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**FORMER CORPORATE EXECUTIVE PLEADS GUILTY TO
FRAUD AND TAX CHARGES**

Colm F. Connolly, United States Attorney for the District of Delaware, Francis L. Turner, Special Agent in Charge, Internal Revenue Service, Criminal Investigation, Baltimore Field Office, and Frank E. Goetz, Special Agent-In-Charge, Federal Bureau of Investigation, announced today that Adam J. Levinson, age 43, of Wilmington, Delaware pled guilty today to one count of wire fraud and one count of filing a false tax return in connection with his scheme to defraud investors in CoolerSmart, LLC, a New Castle, Delaware based company in the business of providing point-of-use water coolers to customers on a rental basis. Levinson was formerly the manager and 20% owner of CoolerSmart. The Honorable Sue L. Robinson, Chief Judge, U.S. District Court for the District of Delaware, set Levinson's sentencing for September 26, 2006.

On June 6, 2006, Levinson was indicted by a federal grand jury in Wilmington, Delaware on wire fraud and tax charges. During the time period alleged in the Indictment, CoolerSmart's primary owner was WaterWorld Ventures, Inc., a wholly-owned subsidiary of Elkay Manufacturing Company ("Elkay"), a privately held corporation with its principal place of business in Oak Brook, Illinois. Since mid-2003, CoolerSmart has been a wholly-owned subsidiary of Ionics, Inc.

Levinson pled guilty to committing wire fraud when he provided Elkay's executives and board of directors with falsified financial and operational reports to make it appear that CoolerSmart was

performing better than it actually was. In reliance on these reports, Elkay invested over \$6,000,000 in CoolerSmart. When Elkay began an audit of CoolerSmart in the summer of 2002, CoolerSmart's computerized customer database was altered to include fictitious customers in an effort to conceal Levinson's fraudulent scheme.

Levinson also pled guilty to filing a false personal income tax return which substantially understated his income in 2002. Specifically, Levinson used certain CoolerSmart funds for his own personal benefit, including to pay for personal installment loans, including vehicle lease payments; vacation travel expenses; attorneys' fees; country club dues and charges; international travel; work performed on his home; and charges for personal expenses on the CoolerSmart American Express and Visa cards. Levinson then failed to report this income on his personal tax return.

The maximum penalty for the wire fraud conviction is five years imprisonment and a \$250,000 fine. The maximum penalty for the false tax return conviction is three years imprisonment and a \$250,000 fine. Pursuant to the plea agreement, Levinson has agreed to pay over \$100,000 in restitution to his victims.

U.S. Attorney Colm F. Connolly said of the case: "Corporate executives who lie about the profitability of their companies to fool investors are thieves, pure and simple. For our economy to prosper, investors – whether financial institutions, companies, or individual shareholders – need to be able to trust and rely on the accuracy of financial reports in making informed investment decisions. When a corporate official takes advantage of investors' trust in him and his company and deliberately falsifies financial records, he should expect to pay significant legal consequences. I am grateful for the fine investigative efforts of Special Agent Jacqueline Zebley, IRS Criminal Investigation and Special Agent Greg Mrozek, Federal Bureau of Investigation in this case."

"The majority of taxpayers file timely and accurate tax returns. Some individuals don't want to pay their fair share and file fraudulent tax returns and get caught. Don't let this happen to you."

said Francis L. Turner, Special Agent in Charge, IRS Criminal Investigation, Baltimore Field Office.

Assistant United States Attorney Shannon T. Hanson is prosecuting the case.

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