

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Civil Case No _____
)	
TANGOE, INC.,)	Jury Trial Demanded
ALBERT R. SUBBLOIE,)	
GARY R. MARTINO,)	
DONALD J. FARIAS, AND)	
THOMAS H. BEACH)	
)	
Defendants.)	
)	

COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against Defendants and hereby demands a jury trial:

PRELIMINARY STATEMENT

1. This action involves misrepresentations in the publicly filed financial statements of Tangoe, Inc. (“Tangoe”), a historically Connecticut-based company whose stock was registered with the Commission and was publicly traded.

2. Tangoe is a telecommunication expense management company, in the business of providing services to large corporations and organizations with complex and expensive landline and wireless telecommunications infrastructure.

3. Through a variety of misstatements, improper accounting, and artificial transactions, Tangoe overstated its revenues in the annual and quarterly reports it filed with the Commission from 2013 through 2015, thereby violating federal securities laws governing public

company reporting. Altogether, Tangoe misstated the existence and/or timing of approximately \$40 million in revenues, out of total revenues of \$566 million previously reported during the period from 2013 through the third quarter of 2015. Ultimately, Tangoe disclosed that its financial statements would have to be corrected or restated for that period, hereinafter referred to as the “Restatement Period.”

4. Tangoe’s violations of the securities laws were the result of various failures, and in some instances intentional misconduct, by several of Tangoe’s officers: the former Senior Vice President, Expense Management Operations, Donald J. Farias (“Farias”); the co-founder and former President and Chief Executive Officer (“CEO”), Albert R. Subbloie (“Subbloie”); the co-founder and former Chief Financial Officer (“CFO”), Gary R. Martino (“Martino”); and the former Vice President of Finance, Thomas H. Beach (“Beach”).

5. Tangoe’s misrepresentations violated Generally Accepted Accounting Principles (“GAAP”), which the federal securities laws require public companies to follow. Tangoe’s misrepresentations also violated its publicly stated policy as to how to record revenue. These violations included: 1) counting customers’ prepayments for future services as current revenue; 2) improperly recording a loan from a business partner as revenue; 3) recording revenue in the wrong reporting periods; 4) prematurely recording revenue from contingent fee arrangements; 5) recording revenue from customers who were unlikely to pay; 6) violating the accounting rules for bad debt reserves; and 7) prematurely counting revenue from long-term contracts with ongoing obligations.

6. In connection with several of these misrepresentations, Farias fabricated, forged and altered various business records, including records that were provided to Tangoe’s auditors.

7. By engaging in the conduct alleged herein, Tangoe violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5, 12b-20, 13a-1, 13a-11 and 13a-13 thereunder.

8. By engaging in the conduct alleged herein, Farias violated Sections 17(a)(1) and (3) of the Securities Act and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5(a), 10b-5(c), 13b2-1 and 13b2-2 thereunder. In addition, he aided and abetted Tangoe’s violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

9. By engaging in the conduct alleged herein, Martino violated Section 17(a)(3) Securities Act and Exchange Act Rules 13a-14, and 13b2-2. In addition, Martino aided and abetted Tangoe’s violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

10. By engaging in the conduct alleged herein, Subbloie violated Section 17(a)(3) of the Securities Act. In addition, he violated Exchange Act Rule 13a-14.

11. By engaging in the conduct alleged herein, Beach aided and abetted Tangoe’s violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

12. Based on these violations, the Commission seeks: 1) entry of a permanent injunction prohibiting the Defendants from further violations of the relevant provisions of the federal securities laws; 2) the imposition of a civil monetary penalty against Defendants; and 3) an officer and director bar against Farias.

JURISDICTION

13. The Commission seeks a permanent injunction and disgorgement pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)]. The Commission seeks the imposition of civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

14. The Court has jurisdiction over this case pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d), 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), 78aa]. Venue is proper in this District because Tangoe had its principal place of business in Connecticut and transacted business in Connecticut during the Restatement Period, while all but one of the individual defendants lived and/or worked in Connecticut during the same time period.

