

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

THE PEOPLE OF THE STATE OF NEW YORK

-against-

JOHN D. MAZZUTO and
JAMES W. MARGULIES,

Defendants.

Indictment No. 2503/2010

THE GRAND JURY OF THE COUNTY OF NEW YORK, by this indictment, accuses the defendants of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law §155.42, committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2004 to in or about 2008, stole property from Industrial Enterprises of America, Inc. and the value of the property exceeded one million dollars.

SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law §155.42, committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2006 to on or about July 1, 2007, stole property from an individual known to the Grand Jury and the value of the property exceeded one million dollars.

THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **SCHEME TO DEFRAUD IN THE FIRST DEGREE**, in violation of Penal Law §190.65(1)(b), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2004 to in or about 2008, acting with others known and unknown to the Grand Jury, all hereinafter referred to as “the schemers,” engaged in a scheme constituting a systematic ongoing course of conduct with intent to defraud more than one person, including investors, shareholders, regulators, securities markets and exchanges, and auditors, and to obtain property from more than one person by false and fraudulent pretenses, representations and promises, and so obtained property, to wit, money, with a value in excess of one thousand dollars from one or more such persons, in that the schemers acquired a public shell company and used it as a vehicle for 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, as follows:

THE PLAYERS

- **Industrial Enterprises of America, Inc. (“IEAM”)**. During the period of the scheme, IEAM (formerly known as Advanced Bio/Chem, Inc.) was a public shell company incorporated in Nevada and headquartered in New York County. IEAM acquired three principal operating subsidiaries between 2004 and 2006, two of which manufactured and distributed automotive after-market products (e.g., antifreeze, windshield cleaner and oil-based lubricants), and one of which manufactured and sold aerosol gas products (e.g., computer cleaners). During the period of the scheme, IEAM’s stock variously was listed on the over-the-counter market (“OTC Market” or “Pink Sheets”), the OTC Bulletin Board (“OTCBB”) and the NASDAQ Stock Market (“NASDAQ”).

- **John D. Mazzuto.** Defendant John Mazzuto spent approximately 20 years at a prominent New York bank, where he served as Managing Director of corporate finance. In the decade prior to the scheme, Mazzuto acted as an entrepreneur, investor and private investment consultant and advisor based in New York County. During the period of the scheme, Mazzuto was the Chief Executive Officer (“CEO”), President, Assistant Secretary, and a member of the board of directors of IEAM. Additionally, for significant periods he also acted as Chief Financial Officer (“CFO”) of IEAM. Mazzuto filed a personal bankruptcy petition in the United States Bankruptcy Court for the Southern District of New York in November 2002 and was discharged from bankruptcy on May 15, 2009 – a period encompassing the entire period of the scheme, from which he personally obtained in excess of \$15 million.
- **James W. Margulies.** Defendant James Margulies is a Cleveland, Ohio-based attorney with a background in business and securities who, during the period of the scheme, was a member of the law firm of Margulies and Levinson, LLP. He also formed and utilized a business entity called the Margulies Law Group. During the period of the scheme, Margulies held various positions with IEAM, including outside counsel, CFO, General Counsel, CEO, and member of the board of directors. Margulies obtained in excess of \$6 million from the scheme.

THE SCHEME

Origins

In 2002 John Mazzuto acquired a controlling interest in a private New Jersey-based company called EMC Packaging, Inc. (“EMC”). He then turned his attention to merging EMC into a publicly listed shell corporation. In July 2004, Mazzuto, with others, accomplished his goal by gaining control over a dormant public shell corporation called Advanced Bio/Chem, Inc. (“AVBC”) – a Texas-based company with no operations. At the time, AVBC’s stock traded on the Pink Sheets (an over-the-counter market for penny stocks). In October 2004 Mazzuto used AVBC to acquire EMC.

Shortly after the transaction, AVBC changed its name to Industrial Enterprises of America, Inc. EMC was IEAM’s sole operating business at that time. Later, in 2005 and 2006, IEAM acquired other subsidiaries, including Unifide Industries, LLC and Pitt Penn Oil Company.

Registration of IEAM stock with the U.S. Securities and Exchange Commission

Once in control of a publicly listed corporation with an operational business, the schemers filed a Form S-8 registration (“S-8”) with the United States Securities and Exchange Commission (“SEC”) on January 24, 2005, along with an employee stock option plan (the “Plan”), registering 15 million shares of IEAM stock. An S-8 is a public filing by which companies register shares with the SEC to be issued exclusively for compensatory or incentive purposes pursuant to an employee benefits plan. Issuing or selling shares to the public for capital-raising purposes requires separate filings and registrations.

The IEAM Plan authorized the IEAM board of directors to issue securities to: (1) employees; (2) outside members of the board of directors; and (3) consultants. Further, the Plan authorized the board to issue three types of securities: (1) stock options; (2) restricted shares; and (3) stock appreciation rights (SARs). Defendant James Margulies, whom Mazzuto had met and hired in 2004 in the course of seeking to acquire a public shell, was responsible for filing the IEAM S-8 registration and Plan.

Stock issuances

Between January 24, 2005 and March 31, 2008, Mazzuto and Margulies invoked the S-8 and Plan, but subverted them, to issue millions of shares of IEAM stock worth tens of millions of dollars to friends, family members, alma maters, and to shell companies, entities and accounts the schemers controlled, instead of to employees, outside members of the board of directors or bona fide consultants. A significant number of the shares were issued illicitly for capital-raising purposes and as gifts, instead of for compensatory or incentive purposes, as required by the Plan.

The share recipients sold the stock immediately, converting the shares to cash. The recipients then either kept the money for their own benefit or wired it directly back to IEAM, where it was booked fraudulently as, among other things, revenue, or to various entities or accounts controlled by the schemers.

The single largest recipient of IEAM shares was an attorney trust account opened and controlled by James Margulies, which received more than 3.5 million shares of stock, which defendant Margulies sold in the open market for approximately \$17.7 million, directing more than \$13 million back to IEAM, and the remainder to accounts in the name of or controlled by the schemers.

Reverse stock split

In June 2006 the schemers implemented a reverse 10-for-1 stock split, whereby every ten shares of outstanding IEAM stock were converted to one share, and the value of every share outstanding was increased ten-fold. This had the immediate effect of increasing by a factor of ten the value of the shares the schemers issued pursuant to the S-8 registration and Plan.

The “pump”

To fraudulently inflate the market value of IEAM stock, and to solicit and encourage public investment in IEAM, Mazzuto and other schemers also routinely made false or misleading representations about the company in a series of press releases, investor meetings and calls, and investor conferences held in New York County and elsewhere, and in various public filings, including false and misleading information about IEAM’s financial condition, capital structure, earnings guidance and projections, and about the number of shares outstanding.

The cover-up

In order to conceal the unauthorized stock issuances, and the flow of proceeds back into the corporation, the schemers engaged in a variety of fraudulent practices, including:

- Describing share recipients who performed little or no bona fide services for IEAM as “consultants” to the company’s auditors, and creating false consulting agreements to convey the pretense that these were legitimate recipients of shares.

- Arranging bogus private stock transactions, whereby the schemers solicited professional investors to purchase stock directly from purported IEAM shareholders, when in fact there were no actual sellers in these transactions. Rather, while the schemers instructed the investors to wire money into a Margulies-controlled attorney trust account to be directed to the ostensible seller, defendant Margulies instead wired the funds directly to an IEAM account (whereupon, the true origin of the money was concealed). And instead of delivering to the buyer pre-existing shares, Mazzuto and Margulies instructed the transfer agent to issue new shares of IEAM stock to buyers pursuant to the S-8 registration and Plan.
- Disguising on the books and records of IEAM the flow of money back into the company from the sale of S-8-issued shares as: (1) loans from various entities; (2) revenue from the exercise of stock options; (3) reimbursement of legal and other professional fees; and (4) revenue from “bulk sales” of inventory.
- Providing falsified books and records to outside auditors that contained false information about the issuance of IEAM shares under the S-8 registration and Plan, and false information about the source of money flowing back into the company from the sale of such shares.
- Making misrepresentations in public filings with the SEC, or omitting material information from public filings.

FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of a violation of General Business Law §352-c(5) (“**MARTIN ACT**”), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2004 to in or about 2008, intentionally engaged in a scheme constituting an ongoing course of conduct with intent to defraud ten and more persons and to obtain property from ten and more persons by false and fraudulent pretenses, representations and promises and so obtained property from one and more of such persons while engaged in, inducing and promoting the issuance, distribution, exchange, sale, negotiation and purchase of securities of Industrial Enterprises of America, Inc.

FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of a violation of General Business Law §352-c(6) (“**MARTIN ACT**”), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2004 to in or about 2008, intentionally engaged in fraud, deception, concealment, suppression, false pretense and fictitious and pretended purchase and sale, and with intent to deceive and defraud, made material false representations and statements, while engaged in inducing and promoting the issuance, distribution, exchange, sale, negotiation and purchase within and from New York of a security, and thereby wrongfully obtained property with a value in excess of \$250.00.

SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **CONSPIRACY IN THE FOURTH DEGREE**, in violation of Penal Law §105.10(1), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from on or about July 1, 2004 to in or about 2008, with intent that conduct constituting the felonies of Grand Larceny in the First and Second Degree and Criminal Possession of Stolen Property in the First and Second Degree be performed, did agree with one and more persons to engage in and cause the performance of such conduct in that defendants and others agreed to issue, report and record the issuance of shares of stock illicitly, direct the flows of proceeds from the sale of such shares of stock, falsify documents and use nominees and nominee accounts to disguise the flow of proceeds and avoid detection, and enlist and corrupt others to gain assistance, and thereby sought to steal and possess millions of dollars in fraudulent stock proceeds.

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.

To effectuate their goal, the conspirators agreed to issue millions of shares of stock to family members, close associates, and to shell companies and entities they controlled, and to disguise the distribution of the proceeds back to the company and to themselves by creating numerous false documents and records and making numerous false and misleading statements to regulators and to the investing public. In so doing, the conspirators sought to defraud stock transfer agents, regulators, auditors, investors and IEAM shareholders by fraudulently conveying shares of stock and disguising the distribution of the proceeds from the sale of stock.

To further their plan, the conspirators agreed to engage in conduct designed to inflate the value of IEAM stock and to influence investors and shareholders to purchase shares of IEAM stock. The conspirators agreed to make false and misleading public filings and to issue false and misleading press releases. They also agreed to make false and misleading presentations to investors and shareholders at investor conferences, investor meetings, and on investor calls.

The ultimate goal of these conspirators' efforts was to issue, inflate and convert IEAM stock into as much money as possible, using complicit nominees and nominee accounts for channeling the stolen proceeds back into the company and into accounts they controlled.

OVERT ACTS

In the course of and in furtherance of the conspiracy, the conspirators committed and caused to be committed the following overt acts:

1. On or about November 12, 2004, defendant John Mazzuto caused to be created a consulting agreement between IEAM and Regal Partners, LLC, an entity Mazzuto controlled.
2. On or about January 6, 2005, defendant John Mazzuto caused to be created and signed a consulting agreement between IEAM and Regal Partners, LLC, an entity Mazzuto controlled.
3. On or about January 24, 2005, defendants John Mazzuto and James Margulies filed with the SEC a Form S-8 Registration Statement and Advanced Bio/Chem, Inc. 2004 Stock Option Plan ("Plan"), registering 15 million shares of stock to be issued pursuant to the terms of the registration and Plan.
4. On or about January 24, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 500,000 shares to Regal Partners, LLC, an entity controlled by John Mazzuto.
5. On or about January 24, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 450,000 shares to Co-Conspirator #1, a friend and cohort of defendant James Margulies.
6. On or about January 24, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 750,000 shares to Co-Conspirator #2, John Mazzuto's girlfriend.

7. On or about January 25, 2005, John Mazzuto signed and caused to be sent three letters to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 425,000 shares to members of his family.

8. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 500,000 shares to an investment entity located in Ohio and controlled by Co-Conspirator #3, a business associate of John Mazzuto's.

9. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 150,000 shares to Co-Conspirator #4, John Mazzuto's attorney.

10. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 150,000 shares to his university alma mater.

11. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 150,000 shares to his high school alma mater.

12. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 500,000 shares to Co-Conspirator #5, a business associate of John Mazzuto's.

13. On or about January 25, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 500,000 shares to Co-Conspirator #6, a business associate of John Mazzuto's.

14. On or about February 16, 2005, defendant John Mazzuto caused to be created and signed a consulting agreement between IEAM and an investment entity located in Texas and controlled by Co-Conspirator #7, a business associate of John Mazzuto's.

15. On or about April 13, 2005, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 1,000,000 shares to an entity controlled by Co-Conspirator #8, IEAM's investor relations representative.

16. During the period from November 1, 2005 to October 30, 2007, James Margulies wired approximately \$2.6 million of IEAM stock proceeds from an attorney trust account he controlled to a checking account he controlled with his wife.

17. On or about January 31, 2006, John Mazzuto and James Margulies caused to be created falsified minutes of the meeting of the board of directors of IEAM.

18. On or about February 28, 2006, John Mazzuto caused to be created and signed a consulting agreement between IEAM and Co-Conspirator #9, a stock promoter who arranged sham private stock sales for IEAM.

19. On or about May 26, 2006, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 400,000 shares to M4 Capital, LLC, an entity controlled by John Mazzuto.

20. On or about May 26, 2006, James Margulies signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 600,000 shares to Co-Conspirator #1, a friend and cohort of defendant James Margulies.

21. On or about August 1, 2006, John Mazzuto and James Margulies caused to be created and signed a consulting agreement between IEAM and Sapphire Associates, LLC, an entity Mazzuto controlled.

22. On or about August 25, 2006, James Margulies wired \$169,800 of IEAM share proceeds from an attorney trust account he controlled to a title company as part of a down payment on a condominium for John Mazzuto located in Florida.

23. On or about September 7, 2006, John Mazzuto appeared and made a presentation on behalf of IEAM at an investor conference in New York County, in which he made representations about the company, including projected earnings guidance for IEAM and the number of shares of IEAM stock outstanding.

24. On or about September 11, 2006, James Margulies wired \$2.7 million of IEAM share proceeds from an attorney trust account he controlled to an account in the name of Co-Conspirator #4, John Mazzuto's attorney, for the purchase of a home in Southampton, New York for John Mazzuto.

25. During the period from October 1, 2006 to May 30, 2007, James Margulies wired approximately \$1 million of IEAM share proceeds from an attorney trust account he controlled to an account controlled by John Mazzuto.

26. On or about October 2, 2006, John Mazzuto caused to be created and signed a consulting agreement between IEAM and an individual who had participated in a private stock transaction arranged by Mazzuto.

27. On or about October 4, 2006, John Mazzuto and James Margulies caused to be created a falsified incentive stock option agreement between IEAM and Co-Conspirator #1, a friend and cohort of defendant James Margulies.

28. On or about October 5, 2006, John Mazzuto and James Margulies caused to be created a falsified promissory note between IEAM and Margulies and Levinson, LLP.

29. On or about October 20, 2006, John Mazzuto and James Margulies caused to be created a falsified incentive stock option agreement between IEAM and Co-Conspirator #10, an accountant located in Ohio.

30. On or about November 3, 2006, John Mazzuto caused to be created and signed a consulting agreement between IEAM and an entity controlled by Co-Conspirator #3, a business associate of John Mazzuto's.

31. On or about November 17, 2006, John Mazzuto caused to be created a falsified promissory note between IEAM and Sapphire Associates, LLC, an entity he controlled.

32. On or about December 27, 2006, John Mazzuto and James Margulies caused to be created a falsified incentive stock option agreement between IEAM and Co-Conspirator #1, a friend and cohort of defendant James Margulies.

33. On or about December 27, 2006, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 407,850 shares to an attorney trust account controlled by James Margulies.

34. On or about December 31, 2006, John Mazzuto caused to be created two falsified purchase orders.

35. During the period from December 29, 2006 to September 30, 2007 James Margulies wired approximately \$17.8 million of IEAM share proceeds from an attorney trust account he controlled to an account in the name of IEAM.

36. On or about January 1, 2007, John Mazzuto caused to be created a falsified promissory note between IEAM and an entity controlled by Co-Conspirator #1, a friend and cohort of defendant James Margulies.

37. On or about January 5, 2007, John Mazzuto and James Margulies caused to be created falsified minutes of the meeting of the board of directors of IEAM

38. On February 16, 2007, IEAM issued a press release announcing results for the fiscal quarter ending December 31, 2006, which included false and misleading revenue figures.

39. On or about February 13, 2007, John Mazzuto and James Margulies caused to be created three falsified sales summaries for IEAM's subsidiaries.

40. On or about February 28, 2007, John Mazzuto caused to be created two falsified purchase orders.

41. On or about March 21, 2007, James Margulies signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 99,100 shares to an attorney trust account he controlled.

42. On or about March 27, 2007, James Margulies wired approximately \$900,000 of IEAM share proceeds from an attorney trust account he controlled to a title company for the purchase of a house for John Mazzuto located in Texas.

43. On or about March 29, 2007, James Margulies signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 100,000 shares to an attorney trust account he controlled.

44. On or about March 31, 2007, John Mazzuto caused to be created a falsified purchase order.

45. On or about April 9, 2007, James Margulies signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 40,000 shares to Co-Conspirator #9, a stock promoter who arranged sham private stock sales for IEAM.

46. On or about April 23, 2007, John Mazzuto signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 100,000 shares to the wife of James Margulies.

47. On or about April 24, 2007, John Mazzuto and James Margulies caused to be created a falsified spreadsheet detailing bank account activity of IEAM.

48. On or about April 26, 2007, James Margulies signed and caused to be sent a letter to the IEAM stock transfer agent invoking the S-8 and Plan and directing the issuance of 800,000 shares to an entity controlled by Co-Conspirator #1, a friend and cohort of defendant James Margulies.

49. On or about May 14, 2007, John Mazzuto and James Margulies caused to be created falsified consolidating workbooks for IEAM.

50. On or about May 22, 2007, IEAM issued a press release announcing results for the fiscal quarter ending March 31, 2006, which included false and misleading revenue figures.

51. On or about July 9, 2007, John Mazzuto and James Margulies caused to be created falsified minutes of the meeting of the board of directors of IEAM

52. On or about July 12, 2007, IEAM issued a press release which included false and misleading information about earnings projections and the number of shares of IEAM stock outstanding.

53. On or about July 24, 2007, John Mazzuto and James Margulies caused to be created falsified minutes of the meeting of the board of directors of IEAM.

54. On or about August 6, 2007, John Mazzuto caused to be created falsified minutes of the meeting of the board of directors of IEAM.

55. On or about August 20, 2007, John Mazzuto caused to be created falsified minutes of the meeting of the board of directors of IEAM.

56. On or about August 29, 2007, James Margulies wired approximately \$1.85 million in S-8 share proceeds from an attorney trust account he controlled to a title company for the purchase of a home for John Mazzuto located in Florida.

57. On or about September 6, 2007, John Mazzuto led an investor call in which he made false and misleading representations about the number of IEAM shares outstanding and earnings guidance for the company.

58. On or about September 7, 2007, John Mazzuto caused to be created falsified minutes of the meeting of the board of directors of IEAM.

59. On or about September 27, 2007, IEAM issued a press release which included false and misleading information about annualized savings figures for the company.

FALSIFIED BOARD OF DIRECTORS MEETING MINUTES

SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant, in the County of New York and elsewhere, on or about January 31, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about January 5, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about February 5, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

TENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 21, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

ELEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about March 15, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

TWELFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about June 28, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

THIRTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about June 29, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

FOURTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about July 9, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

FIFTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about July 17, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

SIXTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about July 24, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

SEVENTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about August 6, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

EIGHTEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about August 20, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

NINETEENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about September 7, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, minutes of the meeting of the board of directors of IEAM.

FALSIFIED CONSULTING AGREEMENTS

TWENTIETH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about November 11, 2005, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and an investment advisor located in Texas.

TWENTY-FIRST COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about February 28, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and a stock promoter who arranged sham private stock sales for IEAM.

TWENTY-SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about August 1, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and Sapphire Associates, LLC.

TWENTY-THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about October 2, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and Sapphire Associates, LLC.

TWENTY-FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about October 2, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and an individual who participated in a private stock transaction arranged by Mazzuto.

TWENTY-FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about November 3, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and an investment entity located in Ohio.

TWENTY-SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about December 18, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a consulting agreement between IEAM and an accountant located in Texas.

FALSIFIED IEAM BOOKS AND RECORDS

TWENTY-SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 13, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a sales summary.

TWENTY-EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 13, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a sales summary.

TWENTY-NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 13, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a sales summary.

THIRTIETH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 15, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, cash flow and balance sheet worksheets.

THIRTY-FIRST COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 15, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, schedules of options and warrants.

THIRTY-SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about April 24, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a spreadsheet detailing bank account activity of IEAM.

THIRTY-THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about May 14, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, consolidating workbooks.

THIRTY-FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about May 14, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, consolidating workbooks.

THIRTY-FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about June 11, 2008, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a quarterly report.

THIRTY-SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about June 18, 2008, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a quarterly cash report.

THIRTY-SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about June 18, 2008, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a quarterly cash report.

FALSIFIED DEBT INSTRUMENTS

THIRTY-EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about October 5, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a promissory note between IEAM and Margulies and Levinson, LLP.

THIRTY-NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about October 26, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a promissory note between IEAM and Sapphire Associates, LLC.

FORTIETH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about November 17, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a promissory note between IEAM and Sapphire Associates, LLC.

FORTY-FIRST COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about January 1, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a revolving credit grid note between IEAM and an entity located in Ohio controlled by a friend and cohort of James Margulies.

FALSIFIED INCENTIVE STOCK OPTION AGREEMENTS AND LETTERS

FORTY-SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about October 4, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an incentive stock option agreement between IEAM and a friend and cohort of James Margulies.

FORTY-THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about November 1, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an option exercise letter.

FORTY-FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about October 20, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an incentive stock option agreement between IEAM and an account located in Ohio.

FORTY-FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants, of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 4, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an option exercise letter.

FORTY-SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about December 27, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an incentive stock option agreement between IEAM and an account located in Ohio.

FORTY-SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about February 4, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an option exercise letter.

FORTY-EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about December 27, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an incentive stock option agreement between IEAM and an attorney located in Ohio.

FORTY-NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about December 29, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an option exercise letter.

FIFTIETH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about December 27, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an incentive stock option agreement between IEAM and a friend and cohort of James Margulies.

FIFTY-FIRST COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about December 29, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, an option exercise letter.

FALSIFIED PURCHASE ORDERS

FIFTY-SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about December 31, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a purchase order.

FIFTY-THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about December 31, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a purchase order.

FIFTY-FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about February 28, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a purchase order.

FIFTY-FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about February 28, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a purchase order.

FIFTY-SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendant JOHN MAZZUTO of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendant JOHN MAZZUTO, in the County of New York and elsewhere, on or about March 31, 2007, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a purchase order.

FALSIFIED STOCK PURCHASE AGREEMENT

FIFTY-SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuses the defendants of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, in violation of Penal Law §175.10, committed as follows:

The defendants, in the County of New York and elsewhere, on or about September 1, 2006, with intent to defraud and to commit another crime and to aid and conceal the commission thereof, made and caused to be made a false entry into the business records of an enterprise, IEAM, to wit, a stock purchase agreement.

CYRUS R. VANCE, JR.
District Attorney

No.

THE PEOPLE OF THE STATE OF NEW YORK

-against-

**JOHN D. MAZZUTO and
JAMES W. MARGULIES,**

Defendants.

INDICTMENT

GRAND LARCENY IN THE FIRST DEGREE, P.L. §155.42, 2 Cts. (both defendants)

VIOLATION OF G.B.L. §352-c(5) (both defendants)

VIOLATION OF G.B.L. §352-c(6) (both defendants)

SCHEME TO DEFRAUD IN THE FIRST DEGREE, P.L. §190.65(1)(b) (both defendants)

CONSPIRACY IN THE FOURTH DEGREE, P.L. §105.10(1) (both defendants)

FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, P.L. §175.10 (defendant John Mazzuto, 51 cts.; defendant Margulies, 33 counts)

**CYRUS R. VANCE, JR.
District Attorney**

**ADA Garrett Lynch
ADA Harold Wilson
Major Economic Crimes Bureau**

Foreperson

A True Bill