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## Prosecutors tie payments to Conrad Black's company

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By Andrew Stern

CHICAGO (Reuters) - The first of what became a series of payments growing into the alleged \$60 million fraud Conrad Black and his associates are charged with was mapped out at the Canadian company that the failed media mogul controlled, prosecutors said on Tuesday.

David Radler, Black's one-time partner who has pleaded guilty, will testify to the creation of the money transfers when he takes the stand later as the government's star witness, said Eric Sussman, the U.S. government's lead prosecutor.

In an exchange that occurred while the jury was dismissed from the court room, Sussman referenced a \$2 million payment that came as part of a 1998 sale of two publications -- "American Trucker" and "Mine and Quarry" magazines -- from Black's one-time global media empire.

Such so-called non-compete payments, nominally promised to guarantee that Black's company would not reenter a media market it was leaving, should have gone to Hollinger International Inc., the Chicago-based company which ran the media empire that included hundreds of newspapers and other properties, prosecutors say.

The sale of the two magazines was the first of a series of deals of similar non-compete payments. Prosecutors say the payments enriched Black and his co-defendants -- accountant Jack Boulton, lawyer Peter Atkinson and attorney Mark Kipnis -- instead of going to the company and its shareholders.

On Tuesday lawyers for Atkinson had complained that their client was being unfairly tied to payments from the 1998 sale of the magazines when there was no evidence that he was involved.

At that point, Sussman said Radler will testify that the decision "came down from Toronto" to send the money to Hollinger Inc., the Canadian company Black and the others closely controlled which had voting control over Hollinger International.

"He (Radler) is not exactly sure who made the decision, or who was at the meeting, but we believe Mr. Atkinson was at meetings and Jack Boulton knew all about this. It is part and parcel of Mr. Atkinson not being left out of the loop," Sussman said.

Atkinson's defense lawyer Benito Romano objected, saying: "There's no such evidence and there is no witness who will testify to that."

The jury was then brought back and testimony resumed in the fifth week of the trial.

Radler pleaded guilty more than a year ago under an agreement requiring him to pay a \$250,000 fine and serve 29 months in prison.

Black sold off most of the Hollinger media empire that once included the Daily Telegraph of London and the Jerusalem Post. Hollinger International has since been renamed the Sun-Times Media Group Inc..

The 62-year-old Canadian-born Black is charged with fraud, racketeering, money laundering and obstruction of justice that could result in a maximum prison sentence of 101 years, plus millions in fines and \$92 million in possible forfeitures.

A member of Britain's House of Lords since 2001, he is also accused of misusing his company's money to finance a lavish lifestyle that included extravagant parties attended by celebrities at his homes in London, New York and Florida.

In all, prosecutors say fraud through a continuing series of the non-compete payments from the sale of properties amounted to \$84 million. The amount in which the four defendants were commonly involved, they said, totals \$60