



*United States Attorney  
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE  
MARVIN SMILON, HERBERT HADAD,  
MEGAN GAFFNEY  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

**D.C. LAWYER CONVICTED OF FEDERAL SECURITIES FRAUD  
IN SCHEME TO DEFRAUD INVESTORS IN BUSYBOX.COM IPO**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that THOMAS T. PROUSALIS, JR., a Washington, D.C.-based attorney, was convicted late yesterday in Manhattan federal court of conspiracy and securities fraud charges. The charges arose from PROUSALIS' participation in a scheme to defraud investors in the June 2000 initial public offering ("IPO") of busybox.com, Inc., ("Busybox"), a now-defunct internet company. PROUSALIS entered guilty pleas to all counts in the Indictment after six days of a jury trial before United States District Judge DENISE L. COTE.

According to the Indictment, the evidence at trial and PROUSALIS' statements made in connection with his guilty plea, PROUSALIS made and caused to be made false statements, misrepresentations and material omissions in the Registration Statement and Prospectus for the Busybox IPO filed with the United States Securities and Exchange Commission (the "SEC") and

made available to investors (the "Registration Materials").

According to the evidence at trial, Busybox was an internet company based in California that retained PROUSALIS and Barron Chase, a Florida-based securities broker-dealer, to help raise money through an IPO. According to the evidence at trial and to PROUSALIS' statements, at the end of May 2000, PROUSALIS caused to be filed, on Busybox's behalf, the Registration Materials, which contained false statements, misrepresentations and material omissions regarding: (1) the nature of the underwriting, which Barron Chase had purportedly agreed to undertake on a "firm commitment basis"; (2) the use of proceeds from the IPO; and (3) the fees paid to PROUSALIS in connection with the IPO.

Specifically, the evidence established that Barron Chase was unable to perform its obligation to underwrite the IPO on a "firm commitment basis" because it was unable to find purchasers for more than \$2 million worth of Busybox securities. To allow the IPO to proceed, and to collect his fees from the IPO, PROUSALIS arranged to recycle money raised through the sale of IPO shares to the public to fund the purchase of IPO shares on behalf of various Busybox officers, as well as to PROUSALIS, in order to make up the shortfall of Busybox securities that Barron Chase was unable to sell. The evidence at trial established that this use of the proceeds from the IPO was nowhere disclosed in

the Registration Materials. In addition, according to the evidence at trial and PROUSALIS' statements, PROUSALIS received Busybox IPO stock worth approximately \$1.2 million - purportedly constituting his fee earned in connection with the IPO - whereas the Registration Materials stated that legal fees would total only \$375,000.

According to the evidence at trial and PROUSALIS' statements, on June 27, 2000, Busybox securities began trading on the NASDAQ Smallcap Market. Had the IPO not gone effective, PROUSALIS would have received no fee. By April 2001, Busybox was de-listed from the NASDAQ, and the company filed for bankruptcy protection shortly thereafter.

On the conspiracy count to which PROUSALIS plead guilty, he faces a maximum penalty of 5 years in prison and a fine of \$250,000 or twice the gross gain or gross loss from the offense. On one of the securities fraud count to which he plead guilty, PROUSALIS faces a maximum penalty of 10 years in prison and a \$1 million fine, or twice the gross gain or gross loss from the offense. On the other securities fraud count to which he plead guilty, PROUSALIS faces a maximum penalty of 5 years in prison and a fine of \$250,000 or twice the gross gain or gross loss from the offense.

PROUSALIS, 55, resides in Maclean, Virginia.

He is scheduled to be sentenced before Judge COTE on September 24, 2004.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in the investigation of this case. Mr. KELLEY also expressed gratitude to the SEC and to NASD for their assistance in this matter.

Assistant United States Attorneys STEVEN R. GLASER and DIANE GUJARATI are in charge of the prosecution.

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