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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. JOHANNES GERHARDUS ANDREAE, Defendant.	Civil Action No. **COMPLAINT**

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges:

NATURE OF THE ACTION

1. This is an accounting fraud case against Johannes Gerhardus Andreae, a former executive vice president and member of the executive board of Koninklijke Ahold N.V. ("Ahold"). Ahold is a publicly-held company organized in The Netherlands with securities registered with the SEC pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"). Ahold's securities trade on the New York Stock Exchange and are evidenced by American Depositary Receipts. The defendant participated in a fraudulent scheme involving the improper consolidation of joint ventures, which caused Ahold to fraudulently publish

materially false and misleading financial and other statements for at least fiscal years 2000 and 2001 and for the first three quarters of 2002.

2. As a foreign issuer, Ahold prepared its financial statements pursuant to Dutch generally accepted accounting principles ("GAAP") but included, in its filings with the Commission, a reconciliation to U.S. GAAP and condensed financial statements prepared pursuant to U.S. GAAP. Ahold fully consolidated several joint ventures in its financial statements despite owning no more than fifty percent of the voting shares. To justify full consolidation of certain joint ventures under U.S. GAAP, Ahold gave its independent auditors control letters, signed by Ahold and its joint venture partners, which stated that Ahold controlled the joint ventures ("control letters"). Andreae signed the control letter for ICA, Ahold's joint venture in Scandinavia, which falsely stated that Ahold controlled the joint venture. Andreae knew or was reckless in not knowing that Ahold's auditors relied on the ICA control letter to conclude that the consolidation of ICA conformed with GAAP.

3. However, at the time or soon after he signed the ICA control letter, Andreae signed a second side letter that rescinded the ICA control letter – and thus the basis for the auditors' acceptance of the consolidation of ICA (the "ICA rescinding letter"). Andreae knowingly or recklessly concealed the ICA rescinding letter from the auditors and others at Ahold.

4. Andreae also was a member of the board of directors of JMR, Ahold's joint venture in Portugal. Andreae knew that Ahold did not control JMR. However, Ahold falsely represented in Commission filings and other public statements that Ahold controlled JMR such that full consolidation was appropriate. Andreae knew or was reckless in not knowing that these representations were false.

5. As a result of the fraud, Ahold reported materially inflated net sales and operating income for at least fiscal years 2000 and 2001 and for the first three quarters of 2002. By significantly inflating net sales and operating income, the fraud enabled Ahold to portray itself to competitors, suppliers, and the public as a much larger company than it actually was.

JURISDICTION AND VENUE

6. The SEC brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act of 1933 [15 U.S.C. §§ 77t(b) and 77t(d)] ("Securities Act") and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(3)].

7. This Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e), 78u-1(a)(1) and 78aa]. Defendant directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged herein. Defendant signed, approved, or was otherwise responsible for at least some of the Commission filings and other public statements made to individuals within the United States that form the basis for this action.

8. In addition, by signing the ICA control and rescinding letters, defendant was party to an arrangement designed to allow the improper consolidation of ICA in Ahold's financial statements and other public statements. Defendant knew that Ahold's financial and other public statements were filed with the Commission and disseminated to Ahold shareholders and prospective shareholders in the United States. Thus, the defendant's misconduct had an unmistakably foreseeable effect within the United States.

9. Certain of defendant's transactions, acts, practices and courses of business, including but not limited to the filing of materially false and misleading documents with the Commission, occurred within this District, and venue is proper pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act.

DEFENDANT

10. Defendant Johannes Gerhardus Andreae, age 58, was an executive vice president of Ahold and a member of Ahold's executive board from 1997 until his resignation on February 20, 2004. Mr. Andreae resides in The Netherlands and is a Dutch national.

STATEMENT OF FACTS

11. Beginning no later than the early 1990's, Ahold expanded into various markets outside The Netherlands by forming joint ventures with existing food retailers in those markets.

12. For example, in July 1992, Ahold acquired 49 percent of the shares of Jerónimo Martins Retail ("JMR"), a Portuguese company with food retail and wholesale operations in Portugal. The remaining 51 percent of the shares were owned by the Portuguese entity Jerónimo Martins & Filho ("JMH"). The JMR shareholders' agreement provided that the joint venture would be run by a seven-member board of directors deciding unanimously. Four of the directors were appointed by JMH and three were appointed by Ahold. Ahold began consolidating the results of JMR in its financial statements for fiscal year 1992. Andreae became a member of the board of directors of JMR in early 1998.

13. In December 1996, Ahold acquired 50 percent of the voting shares of Bompreço S.A., a Brazilian company operating supermarkets in Brazil ("Bompreço"). The remaining voting shares were held by BompreçoPar, another Brazilian entity. The Bompreço shareholders' agreement gave Ahold and BompreçoPar an equal number of seats on the board of directors.

The agreement provided that all board decisions had to be made by majority vote and contained deadlock provisions for situations in which a majority vote could not be achieved. Ahold began consolidating Bompreço's balance sheet in its financial statements for the fourth quarter of 1996. Ahold began fully consolidating Bompreço's financial results in its financial statements for the first quarter of 1997.

14. During 1997 and 1998, the increasing importance of joint ventures in Ahold's growth strategy and the relative importance of Ahold's international operations led to discussions between Ahold and its independent auditors, Deloitte Touche Tohmatsu's Netherlands affiliate ("Deloitte Netherlands"), regarding the requirements for full consolidation of joint ventures under Dutch and U.S. GAAP.

15. Consolidation is appropriate under U.S. GAAP only if the entity seeking to consolidate controls the entity to be consolidated. Control generally exists through ownership of a majority voting interest. However, pursuant to publication 96-16 of the of the Financial Accounting Standards Board's Emerging Issues Task Force ("EITF 96-16"), even in cases where a company owns a majority voting interest, consolidation is inappropriate if the minority shareholder possesses the right to effectively participate in significant decisions that would be expected in the ordinary course of business through, for example, the right to veto such decisions. Deloitte Netherlands summarized EITF 96-16 and other Dutch and U.S. GAAP relating to consolidation in a memorandum sent to Ahold dated September 5, 1997.

16. Deloitte Netherlands' concerns regarding Ahold's joint venture accounting were discussed at a September 7, 1998 meeting of Ahold's executive board. Andreae was present at the meeting. The board discussed a letter from Deloitte Netherlands dated August 24, 1998, which stated, in part:

> As discussed in our letter dated September 5, 1997 and during several subsequent meetings, it was concluded that it is only possible to consolidate a joint venture under US GAAP if the company has substantive control (see attached copy). Based on the US GAAP criteria for consolidation and the evidence available during our audit procedures regarding the 1997 financial statements we concluded, after consultation with our US National Office, that consolidation for the majority of the Ahold joint ventures was not acceptable under U.S. GAAP. However, based on representations from and firm beliefs of Ahold representatives that the Company had the intention to adjust the joint venture agreements (either the contract itself or by using side letters), the current accounting treatment of full consolidation was continued in the financial statements for 1997.

Andreae received a copy of the letter. Ahold's CFO at the time explained to the other board members that Deloitte Netherlands had concluded that Ahold was in breach of U.S. GAAP and that Bompreço was seen as the main problem. The CFO stated the he intended to send a letter to Ahold's partner in Bompreço explaining that ultimately, Ahold controlled the joint venture. In addition to attending the meeting, Andreae received and approved the meeting minutes.

17. Shortly after the meeting, Ahold's CFO drafted a side letter relating to Bompreço which stated that, according to the partners' interpretation of the shareholders' agreement, in the event of a disagreement that could not be resolved to the partners' mutual satisfaction, Ahold's proposal to solve the issue would be decisive. The CFO or someone acting at his direction gave a copy of the draft side letter to Deloitte Netherlands. After consulting with the national office of Deloitte & Touche LLP, Deloitte Netherlands' affiliate in the United States ("Deloitte U.S.") Deloitte Netherlands informed Ahold that the letter, if countersigned by BompreçoPar, would allow for the continued consolidation of Bompreço under U.S. GAAP provided there was no other way that BompreçoPar could obtain control. Ahold's CFO negotiated the text of the side letter with the president of BompreçoPar during late 1998 and early 1999.

18. On or about February 26, 1999, Deloitte Netherlands sent a letter to Ahold's supervisory board, audit committee, and executive board members regarding the audit of Ahold's 1998 financial statements. The letter stated, in relevant part:

> Joint venture accounting – During the year, we have had several discussions with management regarding joint venture accounting. It was concluded that it is only possible to consolidate a joint venture if Ahold has substantive control. Based on representations from management, the company is amongst others investigating whether an explicit adjustment of certain joint venture agreements is possible which will continue to enable Ahold to consolidate the joint ventures under both Dutch and U.S. GAAP. A draft side letter was drawn up by management and reviewed by our National Office in the USA. Management is aware of the importance and is in the process of solving this issue as soon as possible. The side letter for the Brazilian joint venture is currently being negotiated. Other joint ventures are still being negotiated.

