

MAA:EDB  
F.# 2005R01038

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

----- X

UNITED STATES OF AMERICA

- against -

LOUIS SITO,

Defendant.

----- X

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

1. Newsday, Inc. ("Newsday") published a daily newspaper that was sold and distributed throughout the New York metropolitan area, including all five boroughs of New York City, Long Island and New Jersey. Hoy published a daily newspaper that was sold and distributed throughout Queens, New York; Long Island, New York; parts of New Jersey; Chicago, Illinois and Los Angeles, California. During the period of the conspiracy, Newsday and Hoy were wholly owned subsidiaries of Tribune Company ("Tribune"), a publicly traded company located in Chicago. Newsday's principal place of business was in Suffolk County on Long Island and Hoy's principal place of business was in Queens.

**FILED**  
IN CLERK'S OFFICE  
U.S. DISTRICT COURT, E.D.N.Y.

★ MAY 17 2006 ★

BROOKLYN OFFICE

I N F O R M A T I O N

Cr. No. CR-06-~~747~~ 171 (JBW)  
(T. 18, U.S.C., §§  
981(a)(1)(C), 1349  
and 3551 et seq.; T. 21,  
U.S.C., § 853(p); T.  
28, U.S.C., § 2461(c))

2. Newsday and Hoy kept track of the number of newspapers they sold to paying customers, which was commonly referred to in the newspaper publishing industry as "paid circulation."

3. Distribution Systems of America and DSA Community Publishing (collectively referred to as "DSA") were wholly owned subsidiaries of Tribune. DSA's principal place of business was in Queens, New York. DSA was a wholesale distributor of newspapers and magazines, including Newsday and Hoy. DSA compiled paid circulation data for both Newsday and Hoy and reported it to Newsday.

4. The Audit Bureau of Circulation ("ABC") was a not-for-profit organization whose membership included newspaper publishers, including Newsday and Hoy, and their advertisers. ABC served as an industry watchdog to insure the integrity of paid circulation data submitted by publishers to advertisers. In order to qualify for membership in ABC, a newspaper publisher was required to meet a paid circulation threshold, which was verified through annual audits by ABC.

5. Advertisers depended on ABC-audited paid circulation data to negotiate advertising rates with publishers, including Newsday and Hoy. In general, advertisers would pay higher advertising rates to publishers with higher paid circulation numbers.

6. At various times during the period of the conspiracy, the defendant LOUIS SITO served as Vice President of Circulation for Newsday, General Manager for DSA, and Publisher of Hoy. One of SITO's duties in these capacities was to assure that paid circulation data for Newsday and Hoy was accurately reported to ABC.

CONSPIRACY TO COMMIT MAIL FRAUD + FORFEITURE

7. The allegations contained in paragraphs 1 through 6 are realleged and incorporated as though fully set forth in this paragraph.

8. In or about and between January 2000 and May 2004, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant LOUIS SITO, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud advertisers, and to obtain money and property from advertisers, by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to cause mail matter to be delivered by the United States Postal Service and private and commercial interstate carrier according to the directions thereon, in violation of Title 18, United States Code, Section 1341.

9. It was a part of the scheme and artifice that, in or about and between January 2000 and May 2004, the defendant

LOUIS SITO, together with others, directed his subordinates at Newsday and Hoy to overstate paid circulation numbers and to submit the resulting false information by mail and private and commercial interstate carrier to ABC, knowing that the falsely inflated paid circulation numbers would be the basis on which advertisers would negotiate higher advertising rates with Newsday.

10. It was a further part of the scheme and artifice that, in or about and between January 2000 and May 2004, the defendant LOUIS SITO, together with others, directed Newsday and Hoy employees to artificially inflate paid circulation numbers by, among other things, making it appear as if a substantial number of individuals in New York had subscribed to Newsday and Hoy, and therefore had paid for the purchase of the newspapers, when in fact, as he well knew, they had not.

11. It was a further part of the scheme and artifice that, in or about and between August 2003 and May 2004, the defendant LOUIS SITO, together with others, directed a distributor of Hoy in Chicago to artificially inflate the paid circulation numbers submitted to ABC by falsifying the number of Hoy newspapers sold by hawkers employed by the distributor.

12. It was a further part of the scheme and artifice that, in or about and between August 2003 and May 2004, the defendant LOUIS SITO, together with others, directed DSA

employees to artificially reduce the number of Hoy newspapers in Chicago that were reported returned unsold, knowing that this would result in the false reporting of paid circulation numbers to ABC.

13. It was a further part of the scheme and artifice that, in or about and between January 2004 and May 2004, the defendant LOUIS SITO, together with others, directed Hoy employees to artificially inflate the paid circulation numbers of Hoy in Los Angeles by, among other ways, falsifying the number of Hoy newspapers sold by hawkers and from vending machines.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

14. The United States hereby gives notice to the defendant that upon his conviction of the offense charged in Count One of this Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense, including, but not limited to, the following:

Money Judgment


A sum of money equal to one hundred thousand dollars in United States currency (\$100,000.00).

15. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:
- a. cannot be located upon the exercise of due diligence;
  - b. has been transferred or sold to, or deposited with, a third party;
  - c. has been placed beyond the jurisdiction of the court;
  - d. has been substantially diminished in value;  
or
  - e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28,

United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 28, United States Code, Section 2461(c); Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p))

  
ROSLYNN R. MAUSKOPF  
UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK