

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60806 / October 9, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3057 / October 9, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13645

In the Matter of

PETER Y. ATKINSON, ESQ.,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS PURSUANT
TO SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934 AND RULE
102(e) OF THE COMMISSION'S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Peter Y. Atkinson (“Respondent” or “Atkinson”) pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the

¹ Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds² that:

Summary

1. These proceedings arise out of a fraudulent scheme pursuant to which former officers of Hollinger International, Inc., now known as Sun-Times Media Group, Inc. ("Hollinger International") diverted corporate funds to themselves through a series of related party transactions involving purported non-competition payments. As part of the scheme, these former officers misrepresented or omitted to state material facts regarding the purported non-competition payments to the Audit Committee of Hollinger International's Board of Directors ("Audit Committee") and Hollinger International's Board of Directors and caused Hollinger International to make material misstatements regarding the related party transactions in its periodic reports and proxy statements filed with the Commission.

Respondent

2. Atkinson, currently incarcerated at Allenwood Federal Correction Center in White Deer, PA, is 62 years old and a citizen and resident of Canada. Atkinson is a licensed attorney in Canada. From approximately 2000 until April 27, 2004, he served as an Executive Vice President of Hollinger International. From approximately May 2002 until January 2004, he served as a Director of Hollinger International. From early 1996 until January 2004, Atkinson was also Vice President and a Director of Hollinger Inc. In May 2000, he was appointed General Counsel of Hollinger Inc. In 2002, he became an Executive Vice President of Hollinger Inc., a position from which he resigned on April 27, 2004. From approximately 1996 until 2004, he also served as the Executive Vice President of The Ravelston Corporation Limited and Ravelston Management, Inc. (jointly "Ravelston"), of which he indirectly owned approximately .97%. On November 17, 2005, the U.S. Attorney for the Northern District of Illinois indicted Atkinson on six counts of mail and wire fraud in connection with his receipt of and failure to disclose certain of the purported non-competition payments discussed herein. In July 2007, Atkinson was found guilty of three counts of mail fraud. On December 10, 2007, Atkinson was sentenced to 24 months imprisonment, ordered to pay a fine of \$3,000, and held jointly and severally liable for forfeiture of \$6.1 million.

² The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Other Relevant Individuals and Entities

3. At all times relevant, Hollinger International was a Delaware corporation with its principal place of business in Chicago, Illinois. During the relevant period, Hollinger International owned and operated newspaper publishing businesses in the United States and abroad, including the Chicago Sun-Times, The Daily Telegraph in London, England, The Jerusalem Post in Israel and a number of other publications. During the relevant period, Hollinger International's stock was comprised of Class A and Class B stock. Hollinger International's Class A Common Stock was registered with the Commission under Section 12(b) of the Exchange Act, and its shares were traded on the New York Stock Exchange. Hollinger International's Class B Common Shares were directly and indirectly owned by Hollinger Inc.

4. At all times relevant, Hollinger Inc. was a publicly held Canadian company with its principal place of business located in Toronto, Canada. Hollinger Inc.'s shares were traded on the Toronto Stock Exchange. Hollinger Inc. was also a foreign private issuer whose shares were registered with the Commission pursuant to Section 12(g) of the Exchange Act. Hollinger Inc.'s primary holding was its shares of Hollinger International stock. During 1998 through 2003, Hollinger Inc. was the controlling shareholder of Hollinger International through its direct and indirect ownership of all of the approximately 14,990,000 shares of Hollinger International's Class B Common Stock, which had a 10-to-1 voting preference over shares of Hollinger International's Class A Common Stock. Hollinger Inc. also held several million shares of Hollinger International's Class A Common Stock. The remaining Class A shares were held primarily by public shareholders. Hollinger Inc. was controlled by Ravelston.

