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Former Sun-Times publisher paying \$28.7 million to settle civil fraud charges

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WASHINGTON – The former publisher of the Chicago Sun-Times, who pleaded guilty to mail fraud and turned star witness for the prosecution against fallen media tycoon Conrad Black, has agreed to pay \$28.7 million to settle civil fraud charges, federal regulators announced Friday.

David Radler, who was deputy chairman and chief operating officer of Black's Hollinger International Inc., is paying a \$5 million civil fine as well as \$23.7 million in restitution to shareholders and interest in the settlement with the Securities and Exchange Commission.

The SEC, which accused Black and Radler of looting the company of \$85 million, said the fine was one of the steepest penalties it had imposed in recent years against an individual.

Radler, who neither admitted nor denied the SEC's allegations, also was barred for life from serving as an officer or director of a public company.

“Officers who steal from the company coffers have no place in the boardroom,” said Merri Jo Gillette, director of the SEC's Midwest regional office in Chicago. “Radler participated in a scheme to divert millions for his own benefit at the expense of public shareholders.”

Radler pleaded guilty in September 2005 to taking part in an audacious scheme to siphon \$32 million from Hollinger, the parent of the Sun-Times and other newspapers, for himself, Black and other company insiders. He agreed to cooperate with federal prosecutors in exchange for a 29-month sentence and \$250,000 criminal fine, and became a witness against Black – the former Hollinger chairman whose trial on charges of racketeering, mail and tax fraud, money laundering and obstruction of justice opened this week in Chicago.

The SEC filed civil fraud charges against Radler in November 2004. From 1999 through 2003, it said, Black and Radler used a complex series of self-dealing transactions to divert to themselves and others some \$85 million of the proceeds from Hollinger's sales of newspapers.

Black and Radler also orchestrated the sale of several newspapers at below-market prices to another company that they owned and controlled, and misled Hollinger's board of directors, according to the SEC.

The Chicago Tribune on Friday urged the judge presiding over Black's racketeering and fraud trial to release a list of those selected to serve on the jury. But after discussing the issue with federal prosecutors and lawyers representing Black and his co-defendants, U.S. District Judge Amy J. St. Eve said she would not take up the emergency motion until Monday.

The Hollinger media empire once controlled by Black included, in addition to the Sun-Times, The Daily

Telegraph of London, the National Post of Canada, The Jerusalem Post in Israel and hundreds of smaller newspapers. The reduced holdings of the company, now called Sun-Times Media Group Inc., consist mainly of that Chicago tabloid and several community newspapers around the city.

■ On the Net:

Securities and Exchange Commission: www.sec.gov

Sun-Times Media Group Inc.: www.thesuntimesgroup.com

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