

Press Release

SEC Obtains Freeze on Proceeds from Unlawful Distribution of Biozoom Securities

FOR IMMEDIATE RELEASE

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Washington, D.C., July 3, 2013 — The Securities and Exchange Commission today announced charges against eight Argentine citizens who unlawfully sold millions of shares of Biozoom, Inc. in unregistered transactions. The SEC also obtained an emergency order to freeze assets in the U.S. brokerage accounts of the eight defendants and two other Argentine citizens who had Biozoom shares but had not yet sold them. The action follows last week's suspension of trading in Biozoom due to concerns that some shareholders may be unlawfully distributing its securities.

Biozoom, formerly Entertainment Art, Inc., announced in April that it was changing its name and moving from producing leather bags to developing biomedical technology. The SEC's complaint alleges that from March to June 2013, the ten defendants received more than 20 million shares of Entertainment Art, which was one-third of the company's total outstanding shares. In a one-month period beginning in mid-May, eight of them sold more than 14 million shares. The sales yielded almost \$34 million, of which almost \$17 million was wired to overseas bank accounts. Their U.S. brokerage accounts, which include approximately \$16 million in cash, are subject to the asset freeze.

The SEC's complaint, filed in U.S. District Court in Manhattan, charges the eight defendants — Magdalena Tavella, Andres Horacio Ficicchia, Gonzalo Garcia Blaya, Lucia Mariana Hernando, Cecilia De Lorenzo, Adriana Rosa Bagattin, Daniela Patricia Goldman and Mariano Pablo Ferrari — along with two others, Mariano Graciarena and Fernando Loureyro, who received shares but have yet to sell them.

"Today's action, along with the SEC's trading suspension order last week, demonstrate the SEC's ability and commitment to act swiftly to halt ongoing illegal conduct and preserve assets," said Antonia Chion, Associate Director in the SEC's Division of Enforcement.

According to the SEC's complaint, when the defendants deposited the Biozoom stock into their U.S. brokerage accounts, they claimed to have acquired the bulk of the shares in March 2013 from Entertainment Art shareholders who purchased them in private placements that began in 2007. Each of the defendants provided stock purchase agreements between them and the former shareholders purportedly signed by the defendants and those shareholders. The SEC alleges that the documents were false because the Entertainment Art investors had sold all of their stock in the company in 2009, almost four years earlier. The defendants' shares of Biozoom were deposited into their accounts as

shares that purportedly could be freely traded and the defendants sold them even though no registration statement was filed with the SEC for any of the sales transactions, in violation of U.S. law.

In addition to the temporary restraining order and asset freeze granted by the court, the SEC is seeking preliminary and permanent injunctions, return of the selling defendants' allegedly ill-gotten sale proceeds, and civil penalties. The SEC also seeks preliminary and permanent injunctions against the non-selling defendants, Graciarena and Loureyro, because of the likelihood that both defendants will offer or sell their Biozoom shares to the public in violation of the registration requirements of U.S. securities law.

Ricky Sachar, Scott Lowry, Deborah Tarasevich, Jennie Krasner, and Robert Nesbitt conducted the SEC's investigation, which is continuing. Patrick M. Bryan will lead the litigation. The SEC acknowledges the assistance of the Financial Industry Regulatory Authority (FINRA).

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Related Materials

- [SEC Complaint](#)