

# Former Raley's exec going to prison

David John Magana, a former advertising director for Raley's, was sentenced Jan. 28 to three years and 11 months in prison and ordered to pay more than \$2.9 million in restitution for defrauding the grocery store chain out of more than \$3 million.

The 47-year-old Newcastle resident pleaded guilty in February 2013 to the charges. Two other defendants pleaded guilty and were sentenced in December. Jason Allen Smith, 47, of Foresthill was sentenced to three years and one month in prison and ordered to pay \$1.6 million in restitution. Martin Stewart Cullenward, 60, of Cool, was sentenced to three years and five months in prison and ordered to pay \$1.4 million in restitution.

According to court documents, from at least May 14, 2007, until Sept. 28, 2010, the three devised several schemes to defraud Raley's. In one scheme, Magana demanded that a printing company and a paper company pay Cullenward unnecessary commissions in order to keep doing business with Raley's. The unnecessary commissions were disguised as additional charges within their regular invoices to Raley's. Magana approved for payment all of the inflated invoices, and Cullenward paid Magana a kickback after he received the "commissions."

Magana and Cullenward sold significant quantities of Raley's paper inventory to third parties at a discounted rate. They falsely reported to Raley's that the paper had been used in the normal course of business.

"Mr. Magana, along with his co-conspirators carefully crafted a scheme to take control of millions of dollars of company

money for personal gain," IRS-criminal investigation acting Special Agent in Charge Shannon Hodges said in a statement. "Not only did he defraud his employer, but the everyday customer. Those who line their pockets with profits from these schemes should know they will not go undetected and will be held accountable."

*– Lake Tahoe News staff report*