



*United States Attorney
Southern District of New York*

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**CORPORATE OFFICER SENTENCED TO HOME CONFINEMENT
FOR LYING TO AUDITORS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that GARY WOLFF, the former Chief Financial Officer ("CFO") of Aquacell Technologies, Inc. ("Aquacell") and a certified public accountant, was sentenced today to 6 months of home confinement and 2 years of probation for lying to Aquacell's auditors in connection with a loan made by Aquacell to an investor who purchased \$1.75 million worth of Aquacell stock as part of its Initial Public Offering ("IPO") in 2001. WOLFF was also ordered to pay a \$30,000 fine. WOLFF pleaded guilty on October 31, 2006. United States District Judge GERARD E. LYNCH imposed the sentence in Manhattan federal court. According to the one-count felony Information charging WOLFF, and statements made by the defendant during the plea and sentencing proceedings:

In February 2001, Aquacell, a Delaware corporation operating out of California, conducted an IPO to raise \$6,000,000 to finance its water cooler business. In order to reach that goal, WOLFF and other Aquacell officers agreed to lend \$1.75 million in IPO proceeds to a potential investor (the "Investor"), who would use those proceeds to purchase Aquacell stock in its IPO. On February 15, 2001, during the execution of the IPO, WOLFF and other Aquacell officers wired the \$1.75 million to companies controlled by the Investor. The Investor then wired the money to Aquacell's underwriters, who then promptly wired the money back to Aquacell to complete the Investor's purchase of 350,000 shares of Aquacell stock, accounting for almost 30% of the IPO.

From May through November 2001, when Aquacell's auditors asked WOLFF a series of questions about the nature of the loans to the Investor's companies, WOLFF never told the auditors the loans were made to enable the Investor to purchase Aquacell stock in the IPO. Instead, WOLFF made a series of

misrepresentations intended to deceive the auditors. In one such instance, WOLFF knowingly misrepresented to the auditors that the Investor used the proceeds of the loan for his mortgage business. WOLFF also falsely told Aquacell's auditors that the Investor did not participate in the IPO, concealed material information about the Investor's prior failure to make the promised payment of \$1.75 million, and submitted a fraudulent financial statement from the Investor that concealed the Investor's use of the loan proceeds to participate in the IPO.

WOLFF, 68, lives in Edgewater, New Jersey.

Assistant United States Attorney NEIL BAROFSKY is in charge of the prosecution.

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