

Names & Addresses of Defense Counsel

**Securities & Exchange Commission v.
Steven J. Ott and Roger Michael Young**

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relevant times, the defendants worked for ITXC Corp. (“ITXC”), with Ott based in Princeton, New Jersey and Young based in London, England.

SUMMARY OF ALLEGATIONS

2. Steven Ott, the former Vice President for Global Sales of ITXC, and Roger Michael Young, ITXC’s former Managing Director for the Middle East and Africa, violated the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), which is codified as Section 30A of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78dd-1], by making and approving bribes paid to foreign government officials in Nigeria, Rwanda, and Senegal between August 2001 and May 2004. Ott and Young approved ITXC’s wire transfers totaling \$267,468.95 to senior officials at the following foreign government-owned telephone companies: Nigerian Telecommunications Limited (“Nitel”), Rwandatel S.A. (“Rwandatel”), and La Société Nationale des Télécommunications du Sénégal (“Sonatel”). During the period in which these payments were made, ITXC obtained or retained contracts with these carriers that generated profits totaling at least \$11,509,733.

3. By disguising the payments of bribes on ITXC’s books as legitimate expenses through the creation of false business records, defendants violated the books and records and internal control provisions of Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1], and aided and abetted ITXC’s violations of the books and records and internal control provisions of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

4. Defendants may, unless restrained and enjoined, continue to engage in the acts and practices set forth in this complaint and courses of conduct of similar object and purport.

JURISDICTION

5. The Court has jurisdiction over this action pursuant to the FCPA [15 U.S.C. § 78dd-1], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331.

6. The Commission brings this action pursuant to Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)].

7. Defendants, directly or indirectly, made use of the means and instrumentalities of interstate commerce or of the mails in connection with the acts, practices, and courses of business alleged herein.

DEFENDANTS

8. Defendant Ott is a resident of Princeton, New Jersey. He began his employment with ITXC in 1997 and was terminated for cause on August 19, 2004. During the relevant time period, Ott was the Vice President for Global Sales at ITXC. His responsibilities included supervising various salespersons who were negotiating contracts between ITXC and telephone companies abroad, most notably in Africa. Ott maintained an office in Princeton, New Jersey.

9. Defendant Young is a resident of London, England (and a citizen of the United States). He began his employment with ITXC in February 1999 and resigned from the company in or around May 2004. During the relevant time period, Young was the Managing Director for the Middle East and Africa at ITXC. Young reported to Ott and was the direct supervisor of Yaw Osei Amoako (described below). Young's responsibilities included negotiating, and supervising various salespersons who negotiated, contracts between ITXC and telephone companies in Africa. Young maintained an office in London, England.

OTHER RELEVANT PARTIES

10. ITXC was an international telecommunications carrier based in Princeton, New Jersey. ITXC's business consisted of selling the ability to place telephone calls to individuals in as many as 232 foreign countries. ITXC ceased to exist as a separate entity on June 1, 2004, when it merged with Teleglobe International Holdings Ltd. ("Teleglobe"). Prior to the merger with Teleglobe, ITXC's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on NASDAQ. Teleglobe's common stock was similarly registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on NASDAQ until February 13, 2006. On that date, Teleglobe was acquired by Videsh Sanchar Nigam Limited ("VSNL"). VSNL has securities registered under Section 12(b) of the Exchange Act that trade on the New York Stock Exchange as American Depositary Receipts.

11. Nitel is the dominant telephone company in Nigeria. Nitel is, and always has been, wholly-owned by the government of Nigeria.

12. Rwandatel is the dominant telephone company in Rwanda. Rwandatel is, and always has been, wholly-owned by the government of Rwanda.

13. Sonatel is the dominant telephone company in Senegal. During the relevant time period for this complaint, Sonatel was partially owned by, and an instrumentality of, the government of Senegal.

14. Yaw Osei Amoako is a resident of Hillsboro, New Jersey. He began his employment with ITXC in 1999 and was terminated for cause on August 19, 2004. During the relevant time period, Amoako was the Regional Director for Africa at ITXC. His responsibilities included negotiating contracts between ITXC and telephone companies in Africa. Amoako reported directly to Young and indirectly to Ott. The Commission filed a related complaint against Amoako on September 1, 2005 for his involvement in the bribery scheme alleged herein (*see SEC v. Yaw Osei Amoako*, Civ. No. 05-4284 (GEB) (D.N.J.)).

