

# JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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## **Minnesota Couple Sentenced to Prison for Long-Running Fraud Scheme**

### **Real Estate Company Ordered to Pay Criminal Fine and Restitution**

Detloff Marketing and Asset Management Inc. (Detloff Marketing), a real estate company based in Hopkins, Minnesota; its owner, Jeffrey J. Detloff; and its accountant, Lori K. Detloff, were sentenced today in the U.S. District Court in St. Paul, Minnesota, for their participation in a long-running fraudulent bidding and kickback scheme in connection with foreclosed properties, the Department of Justice announced.

Jeffrey Detloff was sentenced to 16 months' imprisonment and two years of supervised release. Lori Detloff was sentenced to seven months' imprisonment and one year of supervised release. Detloff Marketing was sentenced to pay a \$593,000 criminal fine. The defendants were also sentenced to pay full restitution to the victims of the scheme.

"Today's sentences reflect the significant harm caused by the defendants' years long scheme that lined their pockets by defrauding lenders and undermining competition," said Assistant Attorney General Makan Delrahim of the Department of Justice's Antitrust Division. "The Antitrust Division and its partners are committed to rooting out anticompetitive conduct, whatever its form, and holding companies and executives accountable."

"The defendants created a scheme to squeeze as much money as they could from these properties with no regard for the victim," said FBI Special Agent in Charge Jill Sanborn of the Minneapolis Division. "These scams victimize a large number of people and the FBI along with our law enforcement partners will continue to work these schemes and hold accountable those responsible for defrauding the system."

According to court documents, from September 2007 and continuing until June 2015, Jeffrey Detloff, of Minnetonka, Minnesota, conspired to defraud mortgage lenders and guarantors who had hired Detloff, a realtor, to oversee maintenance and repairs on foreclosed homes in the Minneapolis-St. Paul area. Jeffrey Detloff steered maintenance and repair contracts to contractors who would pay a kickback to Detloff Marketing. Unbeknownst to his customers, Jeffrey Detloff and Detloff Marketing included the kickbacks within bids and invoices sent to the lender or guarantor for reimbursement on maintenance and repairs. Lori Detloff, also of Minnetonka, Minnesota, was an accountant responsible for ensuring the kickbacks were paid by contractors to Detloff Marketing. In all, Detloff Marketing received over \$291,505 in kickbacks.

Detloff Marketing and Jeffery Detloff pleaded guilty to Count 1 of the Indictment, which charged a conspiracy to commit mail and wire fraud affecting a financial institution. Lori Detloff pleaded guilty to aiding and abetting the principal offense described in Count 4 of the indictment, mail fraud affecting a financial institution. As part of their plea agreements, the Antitrust Division agreed to move to dismiss the remaining counts against Detloff Marketing, Jeffery Detloff, and Lori Detloff upon sentencing.

The underlying investigation of housing repair contracts in the Minneapolis area is being conducted by the Antitrust Division's Chicago Office and the FBI's Minneapolis Division. Anyone with information on customer allocation, bid rigging, price fixing, or other anticompetitive conduct related to the real estate industry in Minnesota should contact the Antitrust Division's Chicago Office at 312-984-7200 or visit [www.justice.gov/atr/contact/newcase.html](http://www.justice.gov/atr/contact/newcase.html).

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at [www.Justice.gov/Celebrating150Years](http://www.Justice.gov/Celebrating150Years).

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