15. In connection with the conduct described in this Complaint, the Defendants directly or indirectly made use of the mails or the means or instruments of transportation or communication in interstate commerce.

16. The Defendants' conduct involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and resulted in substantial loss, or significant risk of substantial loss, to other persons.

DEFENDANTS

17. **Tangoe, Inc.** is incorporated in Delaware. Its principal place of business was in Orange, Connecticut until 2017, when its principal place of business became Parsippany, New Jersey. Tangoe is a provider of telecommunication expense management services and it became

an SEC-reporting company (a company required to make periodic filings of its financial statements and other information with the Commission) in 2011. Its stock was quoted on NASDAQ under the ticker symbol TNGO until March 14, 2017, when NASDAQ delisted and suspended the trading of Tangoe's common stock as a result of the company's inability to make required Commission filings. On June 17, 2017, an investment firm completed a take-private acquisition of Tangoe.

18. **Donald J. Farias**, age 49, a resident of Oak Ridge, New Jersey, was the Senior Vice President of Tangoe's Expense Management Operations. He headed the operations team at Tangoe and was the most senior person in that group. He was terminated by Tangoe in early February 2016 for altering internal documents, including some that were sent to Tangoe's outside independent auditor. He is now the CEO of a new private technology company that he started after Tangoe terminated him.

19. **Gary R. Martino**, age 58, a resident of Woodbridge, Connecticut, was the CFO of Tangoe since the company's inception. In April 2016, Tangoe's Board of Directors asked him to resign.

20. **Albert R. Subbloie**, age 58, a resident of Orange, Connecticut, was the President and CEO of Tangoe since the company's inception. He resigned in May 2016, after being informed that Tangoe's Board of Directors had decided to find a new CEO.

21. **Thomas H. Beach**, age 53, a resident of Brewster, New York, was the Vice President of Finance at Tangoe and reported directly to Martino. He was terminated by Tangoe in October 2016.

STATEMENT OF FACTS

I. Background

22. Tangoe, a telecommunication expense management company founded by Subbloie and Martino, began its operations in 2000 in Orange, Connecticut. Tangoe's customer base generally included large corporations and organizations with complex landline and wireless telecommunications infrastructure.

23. Tangoe provided services and a software platform to its customers to analyze and monitor their telecommunications assets and manage related costs. Tangoe primarily earned revenue through recurring business as monthly service fees. In addition, Tangoe earned revenue on various special projects, many of which involved contingent fee arrangements, in which Tangoe's compensation was a percentage share of actual cost-savings its customers experienced.

II. Revenue Recognition

A. Generally Accepted Accounting Principles

24. GAAP during the Restatement Period allowed for the recognition of revenue when it is earned and realizable. Revenue recognition is an accounting principle that determines whether and when a company can count certain transactions as revenue on its financial statements.

25. In its public filings, Tangoe stated that, consistent with GAAP, it recognized revenue when persuasive evidence of an arrangement exists, pricing is fixed or determinable, collection is reasonably assured, and delivery or performance of service has occurred.

26. As described below, Tangoe repeatedly failed to comply with GAAP and with Tangoe's own publicly stated accounting policies in an attempt to recognize revenue

prematurely. Also, at times, Tangoe improperly recognized revenue that was unlikely to ever be collected. By doing so, through the actions of Farias and the negligence of Martino and Subbloie, Tangoe violated the antifraud provisions of the securities laws. Also, by doing so, through the various actions (or inactions) of Farias, Subbloie, Martino and Beach, Tangoe violated various recordkeeping, internal controls, and reporting provisions of the federal securities laws.

B. Purported Recurring Revenue: Sham Transactions

2014 Transaction with a Large Customer

27. In September 2014, a large customer (“Bank A”) approached Tangoe offering to provide \$250,000 as a prepayment for services that Tangoe would later provide in 2015. Under GAAP principles and under Tangoe’s own accounting policies, the money from Bank A could be recognized as revenue only when and if Tangoe earned the revenue by performing actual services.