5. Conrad Black ("Black"), currently incarcerated, was the Chairman of Hollinger International from approximately October 1995 until January 17, 2004, and Chief Executive Officer ("CEO") from October 1995 until November 19, 2003. At all times relevant, Black was the Chairman and CEO of Ravelston, and, through Conrad Black Capital Corp., was Ravelston's 65.1% majority stockholder. At all times relevant, Black, through Ravelston, was the controlling shareholder of Hollinger Inc., which, in turn, held voting control over Hollinger International. In late 2005, the U.S. Attorney for the Northern District of Illinois charged Black with several counts of mail and wire fraud, money laundering, racketeering, and obstruction of justice in connection with his receipt of and failure to disclose certain purported non-competition payments. In July 2007, after a four month trial, Black was found guilty of three counts of mail fraud in connection with certain of these payments and one count of obstruction of justice. On December 10, 2007, Black was sentenced to 78 months imprisonment, fined \$125,000, and pursuant to the U.S. Attorney's forfeiture motion, found jointly and severally liable for the \$6.1 million in ill-gotten "non-competition" payments received by him and the other criminal defendants.

6. F. David Radler ("Radler") was Deputy Chairman, Director, President and Chief Operating Officer ("COO") of Hollinger International and former Publisher of the Chicago Sun-Times, a subsidiary of Hollinger International, until he resigned on November 17, 2003. At all times relevant, Radler was also the Deputy Chairman and COO of Hollinger Inc. and was also the President of Ravelston, and owned approximately 14.2% of stock in Ravelston through F.D. Radler Limited. On August 18, 2005, Radler was indicted on seven counts of mail and wire fraud

in connection with his receipt of and failure to disclose certain of the non-competition payments. On September 20, 2005, Radler pled guilty to one count of mail fraud in connection with his receipt of and failure to disclose certain of the non-competition payments. On December 17, 2007, Radler was sentenced to 29 months imprisonment, and ordered to pay a fine of \$250,000.

7. John A. Boulton ("Boulton"), currently incarcerated, is a chartered accountant in Canada. From 1990 until 1995, Boulton served as a Director of Hollinger International, and from 1995 until 1999, he served as the Chief Financial Officer ("CFO") of Hollinger International, after which time he became an Executive Vice President of Hollinger International. However, in 2000 and 2001, he acted as CFO of Hollinger International. He remained an Executive Vice President of Hollinger International until November 17, 2003. From approximately 1987 to 2004, Boulton served on the Board of Directors of Hollinger Inc. and was the CFO and Executive Vice President of Hollinger Inc. Boulton was also an Executive Vice President of Ravelston, of which he indirectly owned approximately .97%. On November 17 and December 15, 2005, the U.S. Attorney for the Northern District of Illinois indicted Boulton on nine counts of mail and wire fraud in connection with his receipt of and failure to disclose certain purported non-competition payments. In July 2007, Boulton was found guilty of three counts of mail fraud. On December 10, 2007, Boulton was sentenced to 27 months imprisonment, ordered to pay restitution of \$152,000, and held jointly and severally liable for forfeiture of \$6.1 million.

8. Mark S. Kipnis ("Kipnis") was, from January 1998 until November 2003, the Secretary and Vice President, Law of Hollinger International. He served as the General Counsel for Hollinger International's Chicago newspapers. On August 18 and November 17, 2005, the U.S. Attorney for the Northern District of Illinois indicted Kipnis on nine counts of mail and wire fraud in connection with the non-competition payments discussed herein. Kipnis was found guilty of two counts of mail fraud and on December 10, 2007, was sentenced to five years probation and was held jointly and severally liable for forfeiture of \$5.5 million.

Facts

9. In 2001, Atkinson received a total of \$152,500 in purported non-competition payments in connection with Hollinger International's sales of certain of its U.S. community newspapers to Forum Communications Company ("Forum") and PMG Acquisition Corporation ("Paxton") and from American Publishing Company, a Hollinger International subsidiary.

10. On September 30, 2000, Forum and Hollinger International entered into an asset purchase agreement for approximately \$14 million, of which \$400,000 was allocated to a non-competition agreement. On October 2, 2000, Paxton and Hollinger International entered into an asset purchase agreement for approximately \$59 million, of which \$2 million was allocated to a non-competition agreement. Neither the asset purchase agreements nor the non-competition agreements provided for non-competition agreements with or non-competition payments to any individual executive officers of Hollinger International.

