



U.S. Foodservice's Mark Kaiser Convicted in Royal Ahold Fraud

By David Glovin

Nov. 8 (Bloomberg) -- Mark Kaiser, the former marketing chief of Royal Ahold NV's U.S. unit, was convicted of conspiracy and securities fraud for helping lead an \$800 million scheme involving promotional rebates at the supermarket owner.

A jury returned the guilty verdict today after a four-week trial in New York federal court. Prosecutors said Kaiser helped Columbia, Maryland-based U.S. Foodservice overstate earnings from 2000 to 2003 by recording as income promotional rebates that the company hadn't yet earned. The fraud helped Kaiser win a bigger bonus, prosecutors said.

Kaiser, convicted of conspiracy, securities fraud and four counts of making false financial filings, is the last of more than 15 people to face charges stemming from what the government said was an \$800 million fraud. Ahold, owner of Stop & Shop Stores in the U.S., admitted in 2003 that it overstated profit by 970 million euros (\$1.22 billion), mostly related to fraud involving promotional rebates at U.S. Foodservice.

The Amsterdam-based company in 2004 settled with the U.S. Securities and Exchange Commission without paying a fine, ending a 20-month accounting fraud investigation. Prosecutors have said they won't charge the company.

Michael Resnick, the former U.S. Foodservice finance chief, pleaded guilty to conspiracy in September. The company's former purchasing chief, Timothy Lee, and another senior purchasing executive, William Carter, also pleaded guilty, as have more than a dozen food vendors who admitted they helped U.S. Foodservice falsify records by submitting false verifications of purchase orders.

Lee testified against Kaiser at the trial. Kaiser's lawyers claimed Lee falsely accused Kaiser of helping lead the fraud as a way to win leniency from prosecutors.

The case is U.S. v. Resnick, 04-cr-733, U.S. District Court, Southern District of New York (Manhattan).

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