28. On September 30, 2014, at the direction of Martino, Tangoe issued an invoice for \$250,000 to Bank A for a purported inventory integration project. In reality, Bank A had never hired Tangoe for any such “inventory integration project” and Tangoe never provided those services to Bank A. Upon issuing the invoice, Tangoe immediately recognized the entire \$250,000 as revenue for the quarter that closed that same day (the third quarter of 2014). That recognition of revenue violated GAAP and Tangoe’s publicly announced accounting policies, inasmuch as the work described in the invoice had not been performed.

29. To issue the invoice, Farias falsely misrepresented to Tangoe’s internal accounting staff that Tangoe was providing inventory services to Bank A.

30. Ultimately, over each of the four quarters of Tangoes' fiscal year 2015, Tangoe provided Bank A a \$62,500 credit each quarter (totaling \$250,000), which was applied as payment for other services that Tangoe provided to Bank A.

31. When questioned by Tangoe's internal accounting staff as to whether the revenue and the credits were related, Farias misrepresented to the accounting staff that the \$250,000 invoiced was unrelated to the total of \$250,000 in credits provided to Bank A in 2015. Farias misrepresented that the credits were for a different project.

2015 Transaction with the Same Large Customer

32. In late 2015, Bank A and Tangoe entered into a similar \$300,000 transaction in which the bank prepaid Tangoe for services to be provided later, during 2016.

33. Under Martino's direction, Tangoe's accounting staff concealed the true nature and purpose of Bank A's \$300,000 prepayment, by applying that sum as follows:

34. First, \$149,023.65 was applied to "pay off" the outstanding balance on an unrelated historical Bill Audit invoice that Tangoe had sent Bank A in the first quarter of 2015, seeking payment under a contingent fee arrangement. Bank A had disputed the invoice and had refused to pay, but Tangoe had previously recognized the full amount of the \$149,023.65 invoice as revenue for the second quarter of 2014. By showing the invoice as "paid," Martino attempted to shield the contingent fee transaction from scrutiny by Tangoe's external auditors and audit committee. Martino represented to Tangoe's external auditors and the audit committee that the \$149,023.65 payment reflected Bank A's payment in full for the contingent fee invoice, which had been outstanding since March 2015.

35. Second, the remainder of Bank A's \$300,000 prepayment (\$150,976.35) was recorded as a payment for "invoice processing services" and treated as fully earned revenue for the fourth quarter of 2015. In reality, there were no such invoice processing services; this was a sham entry that was used to inflate Tangoe's revenues that were to be reported for year-end. During 2016, Tangoe began to issue monthly credits to Bank A to reflect the prepayment.

C. Relationship With a Payment Processing Company

36. As a part of its recurring business, Tangoe routinely managed and paid monthly telecommunication invoices for many of its customers. Tangoe's options to process these payments ranged from issuing paper checks to electronic processing. In early 2014, Tangoe developed a program to obtain additional income from this service by engaging a third-party payment processing company to pay Tangoe's customers invoices using "virtual" credit card accounts. Tangoe referred to the payment processing service as "MxPay."

37. On or around May 12, 2014, Martino signed, on behalf of Tangoe, an agreement with a payment processor ("Payment Processor A") to share in credit card processing fees and other revenue associated with payment processing services (the "Payment Processor Agreement"). Martino and Subbloie negotiated the terms of the arrangement on behalf of Tangoe while Farias originated the relationship and managed several aspects of the arrangement.

38. In the weeks following the execution of the contract, Payment Processor A was only able to process approximately forty percent of the invoices that Tangoe had expected Payment Processor A to process, resulting in approximately \$1.5 million less in revenue for Tangoe for the second quarter of 2014. Accordingly, Tangoe's actual revenues were predicted to

fall short of the revenue targets that financial analysts had predicted for the company for the second quarter of 2014.

