



*United States Attorney
District of New Jersey*

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CONTACT: Rebekah Carmichael
Office of Public Affairs

www.justice.gov/usao/nj

(973) 645-2888

**FORMER ECONTENT PRESIDENT SENTENCED TO 66 MONTHS IN PRISON
ON SECURITIES FRAUD AND MONEY LAUNDERING CHARGES**

CAMDEN, N.J. – The former president of publicly-traded company eContent, Inc. was sentenced yesterday to 66 months in prison on fraud and money laundering charges, United States Attorney Paul J. Fishman announced.

John P. Sgarlat, 59, of Harveys Lake, Pa., pleaded guilty on September 8, 2006, before United States District Judge Jerome B. Simandle, to one count of conspiracy to commit securities and wire fraud and one count of money laundering. Judge Simandle also imposed the sentence today in Camden federal court.

According to documents filed in this case and statements made in court:

From October 1999 to April 2001, Sgarlat was the president of eContent, Inc., and remained a company shareholder after his departure in April 2001. The company, which had offices in Florida, traded its stock on the Over the Counter Bulletin Board System (OTCBB), a regulated quotation service maintained by the NASD.

Sgarlat admitted that while he was the company president, he and other officers and directors of eContent misused company funds for personal expenses, which included using corporate American Express cards to pay for personal items.

As president of eContent, Sgarlat fraudulently issued company stock to alleged “consultants” to the company. Sgarlat admitted that he used the exception allowing the issuance of free-trading stock to consultants, commonly referred to as a “Form S-8” registration, to issue company stock to numerous individuals and entities, and caused registration statements and consulting agreements to be filed with the SEC. He also admitted that these individuals never performed the services for eContent that were set forth in those consulting agreements.

On one occasion, Sgarlat issued stock to an individual in New Jersey, and a company related to that individual, to repay that individual for a debt Sgarlat owed from a prior business dealing. Sgarlat also used Form S-8 to issue free-trading company stock to firms and individuals who performed securities-related services for eContent, such as fund raising in the capital markets, or promoting or making a market in eContent stock.

The Form S-8 stock that Sgarlat wrongfully issued had a market value of approximately

\$559,000, based on its value at the time of issuance.

Sgarlat also admitted that in February 2002, he sold 435,125 shares of eContent stock to a stock promoter at a substantial discount. This stock was then used in connection with illegal promotional activities.

Additionally, Sgarlat admitted his role in laundering the proceeds of a separate fraud scheme. Specifically, Sgarlat admitted that in February 2002, he opened a bank account at a Wachovia Bank in Wellington, Florida, in the name of "Convergiton, Inc.," which he used to pay his personal living expenses. Sgarlat admitted that he opened this account in the name of Convergiton, Inc. in part because he owed a substantial tax obligation to the United States government at the time. Sgarlat further admitted that between February 2003 and September 2005, he solicited certain people to invest in two companies, and told these people to send money to him for investment. Sgarlat then deposited the money into the Convergiton account at Wachovia for his personal use.

Approximately \$320,000 was mailed to Sgarlat in the form of checks from individuals in New Jersey and elsewhere.

As a part of his sentencing, Judge Simandle ordered Sgarlat to pay restitution to the victims of his offenses in the amount of \$1.5 million. In connection with the money laundering charge, Judge Simandle also ordered forfeiture to the United States of \$320,000 in United States currency, as well as a vehicle, certain artwork, and an autographed Tiger Woods caddie coverall from the 2001 Masters golf tournament. The vehicle, artwork, and coverall were all previously seized by the FBI.

Fishman credited special agents with FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Michael B. Ward, in Newark, and the Internal Revenue Service Criminal Investigation's Mays Landing Field Office, under the direction of Special Agent in Charge William P. Offord, in Newark, for investigation of the case.

The government is represented by Assistant U.S. Attorney Eric M. Schweiker, of the U.S. Attorney's Office Criminal Division in Trenton.

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Defense Counsel: Simon P. Kogan, Esq. Staten Island, NY