IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	CHAPTER 11
	)	
PITT PENN HOLDING CO., INC., *et al.*[1],	)	Case No. 09-11475 (BLS)
	)	(Jointly Administered)
Debtors.	)	
	)	
Industrial Enterprises of America, Inc., on behalf of itself, its estate, and as assignee of its shareholders,	)	
	)	
Plaintiff,	)	Adv. Proc. No.
	)	
v.	)	
	)	
Holland & Knight, LLP,	)	
	)	
Defendant.	)	

COMPLAINT

Plaintiff Industrial Enterprises of America, Inc., f/k/a Advanced Bio/Chem, Inc. ("IEAM" or "Plaintiff"), for itself, its estate, and as assignee of certain of its shareholders and creditors, alleges upon information and belief for its complaint against the law firm Holland & Knight ("H&K") as follows:

JURISDICTION AND VENUE

1. On May 1, 2009 ("Petition Date"), IEAM filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy Code.

[1] The debtors are: Pitt Penn Holding Co. (Case No. 09-11475), Pitt Penn Oil Co. LLC (Case No. 09-11476), Plaintiff Industrial Enterprises of America, Inc. (Case No. 09-11508), EMC Packaging, Inc. (Case No. 09-11524), Today's Way Manufacturing LLC (Case No. 09-11586), and Unifide Industries LLC (Case No. 09-11587), all of which have been jointly administered.

2. Since the Petition Date, IEAM has continued in possession and the management of its business as debtor-in-possession pursuant to Sections 1107and 1108 of the Bankruptcy Code.

3. This Court has jurisdiction over these proceedings pursuant to 28 U.S.C. §§ 157 and 1334.

4. This proceeding constitutes a core proceeding pursuant to 28 U.S.C. § 157.

5. Venue is proper in this Court pursuant to 28 U.S.C. § 1409.

INTRODUCTION

6. This adversary proceeding arises out of a large-scale scheme to loot IEAM, a fraud that was perpetrated by the insider portion of prior management of IEAM with the willful participation of Defendant H&K. The insider group of management influenced IEAM's affairs through a pattern of illicit activity that undermined IEAM's ability to function as a legitimate public company. Prior management, aided by Defendant, undermined IEAM's public company form, engaged in systemic fraud, manipulated the price of IEAM's publicly-trading securities, and illicitly cashed in on this conduct by rewarding themselves and those who participated in the fraud with them through the illicit issuance and sale of securities. This systemic and fraudulent enterprise (the "Enterprise") caused substantial harm to IEAM and its unsuspecting investors.

The Mazzuto Scheme

7. As is further detailed below, the affairs of IEAM became corrupted through the illegal conduct of a conspiracy led by John Mazzuto ("Mazzuto") and James Margulies (Margulies"). For ease of reference, this conspiratorial effort shall be collectively referred to as the "Mazzuto Scheme." The Mazzuto Scheme was a complex and deliberate association-in-fact conceived for, and dedicated to, the commission of fraud in the operations and securities of IEAM. The Defendant was a member of the Mazzuto Scheme. IEAM, through its new

management, has identified at least a dozen other persons and entities of the Mazzuto Scheme that acted in concert to perpetrate the illegal scheme to defraud IEAM.

8. From 2004 to 2009, the Mazzuto Scheme, through its members including the Defendant, set out and accomplished its basic illegal aim: to insinuate itself into the governance and operation of a publicly-traded corporation; to undermine the business affairs of that public corporation by falsely reporting its operations as wholly successful to increase its market value and share price; to manipulate further the price of the public host's stock higher through false operations and transactions (including, but not limited to, false stock offerings, fraudulent stock transfers and issuances, and fraudulent public statements and filings); and to "cash in" on the fruits of illicit labors through illegal transfer and sale of IEAM's securities.