39. To conceal Tangoe's impending revenue shortfall for the second quarter of 2014, Tangoe's management (including Subbloie, Martino, and Farias) arranged to create a transaction whereby Tangoe would recognize \$1.3 million at the end of that quarter. The arrangement involved receiving a \$1.3 million dollar payment from Payment Processor A, just before the end of the quarter. The plan was to treat this payment as earned revenue, even though Tangoe actually agreed to pay the full amount back to Payment Processor A during the following quarters, plus an additional payment of \$160,000, for a total repayment of \$1.46 million. Under GAAP principles and under Tangoe's own accounting policies, the \$1.3 million from Payment Processor A was not recognizable as revenue, since Tangoe was never entitled to actually keep that money.

40. To execute this transaction, Tangoe negotiated a series of contractual amendments that included requiring Payment Processor A to make a payment of \$1.3 million to Tangoe on June 30, 2014, the last day of second quarter of 2014. Other provisions of the contractual amendments required Tangoe to make payments to Payment Processor A totaling \$1.46 million during the following two quarters.

41. Tangoe recognized the \$1.3 million payment received from Payment Processor A on June 30, 2014, as revenue for the second quarter of 2014, thereby reducing most of Tangoe's \$1.5 million shortfall in reported revenues for that quarter. Tangoe's in-house accountants treated the \$1.46 million in payments in the third and fourth quarters of 2014 as separate business expenses unrelated to the \$1.3 million second quarter payment.

42. Although the receipt of \$1.3 million and the repayment of \$1.46 million were reflected on Tangoe's books as separate transactions, in a later 2014 email, Martino sent Farias an Excel spreadsheet titled "[Payment Processor A] Interest Calculation," evaluated the \$1.3 million payment as a loan and measured the \$1.46 million in payments as repayments for the loan, assuming a 10% interest rate.

43. An internal Payment Processor A email also described the arrangement: "We loaned Tangoe \$1.3mm @ an aggressive borrowing rate (42%) for a 5 month period. This was not to achieve milestones, this was a prepayment of rebate – very plain and simple."

44. During the quarterly review for the second quarter of 2014 (the quarter ended June 30, 2014), by Tangoe's outside auditors, the auditors inquired regarding the \$1.3 million of revenue that Tangoe recognized on the last day of the quarter. Martino told Tangoe's auditors that the \$1.3 million payment was Payment Processor A's way of compensating Tangoe for its failure to process all of the telecommunication bills that Tangoe had submitted in the second quarter for MxPay to process. Tangoe's management further told the outside auditors that the \$1.46 million in payments due to Payment Processor A were to ensure that Payment Processor A would dedicate additional resources to prevent future processing shortfalls.

45. On July 26, 2014, after discussions with Tangoe's internal finance team (including Martino and Beach), Tangoe's outside auditors explained that, without a contractual change, the \$1.3 million payment from Payment Processor A to Tangoe could not be recognized as earned revenue in the second quarter of 2014. Instead, the outside auditors noted, it could only be recognized over the next \$100 million of bills processed through Payment Processor A.

46. In response to its outside auditors, Tangoe's management insisted on recognizing revenue based on the June 30, 2014 payment of \$1.3 million from Payment Processor A. In response, Tangoe's auditors suggested that Tangoe enter into another amendment with Payment Processor A to "clarify [the] legal language to specify what 1.3 mill is for," an option that Tangoe's auditors identified as risky. The outside auditor cautioned that choosing this option would require Tangoe to "be comfortable debating with SEC of why the 1.3 is not an incentive that is being conceded over next quarter."

47. In late July 2014, Subbloie, Martino, and Farias negotiated an additional amendment to the agreement with Payment Processor A, which was signed on August 1, 2014, more than a month after the \$1.3 million had been paid and recognized as revenue. This amendment made no changes to the terms of the payments due to Payment Processor A, but re-characterized the \$1.3 million payment from Payment Processor A to Tangoe as a penalty for failing to process all of the payments that Tangoe submitted.