Andreae received and read a copy of the letter.

19. In May 1999, Ahold's CFO signed, and the president of BompreçoPar countersigned, a side letter similar to the draft that had been approved by Deloitte Netherlands and Deloitte U.S. Ahold gave a copy of the signed letter (the "Bompreço control letter") to Deloitte Netherlands. Deloitte Netherlands and Deloitte U.S. relied upon the Bompreço control letter to conclude that the continued consolidation of Bompreço conformed with U.S. GAAP.

20. However, at or around the time the Bompreço control letter was executed, BompreçoPar's president sent Ahold's CFO a second side letter (the “Bompreço rescinding letter”) which stated:

> Aware of the contents of [the Bompreço control] letter, . . . this is to inform you that we do not agree with the interpretation given by you of our Shareholders' Agreement.

Ahold's CFO and chief executive officer ("CEO") at the time countersigned the Bompreço rescinding letter on behalf of Ahold but did not disclose its existence to Deloitte Netherlands.

21. In the fall of 1999, Andreae became involved in the negotiations leading to the formation of ICA Ahold Holding AB ("ICA"), a joint venture between Ahold, ICA Förbundet Invest AB ("ICA Förbundet"), a Swedish company, and Canica AS ("Canica"), a Norwegian company. At the time, ICA Förbundet and Canica were the largest shareholders of ICA AB, a Swedish company with food retail and wholesale operations in Scandinavia. During the negotiations, Andreae and other representatives of the three parties agreed that the proposed joint venture would be jointly controlled by Ahold on the one hand and ICA Förbundet and Canica (collectively the "Partners") on the other. Andreae also was aware during these discussions that Ahold intended to fully consolidate the results of ICA into its financial statements.

22. On or about February 24, 2000, Andrea and representatives of the Partners executed a shareholders' agreement that led to the creation of the ICA joint venture. The agreement unequivocally provided that ICA would be jointly controlled by Ahold on the one hand and the Partners on the other. For example, the parties agreed that the Partners would act jointly as one party in all matters relating to the joint venture in order to create a 50-50 balance between Ahold and the Partners. Ahold and the Partners also agreed that they would each hold 50 percent of the shares and voting rights in the new joint venture. In addition, the agreement gave Ahold and the Partners the same number of seats on the board of directors. The agreement also provided that all board decisions had to be approved by a unanimous vote and that any deadlock would be resolved by mediation and, if necessary, arbitration. In short, nothing in the agreement gave Ahold a deciding vote or any other form of control over the joint venture.

23. On or about March 1, 2000, Deloitte Netherlands sent a letter to Ahold's supervisory board, audit committee, and executive board members regarding the audit of Ahold's 1999 financial statements. The letter stated, in relevant part:

> Joint Venture Accounting

> We have had several discussions during the past two years with management regarding joint venture accounting. It was concluded that it is only possible to consolidate a JV if Ahold has substantive control. Even if Ahold owns only 50% of the shares substantive control may exist when Ahold controls the Board of Directors, has the ability to sell the investee's assets, has guaranteed debt, is an integral part of the Company's business etc. A conclusion on the substantive control should be based on the actual facts and circumstances.
>
> **Recommendation:**
> **We strongly advise to further investigate the above for other joint ventures and participations (such as with respect to JMR, Disco, Santa Isabel and the new joint venture with ICA), and also given the recent discussions relating to 'immaterial' misapplications of GAAP and materiality.**

(Emphasis in original.) Andreae received and read a copy of the letter.

24. As of April 2000, based on the documents and other information Andreae had previously received including, but not limited to, the information set forth in paragraphs 16-23 above, Andreae was aware that Deloitte Netherlands was concerned about Ahold's consolidation of joint ventures and that, in order to consolidate, Ahold had to control the joint venture. Andreae also knew that Ahold intended to consolidate ICA, but that the shareholders' agreement provided for joint control by Ahold and the Partners. Finally, Andreae had received information indicating that, to resolve the consolidation issue with respect to Bompreço, Ahold's CFO had negotiated a side letter with BompreçoPar stated that Ahold controlled the joint venture.

