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MEDIA**Lord Black Calmly Defends Conduct**

After Resigning as CEO
 Of Hollinger, Media Baron
 Sees No Impropriety

Media baron **Conrad Black** calmly defended his conduct, a day after stepping down as chief executive of [Hollinger International Inc.](#) after an internal probe found he had received millions of dollars in unauthorized payments from the trans-Atlantic newspaper company.

Making his way through a mob of shouting reporters after a promotional book-signing in Toronto, Lord **Black** insisted there is "no suggestion of impropriety" about his actions, and even boasted that he remains chairman of Hollinger and "made 50 million bucks" from the company's stock-price jump Monday.

By **Mark Heinzl** in Toronto, **Charles Goldsmith** in London and **Robin Sidel** in New York

Across town, meanwhile, a spokesman for the Ontario Securities Commission,

Canada's top securities regulator, said the agency is "aware of the events and we're watching," but declined to say whether an investigation has been launched following Monday's disclosure of \$32.1 million in unauthorized payments to executives and to Hollinger Inc., the Toronto holding company through which Lord **Black** controls Chicago-based Hollinger International.

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A special committee of Hollinger International's board, which discovered the unauthorized payments, is continuing its internal investigation. KPMG LLP, Hollinger International's auditor, said it "remains confident that it acted appropriately at all times and stands behind its work," a KPMG spokesman said.

Though he is stepping down Friday as CEO of Hollinger International, the 59-year-old Lord **Black** remains the company's chairman and controlling shareholder. Hollinger International said Monday it has retained Lazard LLC to review strategic alternatives, including a possible sale of the company or one or more of its major properties. Those include London's Daily Telegraph, the Chicago Sun-Times and the Jerusalem Post.

Mr. Black's continued role as chairman has angered some minority shareholders. "It's a disgrace," said Laura Jereski, an analyst with Tweedy Browne Co., the New York investment firm that prompted the Hollinger board to investigate fees paid to Lord **Black** and his associates. "This board has left a guy in place who has no recognition at all of the inappropriateness of taking money out of a public company."

On Wall Street, investment bankers scrambled Tuesday to figure out potential transactions that could develop from the situation. Although a handful of suitors -- mostly private-investment firms -- have been sniffing around Hollinger for months, most have been reluctant to pursue a transaction while Lord **Black** remained a majority holder in the company. Despite this week's developments, Lord **Black** continues to control a 73% voting stake in Hollinger International.



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trading, Hollinger International shares edged up two cents to \$15.75, after jumping 17% Monday.

Deal makers saw little likelihood corporate suitors would swoop in to buy Hollinger, noting the company's geographically disparate newspaper assets don't fit easily with a newspaper group. Indeed, Dean Singleton, chief executive of MediaNews Group -- publisher of the Denver Post -- expressed skepticism that that any large newspaper company would bid.

"Most industry players are looking for dominant positions, and these aren't dominant positions," Mr. Singleton said.

Instead, newspaper chains like Gannett Co., publisher of USA Today, might be interested in scooping up smaller assets such as community newspapers in the Chicago suburbs. A Gannett spokeswoman declined to comment.

Private-equity firms also are considered potential bidders for Hollinger assets. The company recently has been in preliminary talks with financier Nelson Peltz and at least two other groups, according to people familiar with the situation.

In Britain, Hollinger's Telegraph Group -- which publishes the Daily Telegraph, Sunday Telegraph and weekly Spectator magazine -- is estimated to be valued at £400 million to £600 million (\$677 million to \$1.02 billion).

Dan Colson, the chief executive of the Telegraph who was just named new chief operating officer at Hollinger, said in Tuesday's Daily Telegraph that "one option" for the Telegraph Group "is a recapitalization of Hollinger from a private-equity firm coming in as a substantial minority shareholder."

Among names mentioned in British press circles as potential buyers are Richard Desmond, publisher

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U.S. dollars	12:11 p.m.

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of the Express Newspapers, and Daily Mail & General Trust PLC, publisher of the Daily Mail. The Telegraph titles are both broadsheets, while the Express and Daily Mail titles are tabloids.

Mr. Desmond has made no secret of his interest in acquiring a broadsheet, but a spokesman declined to confirm or deny interest in the Telegraph titles. Peter Williams, finance director of Daily Mail & General Trust, said the Daily Telegraph is "in a space that we operate in and we're watching the situation closely."

Among those suggested in U.K. press reports as a potential buyer is Stephen Grabiner, of the venture-capital firm Apax Partners Inc., who is a former managing editor of the Daily Telegraph. Apax declined to comment.

Shareholders were startled to learn this summer from a regulatory filing that Hollinger International had paid \$8 million for historical papers related to Franklin Delano Roosevelt, while Lord **Black** was writing the Roosevelt biography that he promoted at a Toronto bookstore Tuesday. Lord **Black** has dismissed the criticism, likening the acquisition to a purchase of corporate art -- even though it wasn't displayed publicly.

–Elena Cherney in Chicago contributed to this article.

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