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# Ex-Ahold unit exec to blame for fraud--prosecutor

Mon Nov 6, 2006 3:58pm ET

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## MARKET VIEW

**AHLN (Ahold Kon)**  
Last: 68.36  
Change: +0.01 (+0.12%)  
Revenue (tm): 644,496.0M  
EPS: 0.04  
Market Cap: 612,978.10M  
Time: 11:33am ET

Credibility get symbol for 'AHLN:KAT'

1d 5d 3m 6m 1y 2y 5y max MORE

Stock Details  
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## COMPANY NEWS:

**CORRECTED - UPDATE 6-Dutch retailer Ahold to sell U.S. FoodService**  
Ex-Ahold unit exec to blame for fraud--prosecutor  
More Company News...

## AT THE HELM:

**Anders Moberg**  
President, Chief Executive Officer  
Salary: EUR 1,500,000  
Bonus: EUR 1,440,000  
Age: 55  
Anders Moberg is a Swedish national. He assumed the position of acting CEO on May 5, 2003. On September 4, 2003, shareholders appointed him to the... Full Bio  
Full Management Team  
Insider Trading

NEW YORK, Nov 6 (Reuters) - A former marketing executive of Ahold NV's (AHLN:AS: Quote, Profile, Research)(AHO.N: Quote, Profile, Research) U.S.-based food distribution unit lied about earnings to boost the company's profit and earn bonuses as part of an \$800 million accounting fraud, a prosecutor told a jury in closing arguments on Monday.

Mark Kaiser, who worked at Ahold's U.S. FoodService unit, was on trial for conspiracy, securities fraud and making false filings for his role in a scheme where prosecutors said he and others created fake promotional allowances owed by suppliers to meet company profit targets.

"This was an astonishing degree of corruption at the highest levels of corporate America," Assistant U.S. Attorney Lawrence Gerschwer said at the close of Kaiser's month-long criminal trial in federal court in Manhattan.

Ahold, which acquired Columbia, Maryland-based U.S. FoodService in 2002, said on Monday it will sell the unit as it seeks to cut costs. The Dutch company, the world's fourth-biggest food-retail and food-service group by sales, is struggling to get back on track after its accounting scandal of 2003.

Kaiser and U.S. FoodService's former chief financial officer Michael Resnick were charged for their alleged roles in the fraud in July 2004 by a Manhattan grand jury. Resnick pleaded guilty to a conspiracy charge on Sept. 18.

Prosecutors sought to prove their case against Kaiser using testimony from cooperating witnesses who were Resnick's co-conspirators, testimony from the company's auditors and documents.

But Resnick's attorney, Richard Morvillo, said the case should be decided on the credibility of the government's witnesses. He singled out the testimony of Timothy Lee, a former U.S. FoodService purchasing executive, who Morvillo said lied to the jury.

"He wasn't looking you in the eye and telling you the truth," Morvillo said, adding that Lee should be blamed for the fraud. Lee and another former U.S. FoodService executive, William Carter, pleaded guilty to criminal securities fraud in July 2004.

U.S. prosecutors also brought criminal charges against 16 of the food-service company's suppliers for their role in the fraud that caused U.S. FoodService and Ahold to overstate earnings by about \$800 million from 2000 to 2003, according to the government. More than a dozen have pleaded guilty.

On Sept. 28, government attorneys said they would not prosecute Ahold NV for any role in the accounting fraud. Ahold has entered into a \$1.1 billion settlement with investors.

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## INDUSTRY VIEW

How does Koninklijke Ahold N.V. compare to its industry peers?

PIE (12 mo. trailing)	Higher
Price to Sales (12 mo. trailing)	Lower
Dividend Yield	N/A
Sales Growth (12 mo. trailing)	Lower
EPS (12 mo. trailing)	Lower
ROI (12 mo. trailing)	Lower

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