25. On or about May 2, 2000, Ahold's CFO, either simultaneously or in close proximity, gave Andreae two unsigned side letters relating to ICA. The first, bearing a date of May 2, 2000 and a reference number of JGA/bm2032, was addressed to the presidents of the Partners. The letter (hereinafter the "ICA control letter") stated:

> Our auditors have requested us that we be more specific with regard to the interpretation of the Shareholders agreement for ICA Ahold Holding AB.

> The shareholder agreement stipulates that all (major) decisions with regard to ICA Ahold Holding AB will be made in consensus between you on one side and Ahold on the other side. This is the basic understanding of the partnership. However, in the case that we reach no consensus decision on a certain issue which we are unable to resolve to shareholders' mutual satisfaction, Ahold's proposal to solve that issue will in the end be decisive. It is natural that in the unlikely event that this occurs, Ahold will always act in such a way that the interests of ICA Förbundet Invest AB and Canica AS are best protected.

The second side letter (hereinafter the "ICA rescinding letter") was addressed from the Partners to Ahold and stated:

> Aware of the contents of your letter of May 2, 2000, ref. JGA/bm2032, this is to inform you that we do not agree with the interpretation given by you of our Shareholders' Agreement.

26. Ahold's CFO explained to Andreae that Ahold's auditors had requested the ICA control letter and that the CFO needed it for the auditors. The CFO gave Andreae the rescinding letter to deal with any objections of the Partners to the ICA control letter. Andreae, who was a member of ICA's supervisory board, was scheduled to attend a meeting with the presidents of the Partners on May 2, 2000 in Stockholm, Sweden. The CFO asked Andreae to have the presidents of the Partners sign the ICA control letter at the meeting.

27. Andreae arrived in Stockholm on May 2, 2000 and asked the presidents of the Partners to sign the ICA control letter. Either the same day or the next, ICA Förbundet's president told Andreae that he could not accept the ICA control letter. Andreae subsequently gave ICA Förbundet's president the ICA rescinding letter.

28. Andreae and the presidents of the Partners signed the ICA control and rescinding letters between May 2 and May 5, 2000. Andreae signed the ICA control letter and the presidents of the Partners countersigned it under the heading, "Agreed." The partners signed the ICA rescinding letter and Andreae countersigned it under the heading, "Agreed."

29. Andreae subsequently gave the executed ICA control and rescinding letters to Ahold's CFO. The CFO or someone acting at his direction gave a copy of the ICA control letter to Deloitte Netherlands. The CFO withheld the ICA rescinding letter from the auditors.

30. Deloitte Netherlands and Deloitte U.S. relied on the ICA control letter to accept the consolidation of ICA. However, the ICA rescinding letter nullified the control letter – and thus the basis for the consolidation of ICA.

31. At or around the time he gave the executed ICA control and rescinding letters to Ahold's CFO, Andreae knew that Ahold's auditors had requested the ICA control letter and that text of the letter related to the issue of control. Andreae also knew or was extremely reckless in not knowing that the purpose of the ICA control letter was to allow Ahold to consolidate ICA. Andreae also knew that the ICA rescinding letter nullified the ICA control letter. Finally, Andreae knew or was extremely reckless in not knowing that Ahold's CFO intended to give the ICA control letter to Deloitte Netherlands, but not the ICA rescinding letter.

32. On or about February 28, 2001, Deloitte Netherlands sent a letter to Ahold's supervisory board, audit committee, and executive board members regarding the audit of Ahold's 2000 financial statements. The letter stated, in relevant part:

> We have had several discussions with management during previous years concerning the accounting for joint ventures under US GAAP. Ahold believes that they may consolidate based on the fact that they control the partnerships. This conclusion is further substantiated by actions since the moment Ahold entered into the different partnerships. Note that for the Disco and ICA partnership control letters were obtained. . . .

Andreae received and read a copy of the letter. He knew or was extremely reckless in not knowing that the ICA "control letter" referenced by Deloitte Netherlands was the same letter that had been signed and promptly rescinded by Andreae and the Partners in May 2000.

Nevertheless, Andreae continued to knowingly or recklessly conceal the existence of the ICA rescinding letter from Deloitte Netherlands and others at Ahold.