9. In furtherance of this illegal scheme, the Defendant engaged in a variety of wrongful acts within their respective role, as legal counsel, in the fraud. Specifically, the Defendant knowingly participated in the illicit issuance to the public of IEAM securities. Through the active participation of the Defendant, a Stock Option Plan instituted by IEAM and detailed in an S-8 Filing with the Securities and Exchange Commission on or about January 24, 2005 (the "Plan") whereby employees and outside directors of IEAM were, under certain conditions, eligible to receive restricted shares of IEAM stock, was illegally converted into the means by which unrestricted stock could be issued to, and sold by, members of the Mazzuto Scheme.

10. The Mazzuto Scheme had many participants including accountants, broker-dealers, registered representatives, public relations professionals, stock promoters, and others who willingly participated in the fraud through by violating the duties owed to IEAM (as opposed to the conspiracy) under their professional codes of conduct. Defendant was, arguably,

one of the most important of the "professionals". For its malpractice and participation in the Mazzuto Scheme, it received over $1.6 million in fees.

11. H&K's willful participation, gross negligence, conflicts of interest and fraud allowed the Mazzuto Scheme to continue raiding the company of its working capital. As IEAM's litigation and then securities counsel, H&K was fully aware of the extent of the fraud, manipulation and illicit conduct relating to IEAM's securities in which they were engaged. Of course, had H&K represented IEAM faithfully with the vigor and loyalty required, the existence of the conspiracy would have been laid bare, its purpose defeated, and the Mazzuto Scheme denied its illicit gains.

12. Plaintiff IEAM had the right not to have its attorneys be disloyal to it and loyal to the Mazzuto Scheme. Embedded in the training and licensing requirements for all attorneys—and embodied in the professional and ethical rules which govern their profession—is a fundamental and fiduciary duty that an attorney owes its clients. These ethical rules require that an attorney serve the best interests of his clients and advocate fully and unreservedly on their behalf.

13. The Mazzuto Scheme, *inter alia*, engaged in the following conduct to advance the its illicit conduct:

- Drafting, approving and filing public disclosures that were false;
- Drafting, approving and issuing false public statements;
- Conducting false meetings with existing and prospective investors;
- Falsely inflating IEAM's earnings through the fraud;
- Purposefully using corrupted accounting professionals to advance the decentralization of the corporate books, records, and accounts in order to further the manipulation of company operations and prevent the detection of such manipulation;

- Using a corrupted lawyers to prepare false transaction documents, side agreements, and to engage in litigation designed to obscure the company's true operations as well as to prevent the detection of the conspiracy and its fraud;

- Illegally issuing securities to Mazzuto Scheme members and associates both to reward participation as well as to advance the manipulation of the price of IEAM's stock.

14. H&K violated the law and these ethical rules by participating in the looting of IEAM—a looting that could not have occurred without H&K's legal expertise. H&K litigated cases without merit. H&K perverted an employee stock plan to allow the improper issuance of unrestricted stocks to be paid to adversaries in settlement of IEAM litigations. H&K filed and/or knowingly failed to correct misleading or outright false NASDAQ and SEC filings.

15. Ultimately, IEAM put its faith in its attorneys at H&K, paid the firm not less than $1.6 million in fees and trusted it to uphold their legal, professional and fiduciary duties with the highest integrity. H&K breached its duties to IEAM, defrauded IEAM's creditors and shareholders, and honored their own conflicting interests and those of their co-conspirators to advance the fraudulent scheme.

16. Instead of representing IEAM with vigorous and honest professionalism, H&K represented itself and the looters of IEAM. During this period, Jerome Davis, IEAM's sole outside director, could and would have stopped the looting of IEAM and the fraudulent conspiracy if H&K had done its job and revealed the true facts to IEAM's board of directors.

17. H&K's role of providing the counsel to advance the conspiracy's fraud was essential. The fraud perpetrated by the Defendant and their co-conspirators caused direct and proximate harm to IEAM, including monetary losses and liabilities, in excess of $150 million.