FACTS

15. ITXC sought from Nitel, Rwandatel, and Sonatel the right to place telephone calls to individuals and businesses in Nigeria, Rwanda, and Senegal, respectively. These carriers do not grant such rights liberally. Rather, they carefully restrict access to their customers in order to increase the fees that they can charge foreign telecommunications carriers for placing such calls. To overcome this barrier to entry, defendants Ott and Young, and their subordinate Amoako, engaged in the bribery scheme described below.

A. Bribes in Nigeria

16. In 2000, ITXC competed against other international telecommunications carriers to obtain a contract with Nitel that would have allowed ITXC's customers to call Nitel's customers (such contracts are generically known as "carrier contracts"). Amoako was the ITXC salesperson who, at the direction of Ott and Young, traveled to Nigeria to present ITXC's contract bid. To facilitate his efforts, Amoako hired as an agent a former senior official of Nitel. However, the strategy backfired: the former Nitel official irritated the current Nitel decision-makers. In the end, Amoako was unsuccessful and Nitel awarded the carrier contract to one of ITXC's competitors.

17. In mid-2002, Nitel opened the bidding for four new carrier contracts and specifically invited ITXC to participate. Ott and Young instructed Amoako to return to Nigeria in the summer of 2002 to present ITXC's bid to Nitel. However, this time Amoako – with the full knowledge and approval of Ott and Young – offered a Nitel Deputy General Manager the opportunity to be ITXC's agent (hereinafter "the Nitel Agent"). As Amoako knew, and told his superiors, the Nitel Agent was one of the key decision-makers at Nitel who was to select the four bidders to receive the new carrier contracts. Amoako, at the direction of Ott and Young, promised the Nitel Agent a hefty "retainer" and a cut of ITXC's profits if the Nitel Agent steered one of the carrier

contracts to ITXC. ITXC, Ott, Young, and Amoako hired the Nitel Agent for the sole purpose of obtaining, and then retaining, business with Nitel.

18. The decision to hire an inside agent paid off. Nitel granted a carrier contract to ITXC, which the parties signed on October 25, 2002 (hereinafter “Nitel Carrier Agreement”). Less than three weeks later, on November 12, 2002, the Nitel Agent signed a formal agreement to be ITXC’s agent. Ott signed that agreement on behalf of ITXC. The agreement, which the Nitel Agent signed as the CEO of an otherwise non-existent corporation, granted the Nitel Agent the right to a percentage of ITXC’s profits from the Nitel Carrier Agreement.

19. The agreement with the Nitel Agent called for ITXC to pay his company a “retainer” of \$10,000. Ott approved two \$5,000 payments that ITXC made to the Nitel Agent’s company on November 21, 2002 and January 10, 2003. ITXC made these payments through wire transfers from its account at PNC Bank in New Jersey to the account of the Nitel Agent’s company at Intercontinental Bank PLC in Nigeria.

20. ITXC failed to pay the Nitel Agent his cut of ITXC’s profits throughout most of 2003. To repair the relationship with the Nitel Agent, and to obtain a favorable settlement with Nitel on another issue, Young negotiated and Ott approved a payment of \$150,000 (which was almost six times what the Nitel Agent had actually earned under the agreement) to the Nitel Agent’s company on December 23, 2003. ITXC made this payment through a wire transfer from its account at PNC Bank in New Jersey to the account of the Nitel Agent’s company at Intercontinental Bank PLC in Nigeria.

21. On May 27, 2004, Ott and Young approved a payment to the Nitel Agent’s company of \$6,541.31, which represented the Nitel Agent’s share of ITXC’s profits from the Nitel Carrier Agreement for the year to date. ITXC made this payment through a wire transfer from its account at PNC Bank in New Jersey to the account of the Nitel Agent’s company at Intercontinental Bank PLC in Nigeria.

22. Ott and Young caused ITXC to record the foregoing payments to the Nitel Agent as legitimate expenses on ITXC's books and records.