48. By fraudulently including the \$1.3 million payment from Payment Processor A as earned revenue for the second quarter of 2014, Tangoe's quarterly report on Form 10-Q filed with the Commission for the second quarter of 2014 reported revenue of \$52.7 million. That reported revenue total was just below the consensus expectations of analysts who followed the company and made recommendations about buying, selling, or holding its stock (who were expecting revenue of \$52.9 million). These reported earnings were in line with Tangoe's own publicly-stated guidance about its expected revenue.

D. Premature Recognition of MxPay Revenue

49. In late 2014 and in 2015, Tangoe, through the actions of Martino, prematurely recognized revenue derived from the MxPay program, which should have been recognized in subsequent quarters, if at all. Under GAAP principles and under Tangoe's own accounting policies, payment processing fees that had not yet been earned were not recognizable as revenue. Tangoe's recognition of this revenue also violated its publicly reported revenue recognition policy because "delivery or performance of services" had not occurred when Tangoe recognized MxPay revenue.

50. The MxPay process began when Tangoe batched transactions for payment processing and sent them to Payment Processor A, which then accepted or rejected the transactions. Payment Processor A processed the transactions through a third party bank, which either settled or rejected each transaction. Tangoe was not contractually entitled to its fee derived from the MxPay arrangement until the payments were settled and its customers' invoices had been paid.

51. Even though payment processing fees had not yet been earned, Tangoe prematurely recognized revenue as soon as it sent the transactions to Payment Processor A. Tangoe, through Martino, did so (with the assistance of reports generated by Farias and others in the Tangoe operations group) by preparing estimates of the amounts Tangoe expected to receive in the future from Payment Processor A. These estimates were used by Tangoe's finance group to recognize revenue, without waiting for confirmation from Payment Processor A as to the actual amounts earned.

52. In addition, Martino, with the assistance of Farias, caused Tangoe to recognize payment processing revenue in instances where Tangoe had not yet sent invoices to Payment Processor A for processing. In one email to Farias, a member of the operations group referred to this approach as “robbing Peter to pay Paul.” On information and belief, Tangoe, through Martino’s and Farias’ actions, recognized as revenue invoices that had not even been sent to Payment Processor A, let alone processed or settled.

53. Ultimately, Tangoe overstated MxPay revenue by a cumulative total of \$2.4 million between the second quarter of 2014 and third quarter of 2015, both by recognizing revenue prematurely under GAAP and, in some instances, by recognizing revenue for payments that were never processed.

E. Accelerated Revenue Recognition – Bill On Execution Contracts

54. A large portion of Tangoe’s customers contracted for a telecommunication expense management (“TEM”) platform. Tangoe utilized two general types of contracts for its recurring TEM services. For some customers, Tangoe used “bill on execution” (“BOE”) contracts, under which customers paid up-front for installation and configuration (implementation) services, before the TEM platform was operational. For other customers Tangoe used a “bill on implementation” (“BOI”) contract, under which the customers did not pay the fees until the TEM platform was operational. Instead, BOI customers were charged a one-time implementation fee, which was included in the customers’ bills, once the TEM system was installed and operating.

55. Regardless of which payment arrangement was used, under GAAP and under Tangoe’s publicly disclosed accounting policies, revenue from implementation fees associated

with the TEM business could only be recognized when it was actually earned, that is, a period that was double the contract length the customer had with Tangoe.

56. Tangoe prematurely recognized as revenue the amounts that were billed to BOE customers during the implementation phase. Both Martino's and Subbloie's actions, in responding to implementation delays, reflect the business reality that Tangoe had not earned its fees until implementation was complete. On multiple occasions, Martino or Subbloie authorized concessions to the customer, including suspending billing for a period of time or adding free months onto the end of the original contractual term. In multiple instances, Martino and Subbloie failed to disclose such concessions to the Tangoe finance group, and as a result, those concessions were not properly accounted for under GAAP.

