

# DID ISEMAN AND MCCAIN ENABLE CONRAD BLACK TO COMMIT FRAUD WITH CANWEST?



On July 31, 2000, Alcalde & Fay—and their lobbyist Vicki Iseman—terminated their lobbying activities for CanWest, a big Canadian media company. That day, CanWest had achieved the goal Alcalde & Fay had been assisting with: the acquisition of much of Conrad Black's media empire in Canada.

Iseman and her colleagues had been lobbying the FCC, the House of Representatives, and the Senate (including John McCain, with whom McCain's advisors believed Iseman had an inappropriate relationship at the time) to win approval for the foreign purchase of American broadcast companies—that is, Conrad Black's properties, which were headquartered in Chicago.

Iseman's role in the deal is significant for a couple of reasons. First, the deal greatly contributed to the consolidation of media in Canada:

In the largest media deal in Canadian history, CanWest Global Communications, a company that started 20 years ago with a North Dakota television station, is to pay \$2.36 billion for dominant dailies in 8 of Canada's 10 provinces. Mr. Black is to gain a seat on the CanWest board and is to become the second-largest shareholder, after the family of the company founder, Israel H. Asper.

"The borders are gone, we have to grow," Mr. Asper, Global's chairman, told a news conference in Toronto today,

comparing his acquisition to Tribune Media's recent purchase of The Los Angeles Times. "We don't intend to be one of the corpses lying beside the information highway."

Mr. Black said in a statement that his company, Hollinger International, "believes this intimate association with a highly successful telecaster built by an entrepreneurial spirit compatible with Hollinger is the best possible assurance of the strength of the newspaper franchises."

Like Conrad Black before them, the family running CanWest exerts a great deal of editorial control—going so far as to distribute corporate editorials to be run in all their properties.

CanWest set off the media furor in December [2001, a year after the purchase] with its a decision to require all of its daily newspapers to run corporate editorials produced in its Winnipeg head office. Initially, the company sent out one editorial weekly, but said this would increase to three times a week. The company also said locally-written material should not contradict the party line handed down in corporate editorials. Ownership and management have clashed with journalists and columnists who've cringed under the new controls.

More interesting still, the deal lay at the core of the charges (and conviction) of Conrad Black for fraud. CanWest paid \$60 million to Black and other Hollinger executives that they hid as non-compete agreements.

Canwest purchased the newspapers for \$3.5-billion in a deal that also included \$80-million in non-compete payments. Black, Atkinson and Boulton

pocketed \$60-million in fees from the sale – money the U.S. prosecutors are alleging should have gone to Hollinger International.

Now, there is absolutely no reason to believe that McCain and Iseman had anything to do with the fraudulent aspect of this deal—or that they even knew about it. Many of Hollinger’s board members testified they had no clue about the fraud, so there’s almost no way CanWest’s lobbyist knew about it. Iseman simply helped make sure the deal got the regulatory approval it needed in the US.

As with my post on the ties between *Stolen Honor* and Iseman’s lobbying of McCain, I’m not so interested in the deals themselves—I’m interested in the folks bankrolling the Iseman-McCain relationship. And as with the Sinclair and the Paxson lobbying, what Iseman was working to accomplish was the consolidation—and with it, the politicization—of the media. There’s no evidence the people behind the deals are the same. But the ultimate goal of their lobbying does appear to be the same.