11. In April 2001, approximately six months after the transactions had closed, Black and Radler paid themselves \$285,000 each and Atkinson and Boulton \$15,000 each from the reserves of the Forum and Paxton transactions as purported "supplemental non-competition

payments.” Black, Radler, Atkinson and Boulton were not parties to and did not execute non-competition agreements in connection with these transactions. Atkinson knew that he had not executed non-competition agreements and was not entitled to non-competition payments in connection with these transactions.

12. In February 2001, Black, Radler, Atkinson, Boulton and Kipnis orchestrated the payment of \$5.5 million in purported non-competition payments, \$2,612,500 each to Black and Radler and \$137,500 each to Atkinson and Boulton, from American Publishing Company, a Hollinger International subsidiary. There was no sale of newspapers associated with these payments, and no reason for the individuals to execute agreements not to compete with a Hollinger International subsidiary. Moreover, at the time, American Publishing Company owned only one small community newspaper which it sold shortly thereafter for \$1.

13. Kipnis prepared non-competition agreements between American Publishing Company and Black, Radler, Atkinson and Boulton and backdated the non-competition agreements to December 31, 2000. On February 8, 2001, Kipnis sent the non-competition agreements to Atkinson, which Atkinson returned in executed form on or about March 1, 2001. The non-competition payments to the individuals were made in February 2001, but Kipnis caused the checks to be backdated to December 31, 2000.

14. It was the policy and practice of Hollinger International that related party transactions were to be reviewed and approved by the Audit Committee. Atkinson did not present the American Publishing Company and Paxton and Forum non-competition payments to Hollinger International’s Audit Committee or Board for review or approval. In addition, Atkinson failed to disclose his receipt of these purported non-competition payments in his responses to the questionnaires used by Hollinger International to prepare its proxy statements and Forms 10-K.

15. Hollinger International’s filings with the Commission contained misstatements and omissions of material fact regarding the non-competition payments made in connection with the American Publishing Company and Forum and Paxton transactions. The non-competition payments to the executives were not disclosed in Hollinger International’s 2000 Form 10-K or 2001 proxy statement and were not disclosed in any way to Hollinger International’s shareholders until Hollinger International’s 2001 Form 10-K filed on April 1, 2002.

16. The disclosure in the 2001 Form 10-K stated:

In connection with the sales of United States newspaper properties in 2000, to satisfy a closing condition, the Company, Lord Black and three senior executives entered into non-competition agreements with the purchasers . . . for aggregate consideration paid in 2001 of \$0.6 million. These amounts were in addition to the aggregate consideration paid in respect of these non-competition agreements in 2000 of \$15 million. Such amounts were paid to Lord Black and the three senior executives. The Company’s independent directors have approved the terms of these payments.

17. Hollinger International's 2002 Form 10-K filed on March 31, 2003 contained a nearly identical disclosure. Hollinger International's 2002 proxy statement filed on April 2, 2002 contained a similar disclosure, but also reported that \$7,197,500 was paid to Black and Radler each and \$602,500 was paid to Atkinson and Boulton each.

18. Atkinson participated in preparing Hollinger International's proxy statements and Forms 10-K and reviewed and approved the relevant disclosures contained in these filings. Atkinson also signed Hollinger International's 2002 Form 10-K.

19. Hollinger International's disclosures in its 2001 and 2002 Forms 10-K and in its 2002 proxy statement regarding the non-competition payments to the executives were materially false and misleading because: (1) the American Publishing Company and Forum and Paxton non-competition agreements and payments were not made "to satisfy a closing condition" or required by a purchaser and were not made in connection with the sales of newspaper properties; (2) the individuals did not execute non-competition agreements in connection with the Forum or Paxton payments; (3) only \$9.5 million in non-competition payments were paid in 2000 and another \$6 million, specifically the American Publishing Company and Forum and Paxton payments, was paid in 2001; and (4) the payments were not approved by Hollinger International's independent directors.