33. On or about February 28, 2002, Deloitte Netherlands sent another letter to Ahold's supervisory board, audit committee, and executive board members regarding the audit of Ahold's 2001 financial statements. The letter stated, in relevant part:

> 3.2 Joint ventures
>
> We have had several discussions with management during previous years concerning the accounting for joint ventures under US GAAP. Ahold believes that they may consolidate based on the fact that they control these partnerships and that this conclusion is further substantiated by actions subsequent to the agreement of the different partnerships. We note that for the Disco and ICA partnership control letters have been obtained. . . .

Andreae again received and read a copy of the letter. He also once again knew or was extremely reckless in not knowing that the ICA "control letter" referenced by Deloitte Netherlands was the same letter that had been signed and promptly rescinded by Andreae and the Partners in May 2000. Nevertheless, Andreae continued to knowingly or recklessly conceal the existence of the ICA rescinding letter from Deloitte Netherlands and others at Ahold.

34. As a result of Andreae's actions in signing the ICA control and rescinding letters and knowingly or recklessly concealing the existence of the rescinding letter from Deloitte Netherlands, Ahold's financial statements for fiscal years 2000 and 2001 and the first three quarters of 2002 falsely represented that Ahold controlled ICA such that full consolidation was appropriate.

35. Ahold's financial statements for fiscal years 2000 and 2001 and the first three quarters of 2002 also falsely represented that Ahold controlled JMR such that full consolidation was appropriate. As a member of JMR's supervisory board, Andreae knew that Ahold did not

control JMR, and he knew or was reckless in not knowing that Ahold's financial statements falsely represented that Ahold controlled JMR.

36. As a result of the improper consolidation of ICA and JMR, Ahold issued fraudulent financial statements for fiscal years 2000 and 2001 and the first three quarters of 2002 that materially overstated sales, operating income, earnings before and after income taxes, and other line items. For example, Ahold materially overstated net sales by approximately EUR 8.1 billion ($7.3 billion) for fiscal year 2001 and EUR 5.9 billion ($5.4 billion) for fiscal year 2000. Ahold materially overstated operating income by approximately EUR 362 million ($324 million) for fiscal year 2001 and EUR 303 million ($279 million) for fiscal year 2000.[1]

37. The Commission filings and other public statements that were fraudulently rendered materially false and misleading through the improper consolidation of ICA and JMR include, but are not limited to, the following:

a. Ahold's annual reports and Forms 20-F for fiscal years 2000 and 2001;

b. Ahold's registration statements and prospectuses filed with the Commission on or about August 17, 2001 and August 22, 2001, which incorporated Ahold's materially false and misleading Form 20-F for fiscal year 2000;

c. Ahold's 2002 quarterly results filed with the Commission on Forms 6-K filed on or about June 6, 2002, September 6, 2002, and November 19, 2002; and

d. Ahold's press releases dated January 5, 2001, January 8, 2002, May 7, 2002, October 25, 2002, and January 7, 2003, which contained, at a minimum, materially misleading sales figures and sales growth rates based in part on the improper consolidation of ICA and JMR.

38. During the summer of 2002, tensions arose between Ahold and Canica. As a result of these tensions, the president of Canica threatened to disclose the ICA rescinding letter to the

public. Andreae was aware of the threat, and he knew that Deloitte Netherlands was unaware of the existence of the ICA rescinding letter. Nevertheless, Andreae continued to conceal the existence of the ICA rescinding letter from Deloitte Netherlands and others at Ahold.

39. Indeed, rather than informing Deloitte Netherlands and others at Ahold of the existence of the ICA rescinding letter, Andreae and Ahold's CFO drafted yet another side letter relating to ICA. This third side letter was addressed to Andreae from the chairman of the board of ICA Förbundet and stated, in relevant part, that "ICA Förbundet agrees to cede control of ICA Ahold AB to Royal Ahold . . ." In September 2002, Andreae or someone acting with his knowledge sent the third side letter to representatives of ICA Förbundet. ICA Förbundet rejected the letter in an e-mail to Andreae dated September 20, 2002.

40. On or about October 25, 2002, Deloitte Netherlands finally learned of the existence of the ICA rescinding letter. Ahold's audit committee subsequently launched an internal investigation. In late February 2003, Deloitte Netherlands learned of the existence of rescinding letters for other joint ventures, including Bompreço, and an expanded internal investigation ensued.

