



Markets

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Black's Lawyer Rips Into Comptroller

By MIKE ROBINSON Associated Press Writer
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CHICAGO — Former media mogul Conrad Black's lawyer claimed Thursday that the price of a trip his client took to Bora Bora in a Hollinger International jet was sharply inflated by a company comptroller who also miscalculated the tax bill.

"The one thing you managed to do was charge Conrad Black for the most expensive flight to Bora Bora in the history of mankind," said Canadian defense attorney Edward Greenspan, wrapping up a withering cross examination.

Among other things, Greenspan got comptroller Fred Creasey to admit that in figuring Black's tax liability for the trip — paid for by the company — he rounded a key percentage upward by one-tenth of 1 percent, adding \$7,000 to the overall cost of the flight to the Pacific island.

"You rounded up? You made the tax bill bigger? H&R Block would never do that, would they?" Greenspan asked Creasey disdainfully, bringing Assistant U.S. Attorney Julie B. Ruder to her feet with an objection.

Black, 62, is charged along with three former Hollinger executives with swindling the big newspaper conglomerate out of millions of dollars.

Black is accused of selling hundreds of U.S. and Canadian community newspapers and pocketing fees in return for promising not to re-enter markets where the papers circulated to compete with the new owners.

Such payments are common in the industry. But prosecutors say the money should have gone to Hollinger International shareholders and not to Black and his fellow executives.

Black and his three co-defendants say they did nothing illegal. His attorneys have said former Hollinger No. 2 man F. David Radler made most of the deals and should be held responsible for any flaws.

Radler pleaded guilty to fraud, made a deal with prosecutors and now is expected to be the government's star witness.

While the so-called non-compete payments are at the heart of the charges against Black, he also is accused of swindling Hollinger by billing it for a Park Avenue apartment, a lavish birthday party for his wife and the 2001 trip to Bora Bora.

The Gulfstream 4 jet, carrying Black and his wife — conservative writer Barbara Amiel Black — left July 30, 2001, from an airport outside New York, stopped in Seattle, then pushed on to Honolulu, Tahiti and Bora Bora.

Creasey calculated the cost of using the corporate jet at \$565,362.

But Greenspan said that would put the hourly cost of flying the plane at \$24,169. He accused Creasey of miscalculating and said a more realistic price tag would be \$6,000 an hour.

Greenspan also pointed to the company rules for use of corporate jets, which Creasey said he may have had a hand in drafting. They treated all travel within the United States as billable to Hollinger International, without making any distinction between personal and business travel.

Creasey had said he didn't know how to bill a trip to the South Pacific because it didn't fit in with "my methodology." But Greenspan said the Seattle-to-Honolulu leg of the trip was in the United States.

"You do know that Honolulu is in the United States?" he asked.

"Yes," Creasey said.

Prosecutors say Creasey ended up billing Hollinger International for 50 percent of the cost and the rest to Ravelston Corp., a small, closely held Toronto holding company largely owned by Black that he used to control the far-flung Hollinger International newspapers.

Also Thursday, defense attorneys sought to reverse damage inflicted Wednesday when Creasey testified that Hollinger International failed to report millions of dollars in non-compete payments on the 10-K report it owed the Securities and Exchange Commission in March 2001.

Under cross examination by Patrick Tuite, the attorney for former Hollinger chief fiscal officer John Boulton, Creasey identified a series of documents in which the sell-off of papers and ensuing non-compete payments were mentioned, including a December 2000 report to the SEC.


Creasey is due to return for a third day on the witness stand Monday after a three-day weekend

break.

Hollinger International once owned the Chicago Sun-Times, the Toronto-based National Post, the Daily Telegraph of London and the Jerusalem Post as well as hundreds of community newspapers across North America. All the big papers except the Sun-Times have been sold, and the company has changed its name to Sun-Times Media Group.



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