23. The total amount of the payments to the Nitel Agent that Ott and Young negotiated and/or approved was \$166,541.31. At all relevant times, Ott and Young knew that the Nitel Agent was an employee of the foreign government-owned Nitel. The sole purpose of the payments was to influence the Nitel Agent, a foreign official, to steer the Nitel Carrier Agreement to ITXC and thereby enable it to obtain and retain business with Nitel.

24. There was no legitimate purpose for the payments. In fact, as a result of the agreement with the Nitel Agent, ITXC earned profits of \$1,136,618 from selling telephone service to customers calling Nigeria. ITXC could not have made such sales without having the Nitel Carrier Agreement that resulted from the bribes paid to the Nitel Agent.

B. Bribes in Rwanda

25. At the direction of defendants Ott and Young, Amoako negotiated with an employee of Rwandatel in February 2002 to obtain a carrier agreement between ITXC and Rwandatel. With the full knowledge and approval of Ott and Young, Amoako promised to compensate the Rwandatel employee as an agent of ITXC if he would influence Rwandatel to agree to favorable terms for the exchange of telecommunications traffic with ITXC. The Rwandatel employee agreed and became ITXC's agent (hereinafter "the Rwandatel Agent").

26. On February 28, 2002, Rwandatel and ITXC entered an agreement to exchange telecommunications traffic (hereinafter the "Rwandatel Carrier Agreement"), which the Rwandatel Agent signed as an employee of Rwandatel.

27. On July 2, 2002, ITXC entered into a formal agent agreement with the Rwandatel Agent, which defendant Ott signed on behalf of ITXC. The agreement entitled the Rwandatel Agent to \$0.01 for each minute of telephone traffic that ITXC was

able to complete to telephone subscribers in Rwanda (as well as in Burundi and Uganda where Rwandatel had the right to complete telephone calls) under the Rwandatel Carrier Agreement. Pursuant to the agent agreement, Ott and Young approved a payment to the Rwandatel Agent of \$26,155.11 on September 11, 2002. ITXC made this payment through a wire transfer from its account at PNC Bank in New Jersey to the account of the Rwandatel Agent at Standard Chartered Bank in Dubai.

28. Ott and Young caused ITXC improperly to record the foregoing payment to the Rwandatel Agent as a legitimate expense on ITXC's books and records.

29. At all relevant times, Ott and Young knew that the Rwandatel Agent was an employee of the foreign government-owned Rwandatel. The sole purpose of the payment was to influence the Rwandatel Agent, a foreign official, to steer the Rwandatel Carrier Agreement to ITXC and thereby enable it to obtain and retain business with Rwandatel.

30. There was no legitimate purpose for the payment. In fact, as a result of the agreement with the Rwandatel Agent, ITXC earned profits of \$217,418 from selling telephone service to customers calling Rwanda, Burundi and Uganda. ITXC could not have made such sales without having the Rwandatel Carrier Agreement that resulted from the bribes paid to the Rwandatel Agent.

C. Bribes in Senegal

31. In November 2001, Ott and Amoako traveled to Senegal to negotiate a carrier agreement between ITXC and Sonatel. Ott and Amoako negotiated with a certain employee of Sonatel who later became an agent for ITXC (hereinafter "the Sonatel Agent"). Amoako, with the full knowledge and approval of Ott and Young, promised the Sonatel Agent that ITXC would pay him a percentage of ITXC's revenues if he persuaded his employer to enter a telecommunications traffic exchange agreement with ITXC.

32. Negotiations between ITXC and Sonatel continued through February 2001, when the parties executed a traffic exchange agreement on February 22, 2001 (hereinafter the "Sonatel Carrier Agreement").

33. On March 15, 2001, ITXC entered a formal agency agreement with the Sonatel Agent, which defendant Ott signed on ITXC's behalf. The agreement entitled the Sonatel Agent to a percentage of ITXC's revenues associated with the Sonatel Carrier Agreement. Toward that end, Ott and Young approved a series of payments that ITXC made to the Sonatel Agent between August 2001 and October 2003 totaling approximately \$74,772, which are summarized in the table below:

Payment	Date
\$531.22	8/27/2001
\$2716.82	9/25/2001
\$11605	10/17/2001
\$12839.18	1/25/2002
\$7994.68	4/17/2002
\$5684.4	6/12/2002
\$4689.65	8/19/2002
\$5096.94	1/8/2003
\$3358.06	2/28/2003
\$1848.24	3/18/2003
\$3009.18	4/30/2003
\$3444.31	5/22/2003
\$4779.19	7/25/2003
\$7175.19	10/29/2003

ITXC made these payments through wire transfers from its account at PNC Bank in New Jersey to the account of the Sonatel Agent at Societ  G n rale du Banque in Paris, France.

