

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CONRAD M. BLACK, F. DAVID RADLER AND  
HOLLINGER INC.,

Defendants.

C.A. No. 04 CV 7377

Judge William T. Hart

**FINAL JUDGMENT AS TO DEFENDANT F. DAVID RADLER**

The United States Securities and Exchange Commission (“Commission”) having filed its First Amended Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) and Defendant F. David Radler (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendant and Defendant’s agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or

instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**II.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant and Defendant's officers, agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from, directly or indirectly, falsifying any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)] in violation of Rule 13b2-1 promulgated thereunder [17 C.F.R. § 240.13b2-1].

**III.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant and Defendant's agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly

circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record or account described in Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

**IV.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant and Defendant's agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from directly or indirectly violating Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 [17 C.F.R. §§ 240.14a-3 and 240.14a-9] thereunder, by, among other things, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange or otherwise, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of such person's name to solicit proxies, consents, authorizations or notices of meetings in respect of an issuer's securities which contain statements which are false and misleading with respect to material facts or omit to state material facts necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which became false or misleading or which fail to furnish information required under Exchange Act Rule 14a-3.

**V.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that

Defendant and Defendant's agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from, directly or indirectly, as a control person under Section 20(a) of the Exchange Act, violating Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. 240.12b-20, 240.13a-1 and 240.13a-13] thereunder by failing to file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security such annual reports (and such copies thereof), certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports (and such copies thereof), certified if required by the rules and regulations of the Commission by independent public accountants, as the Commission may prescribe, and in addition to the information expressly required to be included in a statement or report, such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made not misleading.

## **VI.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant and Defendant's officers, agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from, directly or indirectly, as a control person under Section 20(a) of the Exchange Act, violating Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) and

78m(b)(2)(A)], by, among other things, failing to make and keep books, records, records and accounts, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer, and failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements.

## VII.

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant is liable for disgorgement of \$32,347,184, which represents the ill-gotten gains received as a result of the conduct alleged in the Complaint in the amount of \$24,310,911, together with prejudgment interest thereon in the amount of \$8,036,273. Defendant is credited \$8,651,957 towards Defendant's disgorgement liability, representing the amount previously paid by Defendant to Hollinger International, Inc., now known as The Sun-Times Media Group, Inc., pursuant to an agreement dated November 2003. Thus, Defendant is ordered to pay disgorgement the amount of \$23,695,227. Defendant is also liable for a civil penalty in the amount of \$5,000,000 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Specifically, Defendant's disgorgement amount represents disgorgement of (i) \$4,300,000 in ill-gotten gains received by Defendant in connection with the CNHI II transaction alleged in the Complaint; (ii) \$285,000 in ill-gotten gains received by Defendant in connection with the non-competition payments from the Forum and Paxton transactions alleged in the Complaint; (iii) \$2,612,500 in ill-gotten gains received by Defendant in connection with American Publishing Company transaction alleged in the Complaint; (iv) \$15,573,411 in ill-

gotten gains received by Defendant in connection with the CanWest transaction alleged in the Complaint; (v) \$550,000 in ill-gotten gains received by Defendant in connection with the Bishop/Blackfoot Assignment alleged in the Complaint; (vi) \$625,000 in ill-gotten gains received by Defendant in connection with the Mammoth Times transaction alleged in the Complaint; and (vi) \$365,000 in ill-gotten gains received by Defendant in connection with the Skagit Valley Argus and San Juan Journal transactions alleged in the Complaint; plus (vii) prejudgment interest thereon in the amount of \$8,036,273, and (viii) Defendant is credited \$8,651,957 previously paid by the Defendant to Hollinger International, Inc., as described above.

Defendant shall satisfy the disgorgement, prejudgment interest and civil penalty obligations by paying \$28,695,227 (the “Fund”) within ten (10) business days of the entry of this Final Judgment. The payment shall be made by certified or cashier’s check and distributed as described below, together with a cover letter identifying F. David Radler as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission’s counsel, Kathryn A. Pyszka, in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

The above Fund shall be distributed pursuant to the Fair Funds provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Fund shall be paid by certified or cashier’s check to The Sun-Times Media Group, Inc., formerly known as Hollinger International, Inc. at

the following address:

The Sun-Times Media Group, Inc.  
Attn: Vice President, General Counsel and Secretary  
350 North Orleans  
Chicago, IL 60654

The amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

#### **VIII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to

Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

**X.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that any papers filed by Defendant in this action are withdrawn to the extent that they deny any allegations in the Complaint.

**XI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

**XII.**

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: \_\_\_\_\_, 2007

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UNITED STATES DISTRICT JUDGE