



**United States Department of Justice
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News Release

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California woman pleads guilty to selling non-existent merchandise to Medtronic

MINNEAPOLIS – Earlier today in federal court, a California woman pleaded guilty to creating sham companies that sold non-existent merchandise to Medtronic, Inc., defrauding the Fridley-based company out of millions of dollars. Jennifer Rutherford, age 40, of San Jose, California, pleaded guilty to one count of wire fraud in connection to the crime. Rutherford, who was charged on May 27, 2011, entered her plea before United States District Court Judge Patrick J. Schiltz.

In her plea agreement, Rutherford admitted orchestrating the scheme between June of 2004 and June of 2009. During that time, Rutherford worked for Kyphon, Inc., which was acquired by Medtronic, Inc., in July of 2007. Rutherford, a senior marketing manager, was responsible for selecting vendors to supply marketing merchandise that company representatives could distribute at trade shows and industry conferences, such as key chains, baseball caps, and tee-shirts. Rutherford admitted creating three shell companies and then pretending to buy merchandise from those companies. After that, she submitted invoices to Medtronic for payment of the goods. However, no merchandise ever existed. The total Rutherford caused Medtronic to pay to her for non-existent merchandise was at least \$2.1 million.

For her crime, Rutherford faces a potential maximum penalty of 20 years in prison. Judge Schiltz will determine her sentence at a future hearing, yet to be scheduled. This case is the result of an investigation by the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorney John F. Docherty.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and

proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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