charges, and to cooperate in the government's investigation. He has also agreed to forfeit over \$600,000. He is expected to appear in U.S. District Court in Sacramento in the near future to enter his guilty pleas. Rahal's plea agreement is subject to court approval.

A three-count felony Information was filed today in U.S. District Court in Sacramento, California, against Rahal, 61, of Ramsey, New Jersey, the owner and president of Intramark USA Inc., a New Jersey-based wholesaler of food ingredients, including processed tomato products. The Information alleges that Rahal served as a sales broker for SK Foods, L.P., a grower and processor of tomato products and other food products with operations in Monterey, Williams, Ripon and Lemoore, California. In his capacity as a broker, Rahal oversaw the negotiation and execution of contracts between SK Foods and many of its customer companies, and served as an advisor and director for SK Foods. SK Foods' customers included food product manufacturers, distributors and retail outlets throughout the United States.

"A large portion of the tomatoes used by food product manufacturers nationwide are harvested and processed here in the Eastern District of California. We must ensure that the tomato processing industry is free of corruption, kickbacks and illegal collusion," said U.S. Attorney Scott.

According to the charges, SK Foods and its related corporate entities constituted a racketeering enterprise, an organization that Rahal and other SK Foods leaders and employees helped to further through a variety of illicit activities. Specifically, it is alleged that Rahal, with the knowledge and consent of other SK Foods leaders and employees, routinely paid bribes to the purchasing agents of some of SK Foods' customers in order to: ensure those customers bought product from SK Foods rather than from its competitors; ensure that its customers paid an inflated price for such product; and induce the purchasing agents to turn over to SK Foods the bidding information of SK Foods' competitors. These acts of mail and wire fraud deprived SK

Foods' customers of their respective rights to the honest services of their own purchasing agents. The money laundering charges against Rahal also stem from these illicit bribery payments. Rahal, assisted by others at SK Foods, also created and transmitted fraudulent financial and business information to some of SK Foods' customers in order to ensure that those customers continued to do business with SK Foods.

It is also alleged that between January 2004 and April 2008, Rahal helped to direct the sale of processed tomato products to some of SK Foods' customers which did not meet the quality and content specifications bargained for in those customers' contracts. Rahal and others further directed the falsification of both internal and customer bound documentation in order to conceal the nature of the inferior product, and to defraud those customers of SK Foods.

The Information further alleges that Rahal conspired to fix prices, allocate contracts and rig bids for the sale of processed tomato products on behalf of SK Foods between February 2006 and April 2008, in violation of the Sherman Antitrust Act.

“This conduct deprived the purchasers of processed tomato products of the benefits of a competitive marketplace, ultimately causing American consumers to pay higher prices for these everyday staples,” said Acting Assistant Attorney General Deborah A. Garza. “The Antitrust Division will continue to prosecute vigorously those who defraud American consumers.”

The maximum statutory penalty on the racketeering charges is 20 years in prison, while the money laundering charges carry a 10-year maximum sentence. The charges for violating the Sherman Antitrust Act carry a maximum penalty of 10 years in prison. For the Sherman Act violations, the maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the first in a joint, ongoing investigation by the U.S. Attorney's Office for the Eastern District of California in Sacramento, the Department of Justice Antitrust Division's San Francisco Field Office, the Federal Bureau of Investigation (FBI) in Sacramento and the Internal Revenue Service. Assistant United States Attorneys Benjamin B. Wagner, Sean C. Flynn and Anne E. Pings, are prosecuting the case together with Barbara Nelson and Richard Cohen of the San Francisco Field Office of the Antitrust Division.

Anyone with information concerning racketeering or money laundering in the processed tomato industry should contact the U.S. Attorney's Office for the Eastern District of California at 916-554-2700. Anyone with information concerning bid rigging or other anticompetitive conduct in the processed tomato industry should contact the Antitrust Division's San Francisco Field Office at 415-436-6660.

Press inquiries to the U.S. Attorney's Office should be directed to Lauren Horwood at 916-554-2706. Press inquiries regarding the Department's Antitrust Division should be directed to Gina Talamona at 202-514-2007. Press inquiries regarding the FBI should be directed to Steve Dupre at 916-977-2245.

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