



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

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**FORMER EXECUTIVE OF AHOLD SUBSIDIARY SENTENCED TO  
SEVEN YEARS FOR \$800 MILLION DOLLAR  
SECURITIES FRAUD SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MARK P. KAISER, a former executive of U.S. Foodservice, Inc. ("USF") -- until recently a subsidiary of the Dutch food conglomerate Royal Ahold, N.V. ("Ahold") -- was sentenced today in Manhattan federal court by the Honorable THOMAS P. GRIESA to 84 months in prison for his participation in a scheme to inflate USF's and Ahold's reported results of operations by approximately \$800 million over a period of three years.

On November 8, 2006, KAISER was found guilty, following a jury trial, of all six counts with which he was charged, including one count of conspiracy, one count of securities fraud and four counts of making false filings with the SEC. According to documents filed in Manhattan federal court and the evidence at trial:

KAISER participated in the fraudulent scheme between 2000 and February 2003. USF was one of the United States' leading distributors of food and related products. USF purchased those products from a variety of suppliers at full price and resold them to customers such as restaurants and cafeterias. However, the suppliers often refunded to USF a portion of the purchase prices in the form of negotiated rebates, known as "promotional allowances." Promotional allowances reduced USF's costs, thereby increasing earnings.

KAISER and others inflated USF's earnings by causing USF to record hundreds of millions of dollars in fictitious promotional allowances. As part of the scheme, KAISER and others induced numerous representatives of USF's suppliers to provide to

USF's outside auditors fraudulent audit confirmations that those promotional allowances were, in fact, due and owing.

In February 2003 Ahold announced its discovery that promotional allowances had been overstated by approximately \$500 million, necessitating the issuance of restated consolidated financial statements. 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, representing a decline in Ahold's market capitalization of approximately \$6 billion. In May 2003, following further review, Ahold announced that promotional allowance income at USF had been overstated by more than \$800 million.

In addition to 84 months imprisonment, KAISER, 50, of Ellicott City, Maryland, was sentenced to 2 years of supervised release and ordered to pay a \$50,000 fine and a special assessment of \$600.

Mr. GARCIA praised the investigative efforts of the Federal Bureau of Investigation and the SEC.

Assistant United States Attorney LAWRENCE GERSCHWER is in charge of the prosecution.

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