57. Based on Tangoe's proposed restatement of financial statements (discussed further below) correcting the improper revenue recognition resulted in a net cumulative overstatement of revenue of \$6.7 million during the Restatement Period.

F. Recognition of Revenue Connected With Non-Recurring Revenue Such as Historical Bill Audit Work, Deposit Recovery, and Other Consulting Services

Historical Bill Audit Work

58. One of the services that Tangoe routinely provided on a contingent fee basis involved reviewing customers' old telecommunications bills to identify possible errors or overpayments (Tangoe referred to this as "Bill Audit" services). Under its contingent fee arrangements, Tangoe was entitled to a percentage share of any monies recovered from the customers' telecommunications carriers.

59. During the Restatement Period, Tangoe improperly recognized \$5.5 million in revenue for its Bill Audit services. GAAP required that revenue could only be recognized when

the telecommunication carrier had agreed to issue a credit or refund to Tangoe's customer, at which point Tangoe's fee was "earned" and became fixed or determinable. Tangoe repeatedly violated GAAP by improperly recognizing revenue for Bill Audit services as soon as Tangoe sent an analysis to the customer, even though the telecommunications carrier often took months to issue credits to Tangoe's customer and sometimes disputed Tangoe's conclusions. This practice ignored the reality that the fees, which Tangoe recognized as revenue, had not been earned and that the customers had not even been billed (and certainly would not pay) until the telecommunications carriers agreed to issue a refund or credit. Martino, Beach, and others in Tangoe's finance department failed to take reasonable steps to require Tangoe to comply with GAAP requirements with respect to recognition of revenue for Bill Audit services.

60. For example, in the second quarter of 2014 (the quarter ended June 30, 2014), Tangoe recognized \$149,023.65 in revenue for historical Bill Audit services provided to Bank A. However, Tangoe did not bill Bank A at the time for the services because the telecommunications carrier had not provided the savings to the bank.

61. Tangoe did not bill Bank A for historical Bill Audit services until March 2015. At the time that Tangoe finally billed for the services, Bank A had yet to receive a credit from the carrier. Nevertheless, Tangoe billed Bank A for the audit services based upon Tangoe's asserted view that the bank had indirectly received credit through discounts that were built into a new contract with the telecommunications carrier. As of September 2015, Bank A had yet to pay the invoice, although Tangoe improperly recognized the revenue more than a year earlier in the second quarter of 2014.

62. Subsequently, in late 2015, when outside auditors inquired as to whether the \$149,023.65 invoice had been paid, Martino informed them that it had been paid. As noted above, Tangoe's Finance Group had treated the invoice as paid by allocating a portion of the Bank A's \$300,000 prepayment for services to be rendered in 2016. Martino failed to exercise due care in his communications with Tangoe's auditors by not informing the auditors of the circumstances under which Tangoe had deemed \$149,023.65 invoice as paid.

Deposit Recovery

63. Another service that Tangoe routinely provided on a contingent fee basis involved assisting customers to recover deposits owed to them by various state entities. Tangoe entered into contracts to recover the deposits on behalf of the customers and employed a third party company to file the necessary forms to obtain the money. If and when the third party company succeeded in recovering a deposit, Tangoe was entitled to a percentage of the recovery. Farias managed this line of business and provided information to Tangoe's finance group as to when revenue could be recognized.

64. GAAP and Tangoes' publicly-disclosed accounting policy required that revenue could only be recognized when Tangoe received confirmation from the state entity that the money was owed. Under the contingent fee arrangement, only at that point was the revenue earned. To prematurely recognize revenue from the Deposit Recovery business, Farias provided false information to Tangoe's finance department as to amounts that could be recognized. Instead of providing actual recovery amounts, Farias provided the finance department with estimates of expected recoveries that had not yet been confirmed by the various states.

