March 12, 2002

U.S. Department of Justice
United States Attorney
Eastern District of New York
One Pierrepont Plaza
Brooklyn, New York 11201
Mailing Address:147 Pierrepont Street
Brooklyn, New York 11201

Five Guilty Pleas and Seven Arrested for Wire and Securities Fraud

in Connection with Collapse of Apponline.com

PAUL SKULSKY also orchestrated a scheme to artificially create demand and maintain the price for AppOnline common stock by paying kick-backs to the Broker Defendants and others associated with three now-defunct brokerage firms -- Worthington Capital Group, Inc. ("Worthington"), Ash & Co. ("Ash") and International Bond & Share ("IBS"). DELIA was a registered representative of Worthington, a Garden City broker dealer; NEMIROFF was the president of Ash, a New York City broker dealer; CARHART and SICLARI were undisclosed principals of Ash; and CATAPANO and BRANDWEIN were registered representatives of IBS, a broker dealer with offices located in Syosset and Garden City, Long Island. As part of this scheme, PAUL SKULSKY, through two nominee companies he controlled, deposited AppOnline stock with Worthington, Ash and IBS, and paid kick-backs of cash and securities to the Broker Defendants to have the firms recommend the purchase of AppOnline stock to retail customers. These payments were not disclosed to the investing public. To further manipulate demand and price of AppOnline stock, the Broker-Defendants made false and misleading statements to investors to persuade investors not to sell the securities, executed a sale of AppOnline only if the sale could be matched, or crossed, with a purchase by another AppOnline investor at Worthington, Ash, or IBS, and by parking AppOnline stock in investors' or house accounts at these brokerage firms. During the period from July 1997 to March 1998, Worthington, Ash , and IBS sold more than 1.4 million AppOnline shares to investors, generating more than $5.5 million in proceeds. During this period of time, AppOnline traded at a high of approximately $7 a share, and as low as 60 cents a share just prior to being delisted by the American Stock Exchange following AppOnline's bankruptcy filing in July 2000. In announcing the arrests and guilty pleas, United States Attorney VINEGRAD stated: "This case is an example of the havoc that financial professionals can wreak when they manipulate their companies' operations and reports for their own selfish ends. The defendants here made misrepresentations to get AppOnline.com millions of dollars of funds, to manipulate the price of the company's publicly-held stock, and to deceive the investing public into believing that the company's financial affairs were in order. When brokers, accountants, auditors and company principals rip off creditors and leave investors holding the bag, the federal government will move aggressively to prosecute those responsible and to prevent a recurrence of their schemes." Mr. VINEGRAD thanked the Securities and Exchange Commission for its assistance and stated that

the government's investigation is continuing. FBI Assistant Director-in-Charge DONOVAN stated: "Although declaring bankruptcy in 2000, the court papers reveal that years earlier these defendants began their deceptive pattern of misappropriation, misrepresentation and manipulation to the detriment of their investors and creditors. The FBI is committed to working with both the United States Attorney's Office and the Securities and Exchange Commission to maintain the integrity of the marketplace." The indictment against the Broker Defendants charges each defendant with conspiracy and securities fraud. The indictment against SCHNEIDER charges him with conspiracy and wire fraud. If convicted, each of these defendants faces a maximum sentence of 5 years imprisonment, a $250,000 fine, the payment of restitution to victims, and three years supervised release on each count. (1) PAUL SKULSKY and JEFFREY SKULSKY pleaded guilty to wire fraud, securities fraud and money laundering and face a maximum sentence of 30 year imprisonment, a total fine of up to $1 million, the payment of restitution to victims, and three years supervised release on each count. CAPUANO and EISELE each pleaded guilty to wire fraud conspiracy and face a maximum sentence of 5 years imprisonment, a $250,000 fine, the payment of restitution to victims, and three years supervised release. CASUCCIO pleaded guilty to securities fraud conspiracy and faces a maximum sentence of 5 years imprisonment, a $250,000 fine, the payment of restitution to victims, and three years supervised release. DELIA, CARHART, NEMIROFF, CATAPANO, BRANDWEIN, and SCHNEIDER were arrested earlier today and will be arraigned later this afternoon by United States Magistrate Judge Wall at the United States Courthouse in Central Islip. SICLARI is incarcerated on unrelated charges and will be brought to the Eastern District of New York and arraigned on a later date. All of the cases have been assigned to United States District Judge Denis R. Hurley

The government's case is being prosecuted by Assistant United States Attorneys John Curran and Jodi Levine Avergun.

Pedigree information for the defendants charged today is as follows:

Name: CARL DELIA

Address: 154-65 Riverside Drive

Whitestone, New York

DOB: 1/30/70

Name: GEORGE CARHART

Address: 7900 River Road

North Bergen, New Jersey

DOB: 8/10/48

Name: ROCCO SICLARI

Address: (In Custody)

DOB:

Name: ASHLEY NEMIROFF

Address: 171 South Middleneck Road

Great Neck, New York

DOB: 6/21/42

Name: DONALD CATAPANO

Address: 3751 Mahlon Brower Drive

Oceanside, New York

DOB: 2/29/56

Name: CRAIG BRANDWEIN

Address: 2 Saxon Court

Smithtown, New York

DOB: 2/23/59

Name: JEFFREY SCHNEIDER

Address: 14 Plowboy Path

Commack, New York

DOB: 7/24/64

1. The charges contained in the indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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