41. On February 24, 2003, Ahold announced that it would issue restated financial statements for previous periods and would delay filing its consolidated 2002 financial statements as a result of internal investigations into its joint venture accounting and other matters.

42. On or about October 17, 2003, Ahold filed its annual report and Form 20-F for fiscal year 2002, which contained restatements for fiscal years 2000 and 2001, corrected accounting adjustments for fiscal year 2002, and restated amounts for fiscal years 1998 and 1999 included in the five-year summary data. Ahold stated in the 2002 annual report and Form 20-F

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[1] The conversion from euros to dollars is based on exchange rates of and $0.8956 per euro for 2001 and

that it had historically consolidated ICA and other joint ventures on the basis of the control letters. Ahold also stated that the undisclosed rescinding letters nullified the control letters and resulted in the decision to deconsolidate ICA and other joint ventures under Dutch and U.S. GAAP. Ahold also deconsolidated JMR based on the conclusion that Ahold did not have control. Andreae reviewed and approved Ahold's 2002 annual report and Form 20-F.

43. Andreae received ill-gotten gains as a result of his misconduct including undeserved compensation and/or losses avoided by selling Ahold securities prior to the disclosure of the fraud described above.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) [15 U.S.C. § 77q(a)] of the Securities Act, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]

44. Paragraphs 1 through 43 are re-alleged and incorporated by reference.

45. By reason of the foregoing, defendant directly or indirectly, acting intentionally or recklessly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the offer, sale, or purchase of securities: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; (c) obtained money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (d) engaged in transactions, acts, practices, or courses of business which operated as a fraud or deceit upon other persons.

$0.9212 per euro for 2000.

46. By reason of the foregoing, defendant violated Section 17(a) of the Securities Act and violated, or aided and abetted violations of, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5.

SECOND CLAIM FOR RELIEF

Violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1 and 13a-16 [17 C.F.R. §§ 240.13a-1and 240.13a-16]

47. Paragraphs 1 through 43 are re-alleged and incorporated by reference.

48. The Exchange Act and rules promulgated thereunder require every issuer of a registered security to file reports with the SEC that accurately reflect the issuer's financial performance and provide other true and accurate information to the public.

49. By reason of the foregoing, defendant aided and abetted Ahold's violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-16 thereunder.

THIRD CLAIM FOR RELIEF

Violations of Section 13(b)(2)(A), (b)(2)(B) and (b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A), (b)(2)(B), and (b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1]

50. Paragraphs 1 through 43 are re-alleged and incorporated by reference.

51. The Exchange Act and rules promulgated thereunder require each issuer of registered securities to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the business of the issuer and to devise and maintain a system of internal controls sufficient to provide reasonable assurances that, among other things, transactions are recorded as necessary to permit preparation of financial statements and to maintain the accountability of accounts. The Exchange Act and rules promulgated thereunder further prohibit any person from directly or indirectly falsifying any such required book, record

or account and prohibit any person from knowingly circumventing or failing to implement such a system of internal accounting controls.

52. By reason of the foregoing, defendant aided and abetted Ahold's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

53. By reason of the foregoing, defendant violated, or aided and abetted violations of, Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1.

FOURTH CLAIM FOR RELIEF

Violations of Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2]

54. Paragraphs 1 through 43 are re-alleged and incorporated by reference.

55. By engaging in the conduct described above, defendant directly or indirectly made or caused to be made materially false or misleading statements or omitted or caused others to omit to state material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to accountants in connection with audits or examinations of Ahold's required financial statements or in connection with the preparation and filing of documents and reports required to be filed with the Commission, in violation of Exchange Act Rule 13b2-2.

56. By reason of the foregoing, defendant violated, or aided and abetted violations of, Exchange Act Rule 13b2-2.

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that this Court enter a judgment:

A. Permanently restraining and enjoining defendant from violating Section 17(a) of the Securities Act and violating, or aiding and abetting violations of, Sections 10(b) and 13(b)(5) of the Exchange Act of 1934, and Exchange Act Rules 10b-5, 13b2-1, and 13b2-2;

B. Permanently restraining and enjoining defendant from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 13a-1 and 13a-16;

C. Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], permanently prohibiting defendant from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

D. Ordering defendant to disgorge ill-gotten gains, with prejudgment interest, including, but not limited to, salaries and other benefits wrongfully obtained as a result of his misconduct; and

E. Granting such other additional relief as this Court may deem just and proper.

Dated: October 13, 2004

Respectfully submitted,

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