PARTIES

18. Plaintiff IEAM is a corporation with an office at 651 Holiday Drive, Suite 300, Pittsburgh, Pennsylvania 15220. Former officers James W. Margulies ("Margulies") and

Mazzuto were arrested and indicted for their roles in the fraud perpetrated on IEAM, its creditors and its investors, and the fifty-seven count indictment ("Indictment"), which names ten additional co-conspirators, is attached as Exhibit "A." Meanwhile, on May 1, 2009, Robert L. Renck, Jr. was appointed its CEO and President on or about April 30, 2009. IEAM is the assignee of its shareholders' claims.

19. H&K is a global law firm with more than 1,000 qualified lawyers operating in 21 offices in four different countries. On information and belief, H&K was originally headquartered in Florida and performed much of the work at issue in this action out of its New York office, as well as other offices. As a limited liability partnership, H&K is a principal to its partners, each of whom acts as its agent, and is responsible for the legal work and malfeasance of its agents.

Non-Defendant Co-Conspirators

20. Mazzuto is, upon information and belief, currently a resident of the state of Florida, having recently been released on bail from incarceration of the New York City Department of Corrections. Mazzuto was in jail as a result of a pending indictment by the New York County Grand Jury being prosecuted by the District Attorney for New York County (the "Manhattan D.A." or "DANY"). In that case, entitled People of the State of New York against John D. Mazzuto and James W. Margulies, Ind. No. 2503/2010, Mazzuto is charged with two counts of Grand Larceny in the First Degree (NY Penal Law § 155.42), Scheme to Defraud in the First Degree (NY Penal Law 190.65 (1)(b)), Scheme to Defraud through Securities Fraud (NY General Business Law of 352-c(5)), 51 counts of Falsifying Business Records in the First Degree (NY Penal Law §175.10)), Conspiracy in the Forth Degree (NY Penal Law §105.10(1)) and Securities Fraud (NY General Business Law §352-c(6)). Mazzuto, with whom the Defendant conspired, was indicted for his role in The Mazzuto Scheme, manipulating its stocks

price higher through false and fraudulent business operations, and illegally cashing in on this criminality through the perversion of the stock option plan. Mazzuto personally gained in excess of $15 Million through the actions of his conspiracy with the Defendant. A copy of the Indictment of Mazzuto (and Co-Defendant Margulies) is attached hereto as Exhibit "A."

21. Margulies is, upon information and belief, currently a resident of the state of Ohio. Margulies, a co-conspirator of the Defendant, was indicted along with Mazzuto by the New York County Grand Jury. He awaits trial on two counts of Grand Larceny in the First Degree (NY Penal Law § 155.42), Scheme to Defraud through Securities Fraud (NY General Business Law §352.c-(5)), Securities Fraud (NY General Business Law 352-c(6)), 33 counts of Falsifying Business Records in the First Degree (NY Penal Law §175.10) and Conspiracy in the Fourth Degree (NY Penal Law 105.10). Margulies' conspiracy with the Defendant is alleged to have personally awarded him with $6 million. Margulies' Indictment is attached as Exhibit "A."

22. Baker & McKenzie ("B&M") is a global law firm with more than 3,750 qualified lawyers (including 1,350 partners) operating in 67 offices in 39 countries. On information and belief, it is headquartered in Chicago, Illinois, and performed much of the work at issue in this action out of its Houston, Texas office as well as other offices. B&M is a defendant in another action brought before this Court on account of its participation in the Mazzuto Scheme. Specifically, as is further detailed in the complaint filed against B&M, this international law participated in the defrauding of IEAM and its investors through its perversion of the January 25, 2005 stock option program (the "Plan," detailed by the company under an S-8 filing with the SEC). The Plan provided for the issuance of restricted shares to Employees, Outside Directors and/or Consultants. B&M created the means by which the Mazzuto Scheme could profit from its illicit conduct within IEAM's structure when it provided the advice by which the Plan was used to issue illegal unrestricted shares to persons and entities that were not Employees, Outside

Directors, and/or Consultants but who were actually, in one manner or others, participants in the Mazzuto Scheme.

23. Martin Weisberg ("Weisberg") is an individual residing, on information and belief, in Waccabuc, New York, and a former partner of B&M. Weisberg is a recidivist criminal and, on information and belief, acted as both IEAM's corporate counsel and from time to time as Mazzuto's personal attorney. Weisberg's history includes a 1991 criminal indictment in which federal prosecutors in Texas charged Weisberg with conspiring with his clients to defraud investors in a currency-trading scheme (Weisberg's client was found guilty on all counts and served about seven years in prison). Weisberg was again indicted in October 2007 for securities fraud, money laundering, and conspiracy relating to a short-selling scheme that allegedly generated $55 million including several million in unlawful kickbacks to Weisberg. Finally, Weisberg was indicted again in May 2008 on allegations that he had stolen $1.6 million in interest from an escrow account he had established for a client.

24. Others Known and Unknown to the Grand Jury, all referred to as "the schemers" in the DANY indictment of Mazzuto and Margulies, engaged in the conspiracy whereby a public shell company was acquired and used as a vehicle to host larceny and fraud by illegitimately issuing millions of shares of stock and engaging in fraudulent activity to inflate the value of the stock and deceive investors.

FACTUAL BACKGROUND

25. As relevant here, IEAM (then known as Advanced BioChem, Inc.) began its life in 2004 as a publicly-traded shell company holding a single asset: 15 million shares of restricted stock in Power3 Medical Products ("Power3"). Although thinly-traded, those shares were valued at $45 million. On August 1, 2004, Mazzuto was appointed a director of IEAM and set out to determine how best to use that value.

26. First, on October 7, 2004, IEAM purchased all outstanding stock in EMC Packaging, Inc. ("EMC"), a New Jersey-based packaging facility. In consideration for that purchase, IEAM paid 2.2 million of its shares to EMC shareholders.

27. In connection with that combination, on October 15, 2004, Mazzuto was named Vice Chairman of the Board of IEAM. A little more than a year later, in a December 15, 2005 Form 10-QSB, IEAM announced that its Board had elected Mazzuto as the company's Chief Executive Officer and President, ousting former president Crawford Shaw. Mazzuto would remain IEAM's chief executive officer for the next two years.

28. Prior to its acquisition of EMC, IEAM's value was not in operations—there were none of any material impact. Instead, IEAM was expected to be a clean shell with no liabilities and ownership of $45 million in assets that would attract investors in a public company. Although IEAM's Power3 stock did not prove to have that value, the asset was sufficient to meet one of the goals: attracting investment.

29. In November 2004, shortly after its acquisition of EMC, IEAM promulgated its 2004 Stock Option Plan ("Plan").

30. On or about January 25, 2005, IEAM filed with the United States Securities and Exchange Commission a form S-8 registration statement for the Plan pursuant to the Securities Act of 1933.

31. The Plan provided for the issuance of restricted shares to Employees, Outside Directors and Consultants. Any issuance of shares outside of the terms of the Plan would be – and, indeed, was–a violation of the securities law.

32. From 2002 forward, Weisberg served as counsel to IEAM. (Previously, Weisberg had also served as personal counsel to Mazzuto and had worked with him on other matters.) Weisberg assisted in the drafting of the Plan.

33. At the time the Plan was created and prepared to be filed, the Plan had no purpose other than to be used as a vehicle to compensate persons that were employees, outside directors and consultants. Following the establishment of the Plan, however, Mazzuto—with the drafting assistance and full knowledge of Weisberg—began to make materially false statements in the company's filings and in other contents. The description of shareholders in IEAM's February 8, 2005 8-K, for example, stated that there was no relationship between shareholders and IEAM when, in fact, shareholders like Weisberg had had a long personal and business relationship with Mazzuto. Contemporaneous filings failed to disclose that Mazzuto had been in personal bankruptcy since 2002, that Weisberg had acted as an attorney for Mazzuto and that Weisberg's former firm was a creditor in his bankruptcy.

34. Weisberg was aware that issuance of shares outside the terms of the Plan would be a violation of securities law. Indeed, Weisberg drafted multiple letters on behalf of IEAM criticizing another company's use of an S-8 stock option plan to fund operations.

35. In August 2005, Weisberg joined B&M at which point B&M was engaged as counsel for IEAM.

36. Beginning in January 2005, IEAM began to issue shares under the guise of the Stock Option Plan. For the most part, at the outset, IEAM used the existence of the plan as an artifice to provide an air of respectability for the issuance of shares. Under the terms of the Plan, IEAM could issue restricted shares to Outside Directors, Employees, and Consultants if properly documented by Board minutes, option agreements or bona fide consulting agreements.

37. Then, in the spring of 2006, former CEO and director of IEAM, Crawford Shaw, sued IEAM in Texas state court for claims relating to his ouster as CEO in favor of Mazzuto.

38. Mazzuto and his cohorts hatched a plan to craft a highly improper settlement agreement between IEAM and Shaw using the Stock Option Plan. Under the terms of the

settlement, IEAM hired Shaw as a purported consultant and used IEAM stock to pay him $40,000 a week totaling $2 million in "consulting fees" in order to utilize the company's Form S-8 Stock Plan requirements, which allowed stock to be issued to consultants.

39. This "consulting" arrangement with Shaw was a sham—and a way for IEAM to dispose of the Shaw litigation through an improper disbursement of IEAM stock in violation of SEC rules—in several regards. *First*, the S-8 was not effective since IEAM was not current in its filings. *Second*, any shares issued to Shaw should have been restricted. *Third*, it is highly improper to issue newly issued stock based on a dollar amount to be paid at a rate of $40,000 a week over 50 weeks by depositing shares, regardless of whether any actual "consulting" takes place (which it did not).

40. The terms of the Shaw settlement were never disclosed in any public filing, nor was the improper use of the Stock Option Plan.

41. The settlement of the Shaw litigation through the perversion of the Plan was a watershed moment for the Mazzuto Scheme. After this improper use of the Plan's S-8 stock as an unrestricted artifice for the issuance of shares, the floodgates opened.

42. Subsequent to May 2006, Mazzuto directed the issuance of some $12.5 million freely-trading shares under the S-8 with an aggregate value of over $70 million. Between 2005 and 2007, Muzzuto and Margulies improperly caused to be issued a total of $86.8 million in post-reverse split shares of IEAM stock, purportedly pursuant to the Plan.

43. The Mazzuto Scheme hid mandatory information about IEAM, such as Mazzuto's personal bankruptcy, from the SEC as well as on IEAM's application for listing on NASDAQ because it would reflect negatively on IEAM.

Enter Holland & Knight

44. H&K was initially hired to defend IEAM in civil litigation brought by shareholder Trinity Bui, because B&M had a conflict. This litigation related directly to the Scheme because the plaintiff-shareholder was arguing that they had a right to convert their IEAM shares under an anti-dilution clause, which itself had been triggered by wrongful and excessive share issuances under the Plan.

45. The Mazzuto Scheme, of which H&K became part, knew there was no real basis upon which to deny the stock conversation by this plaintiff-shareholder. Nevertheless, IEAM was caused to spend more than $3 million in legal fees. This exorbitant amount was not spent in the hope of winning upon the merits, but simply in order to hide the purpose and aims of the Mazzuto Scheme.

46. H&K was aware that there was no merit to this litigation. Soon after its entry into the case, H&K questioned the merit of IEAM's claims, but then continued to litigate nonetheless in the interest of the Mazzuto Scheme.

47. Soon after Weisberg's indictment in 2007, H&K replaced B&M as IEAM's general Securities Counsel.

48. H&K followed B&M's pattern: it actively participated in fraud by knowingly preparing false filings and other statements in furtherance of the Mazzuto Scheme. It also acted to the benefit of the scheme, but not of IEAM, by failing to correct previous false statements that it knew to be false which had been made by B&M. Finally, H&K simply failed to file certain required documents in the face of illegality, even failing, in one instance, to fully and completely respond to a direct SEC inquiry, which triggered a subsequent subpoena from the SEC.

49. For example, upon information and belief, in February 2008, H&K reviewed and participated in the filing of an 8-K prepared by Margulies to announce Mazzuto's departure from

IEAM and the appointment of Margulies as CEO. H&K allowed that 8-K to be filed even though it knew that the filing failed to disclose, among other things, the Mazzuto or Cannan bankruptcies and a number of other facts which, if known, might have preserved corporate assets.

50. Soon thereafter, H&K arranged for IEAM to secure its past fees by entering into a $450,000 promissory note payable January 31, 2008. This was despite the fact that IEAM was on the verge of bankruptcy, a fact about which H&K was obviously on notice.

51. Partly as a result of this H&K Note, IEAM entered into a usurious arrangement in which it borrowed $1.5 million from Black Nickel in exchange for 500,000 unrestricted shares of IEAM with options for addition shares. H&K served as IEAM's counsel on the negotiation of the note with Black Nickel. Tellingly, the IEAM Note to Black Nickel resulted in an infusion of cash that did not add value to IEAM. Indeed, 67% of the note's proceeds went to pay off the H&K Note.

52. In addition, the IEAM/Black Nickel agreement included a mortgage and security option for the Pitt Penn Oil Company, LLC. Unfortunately, IEAM did not have the right to give Black Nickel a mortgage and security agreement on the Pitt Penn Oil facility. That security had been pledged to Sovereign Bank as part of an October 2007 loan. Including Pitt Penn in the agreement was not only negligent, it was problematic and costly. It led to significant litigation between Black Nickel, Sovereign Bank and Pitt Penn as a direct result of H&K's misconduct.

53. Moreover, H&K knowingly failed to file required securities registration statements for the shares issued to Black Nickel. Such registration statements would have required financial statements from IEAM. Obviously, filing a truthful financial statement would have exposed the fraud perpetrated by the Mazzuto Scheme. H&K followed the interests of the conspiracy, and thereby its own, and no registration of the shares was made.

54. The balance of the H&K note was paid shortly after January 31, 2008.

55. Over a two year period, H&K received more than $1.6 million in fees to, among other things: (1) review acquisitions and false SEC filings; (2) to litigate the Trinity Bui case, not in the interest of IEAM, but in the interest of the Mazzuto Scheme; (3) knowingly continue to suppress disclosure of Mazzuto's and other IEAM affiliate's bankruptcies; (4) knowingly fail to correct prior fraudulent disclosures; and (5) fraudulently enter IEAM into transactions designed for H&K's financial benefit.

56. Insofar as H&K rendered legal services designed to perpetuate the conspiracy, its part in the Scheme was to provide ongoing legal work designed to induce additional investment in the Company to permit additional fraud.

The Collapse of the Mazzuto Enterprise

57. On May 1, 2009, IEAM declared bankruptcy, at about which time Robert L. Renck, Jr. was appointed as President and Chief Executive Officer. During Mazzuto's tenure as CEO, some 133 million shares of IEAM were traded with a market value—based on the last sale—of $450 million. By April 30, 2009, the market value of those shares was $0, representing a cumulative loss to public shareholders of $450 million.

The Bystander: Jerome Davis, Innocent Director

58. At all relevant times, IEAM's full Board of Directors was not apprised of the unlawful activities of H&K and the Mazzuto Scheme, as should have been.

59. In particular, Jerome Davis, IEAM's sole, wholly independent Board Member, was appointed in July 2005. He was unaware of the unlawful issuances of stock under the Stock Option Plan, or of the variety of artifices employed by the fraudsters to deceived investors, NASDAQ or the SEC. Had he known that Mazzuto and IEAM's counsel was not acting in the

interest of IEAM, he would have stopped the practice in respect of his fiduciary duties as a director.

60. Moreover, Mr. Davis is a victim of records fraud himself. As reflected in false record charges from the New York District Attorney, records reflecting Mr. Davis's participation in Board meetings were falsified—in fact, he never participated in or was aware of any meeting in which unlawful activity was contemplated or agreed upon.

FIRST CAUSE OF ACTION

(FRAUD)

61. IEAM incorporates paragraphs 1 through 60 as if fully set forth herein.

62. As set forth above, H&K engaged in a consistent pattern of fraudulent conduct designed to defraud IEAM (including the innocent director of IEAM) and its investors. H&K repeatedly and materially misrepresented, among other things, that IEAM's issuance of shares was lawful and its public filings and statements were valid. It also omitted to disclose the material fact that it was diverting funds from IEAM to the firm itself in the form of fees.

63. In reasonable reliance upon H&K's materially false representations that it was acting as IEAM's legal counsel, as well as its material omission that it was, in fact, acting to advance the interests of the Scheme to defraud IEAM, (by, among other acts, the drafting of false filings and statements, documentation of securities issuances, and opinion letters), IEAM continued to function, increased debt, and solicited additional investment not for the legitimate functions of IEAM, but for the purpose of maintaining the Scheme. If H&M had told the truth to IEAM's Board of Directors, innocent Director Davis could have and would have stopped the looting of IEAM.

64. As a direct and proximate result of H&K's fraudulent conduct and breaches of duty, IEAM suffered monetary losses and liability including, but not limited to, in excess of $150 million to itself and hundreds of millions more in losses of its shareholders.

SECOND CAUSE OF ACTION

(CIVIL CONSPIRACY)

65. IEAM incorporates paragraphs 1 through 64 as if fully set forth herein.

66. H&K owed duties of vigor, loyalty, and fidelity to its client, IEAM. By knowingly participating with the members of the Mazzuto Scheme in the making of materially false statements and omissions concerning IEAM, the illicit issuance of IEAM securities pursuant to the Plan, and the illicit directing of monies away from IEAM to itself and others, H&K denied IEAM its right to loyal counsel and aligned itself through its actions with the Mazzuto Scheme and its conspiracy against IEAM.

67. The goal of the conspiracy was to steal and possess property in the form of shares of IEAM stock and money generated from the sale thereof, which was achieved through the overt acts described above.

68. Moreover, in further advancement of the conspiracy, H&K conducted IEAM's litigation, and later falsely filed documents, all in an effort to hide the Scheme for its own benefit and for the benefit of Mazzuto, his associates and family.

69. The conduct of the conspiracy harmed IEAM in the amount of the value of the fees and illegally issued shares.

THIRD CAUSE OF ACTION

(UNJUST ENRICHMENT)

70. IEAM incorporates paragraphs 1 through 69 as if fully set forth herein.

71. Defendant conducted IEAM's litigation not in the interest of IEAM but in furtherance of the interests of the Mazzuto Scheme, knowing that the law suits had no merit. Later, Defendant made false statements, (including those made in false SEC documents) and failed to correct prior fraudulent SEC filings, to advance the interests of the Mazzuto Scheme over those of IEAM. For this work, Defendant accepted over $1.6 million in legal fees.

72. By accepting the fees from IEAM, Defendant was unjustly enriched at the expense of IEAM and its investors and creditors in the amount of the fees.

73. It would be inequitable if Defendant were able to retain the proceeds of those fees, particularly given that they impoverished the entity almost out of existence.

74. IEAM is entitled to restitution for any amounts paid to H&K on its behalf.

FOURTH CAUSE OF ACTION

(PROFESSIONAL MALPRACTICE)

75. IEAM incorporates allegations 1 through 74 above as if fully set forth herein.

76. Defendant H&K was employed by IEAM to provide professional legal services from 2006 to 2008.

77. As a result of the attorney-client relationship between IEAM and H&K, H&K owed duties to IEAM, including:

a. the duty of care, which requires an attorney to have knowledge and skill necessary to confront the circumstances of each case;

b. the duty to represent the client and handle the client's affairs with the utmost degree of honesty, forthrightness, loyalty and fidelity;

c. the duty of loyalty, including the obligation to fully and fairly disclose actual or potential conflicts of interest; and

d. fiduciary duties, including the duty to make a full and fair disclosure of material facts.

78. At all times, H&K was engaged and supposed to be counsel to IEAM and not counsel to the members of the Mazzuto Scheme. Rather than honor its duties owed to IEAM, H&K protected the interests of the members of the Mazzuto Scheme, of which it was itself a member. Specifically, H&K breached duties owed to IEAM by, *inter alia*, failing to provide fair, unbiased and adequate legal advice; failing to make reasonable efforts to verify the facts on which they based their legal advice; providing improper advice and counsel intended to further the Scheme; and failing to identify–much less correct–fraudulent actions by the Scheme.

79. As a direct and proximate result of H&K's breaches of their duties, IEAM suffered monetary losses and liability including, but not limited to, in excess of $150 million.

FIFTH CAUSE OF ACTION

(BREACH OF FIDUCIARY DUTY)

80. IEAM incorporates allegations 1 through 79 as if fully set forth herein.

81. H&K owned IEAM a fiduciary duty.

82. H&K breached its fiduciary duty to IEAM through its participation in the Mazzuto Scheme as mentioned above.

83. As a proximate result, IEAM has been injured in its business and property and damaged.

SIXTH CAUSE OF ACTION

(AIDING AND ABETTING BREACH OF FIDUCIARY DUTY)

84. IEAM incorporates all allegations 1 through 83 as if fully set forth herein.

85. Mazzuto, Margulies, and other offices of IEAM owned fiduciary duties to IEAM.

86. H&K through its participation in the fraud perpetrated by Mazzuto, Margulies, and other officers of IEAM, advanced, aided, and abetted the respective breaches of fiduciary duties by Mazzuto, Margulies, and others as owed to IEAM and of which H&K was aware.

87. As a proximate result, IEAM has been injured in its business and property was damaged.

SEVENTH CAUSE OF ACTION

(CONVERSION)

88. IEAM incorporates paragraphs 1 through 87 above as if fully set forth herein.

89. As set forth above, IEAM was the owner of the equity represented by shares and securities.

90. As set forth above, Defendant H&K, in its capacity as litigation and security counsel to IEAM, knowingly and wrongfully facilitated the illicit issuing of shares and selling the securities and giving the profits to others, as illegal settlements, and taking a percentage as a fee, in the form of legal fees.

91. As set forth above, IEAM suffered a diminution of its equity and, therefore a detriment from Defendant's actions.

92. As a direct and proximate result of Defendant H&K's conversion of IEAM shares and securities, IEAM suffered monetary losses and liability including, but not limited to, in excess of $150 million to itself and hundreds of millions more in losses to its shareholders the Defendant's actions.

RELIEF SOUGHT

WHEREFORE, Plaintiff IEAM requests that this Court award it the following relief:

(a) Judgment on its claims against each defendant:

(b) Pre- and post-judgment interest;

(c) Compensatory and consequential damages;

(d) Punitive damages as allowed by law;

(e) Restitution for the full value of the improperly issued shares;

(f) Plaintiff's costs and disbursements in this action including reasonable attorney's fees; and

(g) Such other and further relief as the Court deems just and proper.

DATED: April 30, 2011

/s/ Christopher D. Loizides

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