Backbilling

65. To increase its quarterly revenue, Tangoe also employed billing tactics and practices that led to improper recognition of revenue. When Tangoe acquired new companies, Farias, as the head of the operations group, directed his group to review historical billing data for the customers of the acquired companies and to determine whether the acquired companies had under-billed any customers. When Farias' group identified mistakes, Tangoe billed the customers for the amounts at issue. This practice, known as "backbilling," led to significant numbers of disputes with customers who were unhappy to receive unexpected invoices from Tangoe. In some instances, the customers' contracts limited backbilling to a narrow window of time – provisions that Farias and Tangoe often ignored when backbilling customers. Under these circumstances, there was considerable uncertainty as to whether any given backbill would be paid by a customer.

66. Under GAAP and under Tangoe's publicly-disclosed accounting policy, revenue can only be recognized if that revenue has been earned and if collection is reasonably assured. By ignoring the contractual limits on backbilling and by failing to consider the likelihood that the sums billed might not be collected, Tangoe, through Farias's actions, recognized revenue contrary to GAAP and inflated its reported revenue by \$1.65 million during the Restatement Period.

Revenue Recognition Improprieties Lead to Aging Receivables and Creative Workouts.

67. Because Tangoe repeatedly improperly recognized revenue during multiple quarters, over time, reality began to catch up. Apart from prepayments and loans, such as the arrangements with Bank A and Payment Processor A, customers do not ordinarily pay for

services that they have not received. Tangoe's revenue recognition practices resulted in an ever-growing backlog of unpaid bills, sums that had already been counted as revenue but that were now carried on the company's books as "receivables."

68. Under GAAP, the longer customers' bills go unpaid and the more unpaid bills pile-up, the more money a company has to hold back as a "bad debt" reserve. This reserve, in turn, reduces the company's reported revenue.

69. Tangoe, with the approval of Martino and Subbloie, routinely used a variety of ploys to avoid writing-off unpaid customer bills as "bad debts." These ploys, devised by Subbloie, included agreeing to accept a reduced amount from the customer, but applying the payment on Tangoe's books as a first installment toward the whole amount (creating the appearance that the whole amount was still collectible), or offering free services in the future instead of crediting money back to the customers (to avoid decreasing already recognized revenue).

70. For instance, when one customer disputed an erroneous invoice for \$14,000, instead of providing a credit memo, Tangoe offered \$14,000 of free future services. In another instance, when in the fall of 2015 one customer disputed a backbill invoice of \$115,000, a sales manager (with the approval of Subbloie and Martino) directed the finance group to reissue the invoice as two invoices so that the company could pay the agreed-upon sum of \$50,000 without writing off the remainder. The remaining balance stayed on Tangoe's books as a receivable.

71. Tangoe's finance group repeatedly raised accounting concerns regarding these solutions. For example, in a December 11, 2014 email, a member of the finance group questioned who was approving splitting disputed invoices and expressed concerns that Tangoe

should be “taking a reserve (or revenue reduction)” for the amount the customers had refused to pay. In response to this email and other similar communications with the finance group, a sales manager informed Subbloie about the Tangoe finance group’s concern. Subbloie effectively overruled the finance group’s objections.

72. In another instance, Tangoe’s finance group challenged deferring future revenue for an existing credit because it “is not GAAP accounting,” and Tangoe needed to “reserve for these ‘bad’ receivables.” A sales manager informed Martino as to the issue and asked how to respond to the finance group. Martino allowed the accounting to stand.

73. In addition, each quarter, Tangoe’s finance group, including Beach, reviewed Tangoe’s reserve for bad debt to determine whether it was adequate. At various times during 2014 and 2015, Beach recommended to Martino that Tangoe increase its bad debt reserve. The result of this would have been a reduction in Tangoe’s reported revenue for that quarter. Each time that Beach recommended that Tangoe increase its bad debt reserve, Martino rejected that advice, arguing that the receivables were, in fact, not bad debts. Although Beach knew under GAAP that the bad debt should be increased, he allowed the bad debt reserve to remain unchanged. In this way, Tangoe failed to properly address the accounting consequences of the above described sales concessions and failed to reserve adequately for bad debt on uncollectable receivables.

