



# Department of Justice

United States Attorney's Office  
Northern District of California

FOR IMMEDIATE  
RELEASE  
December 8, 2011  
6599

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**FORMER FRY'S EXECUTIVE SENTENCED TO SIX YEARS IN PRISON FOR ROLE IN MILLION  
DOLLAR KICKBACK SCHEME**

*Ordered to Pay \$65 Million in Restitution*

SAN JOSE, Calif. – Ausaf Umar Siddiqui was sentenced today to six years in prison for his role in a kickback scheme to defraud Fry's Electronics, Inc. (Fry's), the United States Attorney's Office, and Special Agent in Charge, IRS Criminal Investigation, Scott O'Briant announced.

According to his plea agreement, Siddiqui worked for Fry's from 1998 through December 2008. In 2003, Fry's named him its vice president of merchandising and operations. In that position, he was responsible for the procurement of inventory for Fry's stores. Siddiqui, however, did not have the authority to execute vendor agreements that provided for kickbacks to him or to two companies he controlled.

According to court documents, beginning in 2004 and continuing through November 2008, Siddiqui devised a scheme to defraud Fry's. In order to induce Fry's vendors to pay money to him and not Fry's, he created and controlled two sham companies, PC International, LLC and International Marketing Resources, LLC (IMR), which conducted no business other than to receive fraudulently induced payments from Fry's vendors. Siddiqui represented to Fry's that he would obtain merchandise from Fry's vendors at a lower price if Fry's authorized him, as vice president of merchandising and operations, to enter sale contracts on Fry's behalf with Fry's

vendors directly instead of buying merchandise through sales representatives to whom the vendors would be obligated to pay sales commissions for arranging such purchases by Fry's. Siddiqui failed to disclose to Fry's that he made secret deals with vendors for them to make payments to PC International and IMR based on the amount of merchandise purchased by Fry's. The vendors had secret agreements with Siddiqui to pay him via PC International or IMR, kickbacks to do business with Fry's. On numerous occasions, the vendors advanced kickback payments to him before Fry's actually paid the vendors for the merchandise. The vendors also made "loans" amounting to millions of dollars to him through PC International and/or IMR.

In addition, to imposing a six-year term of imprisonment, the court ordered Siddiqui to pay restitution in the amount of \$65,584,864. The court ordered the forfeiture of \$16,578.22 of funds found in a PC International bank account, \$38,329.92 of funds from a personal bank account, a 2006 Mercedes Benz CLS 55, a 2002 Ferrari 360, items found in his briefcase including \$30,100 in cash, 3,100 British Pounds, 240 Euros, ten Wells Fargo debit cards and three SmartOne Visa debit cards.

Siddiqui was indicted on Jan. 6, 2009, and charged with five counts of wire fraud, in violation of Title 18 U.S.C. § 1343 and four counts of money laundering in violation of Title 18 U.S.C. § 1957. He pleaded guilty to one count of each.

Siddiqui was taken into custody immediately following the verdict.

Thomas Moore is the Assistant U.S. Attorney who prosecuted the case with the assistance of Kathy Tat. The prosecution is the result of an investigation by the Internal Revenue Service Criminal Investigation.

**Further Information:**

Case #: CR 09-0018 JF

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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