



***United States Attorney  
Southern District of New York***

**FOR IMMEDIATE RELEASE  
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**FORMER EXECUTIVE OF AHOLD SUBSIDIARY PLEADS GUILTY IN  
MANHATTAN FEDERAL COURT TO MULTI-HUNDRED MILLION DOLLAR  
SECURITIES FRAUD SCHEME**

*Scheme Triggered a \$6 Billion Loss to Ahold Shareholders in 2003*

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that MARK P. KAISER, the former Chief Marketing Officer of U.S. Foodservice, Inc. ("USF"), then a subsidiary of the Dutch food conglomerate Royal Ahold, N.V. ("Ahold"), pled guilty yesterday in Manhattan federal court in connection with a scheme to inflate USF's reported results of operations from 2000 through 2003. In July 2004, KAISER was charged in a six-count indictment for his role in the accounting fraud scheme, and on November 8, 2006, he was convicted by a jury on all counts. He subsequently appealed his conviction, and the Court of Appeals remanded the case to the District Court for a new trial. KAISER pled guilty before U.S. District Judge THOMAS P. GRIESA to one count of conspiracy to commit securities fraud, to file false statements with the Securities and Exchange Commission ("SEC"), and to keep false books and records for USF and Ahold.

According to the evidence presented at trial, previous court proceedings in this case, and documents filed in Manhattan federal court:

KAISER participated in the fraudulent scheme between 2000 and February 2003. During this time, USF was one of the United States' leading distributors of food and related products, supplying customers including restaurants and cafeterias. USF purchased the products it resold from a variety of suppliers at full price. However, the suppliers often refunded a portion of the purchase price to USF in the form of negotiated rebates, known as "promotional allowances." Promotional allowances reduced USF's cost of sales and thereby increased the company's earnings.

KAISER and others falsely inflated USF's earnings by

causing USF to record hundreds of millions of dollars in fictitious promotional allowances that had not been earned. In addition, KAISER and others induced numerous representatives of USF's suppliers to provide outside auditors fraudulent audit confirmations falsely attesting that the promotional allowances claimed by USF were, in fact, due and owing. As a result of the inflated earnings, KAISER and others were paid substantial year-end bonuses.

In February 2003, Ahold announced that it would issue restated consolidated financial statements based, in substantial part, on the overstatement of promotional allowances by more than approximately \$500 million. Following that announcement, the price of Ahold's securities -- including American Depositary Receipts, which were traded on the New York Stock Exchange -- plummeted by more than 60 percent. This represented a decline in Ahold's market capitalization of approximately \$6 billion. Subsequently, in May 2003, Ahold announced that promotional allowance income at USF had been overstated by more than approximately \$800 million.

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KAISER, 54, of Ellicott City, Maryland, is scheduled to be sentenced by Judge GRIESA on December 7, 2011. KAISER faces a maximum term of five years in prison, as well as a fine of up to \$250,000, in addition to a stipulated forfeiture in the amount of \$352,329.

Three other USF executives -- MICHAEL J. RESNICK, TIMOTHY J. LEE, and WILLIAM F. CARTER -- were also charged in connection with the scheme. All three subsequently pled guilty.

Mr. BHARARA praised the investigative efforts of the Federal Bureau of Investigation. He also thanked the SEC for its assistance.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys HARRY A. CHERNOFF and DANIEL P. CHUNG are in charge of the prosecution.

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