20. Hollinger Inc.'s 2002 proxy statement filed on its Form 6-K on April 23, 2002 also contained materially false and misleading statements regarding the non-competition payments to the individuals in connection with the U.S. newspaper transactions. The 2002 Form 6-K reported:

In connection with the sales of United States newspaper properties in 2000, to satisfy a closing condition, Hollinger [Inc.], Hollinger International, Lord Black and Messrs. Radler, Atkinson and Boulton entered into non-competition agreements with the purchasers . . . for aggregate consideration paid in 2001 and 2000 of U.S.\$15,600,000, consisting of U.S.\$7,197,500 paid to Lord Black, U.S.\$7,197,500 paid to Mr. Radler, U.S.\$602,500 paid to Mr. Atkinson and U.S.\$602,500 paid to Mr. Boulton.

21. Hollinger Inc.'s 2001 annual report filed on its Form 40-F on May 22, 2002 contained a similar disclosure, stating:

[i]n connection with the sales of United States newspaper properties in 2000, to satisfy a closing condition, Hollinger International, Lord Black and three senior executives entered into non-competition agreements with purchasers . . .for aggregate consideration paid in 2001 of U.S. \$600,000 (\$917,000). These amounts were in addition to the aggregate consideration paid in respect to these non-competition agreements in 2000 of U.S. \$15 million (\$22.5 million). All such amounts were paid to Lord Black and the three senior executives. The independent directors of Hollinger International have approved the terms of the payments.

Hollinger Inc.'s 2002 Form 20-F filed on June 27, 2003 and its amended 2002 Form 20-F/A filed on September 17, 2003 contained a nearly identical disclosure.

22. Atkinson participated in drafting and reviewed and approved the Hollinger International disclosures described above, which he knew served as the basis for Hollinger Inc.'s disclosures. He also participated in the drafting of and reviewed and approved Hollinger Inc.'s disclosures. Atkinson reviewed and approved the 2001 and 2002 financial statements and the 2002 Proxy during Hollinger Inc. Board meetings, and failed to ensure that those filings disclosed the true facts concerning the related party payments.

23. For the reasons discussed above in paragraph 19, the disclosures contained in Hollinger Inc.'s filings regarding the non-competition payments were also materially false and misleading.

24. Atkinson knew or was reckless in not knowing that the Hollinger International and Hollinger Inc. filings discussed above contained materially false and misleading information concerning the American Publishing Company, Forum and Paxton non-competition agreements and payments. Atkinson knew or was reckless in not knowing that the purchasers in Forum and Paxton did not request him to sign non-competition agreements or receive funds and that there was no non-competition agreement with Paxton or Forum and any of the executives. Atkinson also knew that the American Publishing Company "non-competition" payments were not in connection with any sale of newspapers. He also knew that only \$9.5 million in non-competition payments were paid in 2000 and another \$6 million was paid in 2001. Finally, Atkinson knew or was reckless in not knowing that the payments had not been approved by Hollinger International's independent directors. Atkinson also knew that the executives had received purported non-competition payments that were not disclosed in the 2000 Form 10-K and 2001 proxy statement.

25. Atkinson has paid to Hollinger International, with interest, all of the non-competition monies he received. In total, Atkinson has paid more than \$2,798,424 to Hollinger International. Atkinson has also paid certain criminal monetary penalties and forfeiture amounts assessed against him.

Violations

26. Based on the foregoing, the Commission finds that Atkinson willfully violated Sections 10(b), 13(b)(5), and 14(a) of the Exchange Act and Rules 10b-5, 13b2-1, 14a-3 and 14a-9 thereunder; willfully aided and abetted and caused Hollinger International's violations of Sections 13(a), 13(b)(2)(A) and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, 14a-3 and 14a-9 thereunder; and willfully aided and abetted and caused Hollinger Inc.'s violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-16 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Atkinson's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Atkinson shall cease and desist from committing or causing any violations and any future violations of Sections 10(b), 13(b)(5), and 14(a) of the Exchange Act and Rules 10b-5, 13b2-1, 14a-3 and 14a-9 thereunder; and from causing any violations and any future violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, and 13a-16 thereunder.

B. Pursuant to Section 21C(f) of the Exchange Act, Atkinson be, and hereby 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 or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

C. Atkinson is denied the privilege of appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary