

2003R00994

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : CRIM. NO.  
: :  
: HON.  
: :  
: VIOLATIONS:  
v. :  
: Title 18, United States Code,  
: Sections 1505 and 2.  
: :  
: :  
VINCENT J. SANPIETRO :

INFORMATION

The defendant having waived in open court prosecution by Indictment, and having waived any claim that venue for the charged offense does not properly lie in the District of New Jersey, the United States Attorney for the District of New Jersey charges:

Medi-Hut

1. At all times relevant to this Information, Medi-Hut Co., Inc. ["Medi-Hut" or the "Company"] was a corporation with its principal place of business in New Jersey which was primarily engaged in selling wholesale medical products, wholesale brand name and generic prescription drug products, and wholesale over-the-counter drug products. From in or around November 2002, Medi-Hut's home office was located in Wall Township, New Jersey.

### The Defendant

2. At all times relevant to this Information, Vincent J. Sanpietro ["defendant **SANPIETRO**"] was a resident of Toms River, New Jersey.

3. Defendant **SANPIETRO**, along with his brother J.S., founded Medi-Hut in or around 1982. Until on or about March 5, 2003, defendant **SANPIETRO** served as Medi-Hut's Chief Operating Officer. At all times relevant to this Information, defendant **SANPIETRO** owned approximately 550,000 shares of Medi-Hut, or approximately 3.8% of its outstanding shares.

4. Medi-Hut entered into "bill and hold" transactions with various customers whereby the customers agreed to buy product from Medi-Hut, although Medi-Hut continued to store the product until a future agreed upon delivery date. Generally Accepted Accounting Principles ["GAAP"] set forth various requirements regarding the recording for accounting purposes of bill and hold transactions.

5. As Chief Operating Officer, defendant **SANPIETRO** was aware that Medi-Hut transacted business on a "bill and hold" basis with customers, including Company R.D.

### The Securities and Exchange Commission

6. The Securities and Exchange Commission ["SEC"] was an independent agency of the United States government which was charged by law with preserving honest and efficient markets in

securities.

7. In or around February 2002, the SEC commenced an investigation of Medi-Hut which included allegations of accounting fraud and related financial improprieties.

8. On or about May 29, 2002, defendant **SANPIETRO** testified under oath before the SEC, and answered questions relating to Medi-Hut and his actions as its Chief Operating Officer.

9. As part of its investigation into alleged accounting improprieties at Medi-Hut, the SEC questioned defendant **SANPIETRO** regarding companies which had transacted business with Medi-Hut on a "bill and hold" basis, in order to determine whether Medi-Hut was properly recognizing revenue in conformity with GAAP.

10. When questioned as to whether Medi-Hut entered into "bill and hold" transactions with Company R.D., defendant **SANPIETRO**, under oath, testified "no."

11. Defendant **SANPIETRO** testified falsely in an attempt to conceal from the SEC that Medi-Hut had entered into "bill and hold" transactions with Company R.D. because Medi-Hut had improperly and prematurely recognized the revenue from two such sales in the first quarter of fiscal year 2002 ending January 31, 2002, totaling approximately \$155,000 in an effort to reach its forecasted revenues for that quarter.

12. On or about May 29, 2002, defendant

**VINCENT J. SANPIETRO**

did knowingly, willfully, and corruptly influence, obstruct and impede, and endeavor to influence, obstruct, and impede the due and proper administration of the law under which a pending proceeding was being had before an agency of the United States, namely, the SEC's investigation of Medi-Hut related to allegations of accounting fraud and other financial improprieties.

In violation of Title 18, United States Code, Sections 1505 and 2.

---

CHRISTOPHER J. CHRISTIE  
United States Attorney

In or around December 2001, Medi-Hut's independent accounting firm was conducting the required annual audit of Medi-Hut. As part of the audit process, Medi-Hut's major customers, including Larval, were required to review, confirm, sign, and return to the auditors an accounts receivable confirmation prepared by Medi-Hut which listed the outstanding receivables for the fiscal year ended October 31, 2001.

23. In or around early December 2001, defendant **SIMON** and Joseph Sanpietro, sent via facsimile, Medi-Hut's accounts receivable confirmation for Larval to Lawrence Marasco at his office at Larval. Defendant **SIMON** and Joseph Sanpietro issued the accounts receivable statement to an individual identified as "R.M.," in order to conceal from its auditors that Lawrence Marasco's affiliation to Larval. At the time, defendant **SIMON** and Joseph Sanpietro knew that R.M., who was Lawrence Marasco's sister in-law, was not employed at and had no ownership interest in Larval.

24. In or around early December 2001, Defendant **SIMON** and Joseph Sanpietro spoke to Lawrence Marasco telephonically and directed that the accounts receivable confirmation which they had faxed to him at Larval be signed immediately. Upon receipt,

Lawrence Marasco falsely certified the inflated confirmation by signing it in the name of R.M., and falsely handwrote her title as "President/Secretary," and returned same, via facsimile, to defendant **SIMON** and Joseph Sanpietro at Medi-Hut. Defendant **SIMON** and Joseph Sanpietro knew that Lawrence Marasco falsely signed this inflated confirmation in the name of R.M.

25. In addition, defendant **SIMON** and Joseph Sanpietro fraudulently recorded a transaction of \$624,307.75 dated on or about October 24, 2001 on the accounts receivable confirmation provided to Larval for its review and endorsement in order to inflate its outstanding receivables, impede an accurate audit by its accountants, and provide legitimacy for the inflated and fraudulent financial statement set forth on the SEC Form 10-K for fiscal year ending October 31, 2001, which was filed on January 10, 2002.