34. Ott and Young caused ITXC improperly to record the foregoing payments to the Sonatel Agent as legitimate expenses on ITXC's books and records.

35. At all relevant times, Ott and Young knew that the Sonatel Agent was an employee of the foreign government-owned Sonatel. The sole purpose of these payments

was to influence the Sonatel Agent, a foreign official, to steer the Sonatel Carrier Agreement to ITXC and thereby enable it to obtain and retain business with Sonatel.

36. There was no legitimate purpose for the payments. In fact, as a result of the agreement with the Sonatel Agent, ITXC earned profits of \$10,155,696 from selling telephone service to customers calling Senegal. ITXC could not have made such sales without having the Sonatel Carrier Agreement that resulted from the bribes paid to the Sonatel Agent.

FIRST CLAIM
(Bribery)

[Violations of Exchange Act Section 30A]

37. Paragraphs 1 – 36 are hereby incorporated by reference.

38. Defendants Ott and Young knowingly and corruptly made and approved offers and illicit payments, effected through wire transfers of money from ITXC, to foreign officials for the purposes of influencing such officials' acts or decisions and inducing such foreign officials, in their official capacity, to use their influence to assist ITXC in obtaining or retaining business with foreign government entities. Throughout the relevant period, the recipients of these illicit payments were foreign officials within the meaning of the FCPA.

39. The conduct of defendants Ott and Young was knowing and willful.

40. By reason of the foregoing, defendants Ott and Young violated, and unless restrained will continue to violate, the anti-bribery provisions of the FCPA, as codified in Section 30A of the Exchange Act [15 U.S.C. § 78dd-1].

SECOND CLAIM
(Books and Records and Internal Controls)

[Violations of Exchange Act Section 13(b)(5) and Rule 13b2-1]

41. Paragraphs 1 – 40 are hereby incorporated by reference.

42. As described above, defendants Ott and Young knowingly circumvented ITXC's internal accounting controls and, directly or indirectly, falsified, or caused to be falsified, books, records, or accounts of ITXC subject to Exchange Act Section 13(b)(2) [15 U.S.C. § 78m(b)(2)].

43. By reason of the foregoing, defendants Ott and Young violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1].

THIRD CLAIM
(Books and Records and Internal Controls)

[Aiding and Abetting Violations of Exchange Act Sections 13(b)(2)(A) and (B)]

44. Paragraphs 1 – 43 are hereby incorporated by reference.

45. ITXC inaccurately recorded the bribery payments described above as agent fees or consulting fees in its books and records in violation of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)]. Defendants Ott and Young knowingly provided substantial assistance to ITXC in inaccurately recording these payments in ITXC's books and records.

46. By reason of the foregoing, defendants Ott and Young aided and abetted ITXC's violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

- a) permanently enjoin defendants Ott and Young from violating Exchange Act Sections 30A and 13(b)(5) [15 U.S.C. §§ 78dd-1

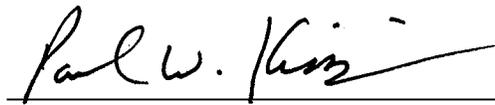
and 78m(b)(5)], and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1], and from aiding and abetting violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)];

- b) order defendants Ott and Young to pay civil penalties under Exchange Act Sections 21(d)(3) and 32(c) [15 U.S.C. §§ 78u(d)(3) & 78ff(c)];
- c) order defendants Ott and Young to disgorge, with prejudgment interest, any ill-gotten gains from the bribery scheme; and
- d) grant such other relief as this Court may deem just and proper.

Respectfully submitted,

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CERTIFICATION OF PENDING RELATED MATTER

47. Pursuant to Civ. Rule 11.2, I certify that the matter in controversy in this case is related to the *SEC v. Yaw Osei Amoako*, Civ. No. 05-4284 (GEB) (D.N.J.).