Forgeries

74. On at least seven occasions beginning in July 2014 and continuing until February 2016, Farias forged e-mails that were provided to Tangoe’s finance group and sometimes to its outside auditors, among others, to support recognizing revenue that Tangoe had previously

inappropriately recognized in the non-recurring revenue business—the business for which Farias had primary responsibility. Farias never disclosed to Tangoe’s finance group (including Beach and Martino) or the outside auditors that these e-mails had been altered.

a. Bank A’s \$149,023.65 Invoice

75. On or about July 14, 2014, Tangoe’s finance department asked for documentation to support recognition of \$149,023.65 in revenue based on the bill to Bank A for historical Bill Audit services, as described above. In response, Farias emailed to Tangoe’s finance group a document which he had fabricated, which purported to be an email sent by Bank A during February 2014. On its face, the document provided support for recognizing the revenue.

76. Farias fabricated the document by altering an actual email from a Bank A employee to make it appear that Bank A had recognized that it owed the money when, in fact, the bank had not done so.

77. On or about September 28, 2015, Martino asked Farias for backup documentation to support the billing of \$149, 023.65 invoice to Bank A. Farias provided the same altered email to Martino.

b. Grocery Store’s A Invoice.

78. On or about October 13, 2014, in response to a request from Tangoe’s finance group, Farias provided a document that purported to be from Grocery Store A, reflecting the customer’s approval of various mobile Bill Audit recommendations that would result in Tangoe recognizing revenue in the third quarter of 2014.

79. In actuality, the document was a fabrication. The actual email that Grocery Store A had sent to Tangoe indicated that Grocery Store A intended to provide approvals in the future

but had not yet done so. Fariashad fraudulently deleted the original language of the email and replaced it with language indicating approval and sent it to Tangoe's finance group as support for revenue recognition.

c. Insurance Company A's Invoice

80. In October 2014, Farias provided a document that purported to be an email chain between Tangoe personnel and Insurance Company A, which reflected that Insurance Company A had approved audit service recommendations made by Tangoe, and which could justify recognition of revenue. The document was a fabrication. In fact, Insurance Company A had indicated that it had yet to approve those claims. Farias fraudulently altered the email chain by removing parts of the chain that showed that Insurance Company A had yet to approve payment for the recommendations.

81. Farias's fraudulently altered email was ultimately forwarded to Beach who questioned the vague nature of Insurance Company A's "acceptance" of the audit claims. Nevertheless, Tangoe's finance group provided the altered email to Tangoe's outside auditors.

d. Bank B's Invoices

82. In late 2015, Martino asked Farias for supporting documentation for revenue recognized by Tangoe in connection with its relationship with a customer, Bank B. Specifically, as part of its non-recurring consultation work, Tangoe had performed an audit of Bank B's equipment to determine which telecommunication circuits could be disconnected at a savings for Bank B. Tangoe had recognized revenue as if Bank B had approved all invoices in connection with that work.

83. In actuality, Bank B had only begun the process of disconnecting those circuits and had only approved invoices as to the portion of the recommended steps that Bank B had actually completed. Farias fraudulently altered at least three emails that had been sent by Bank B to Tangoe in order to support Tangoe's improper revenue recognition treatment.

84. First, Farias fraudulently altered a March 18, 2015 email from Bank B to Tangoe to indicate that Bank B had approved an invoice that included all circuits. On or about January 26, 2016, Farias provided that altered email to Martino who then forwarded it to Beach and others in Tangoe's finance group to support the improper recognition of the revenue. Tangoe's finance group, in turn, provided the altered document to Tangoe's outside auditors to support the improper revenue recognition treatment.

85. In addition, on or about January 26, 2016, Farias fraudulently altered another email from Bank B to Tangoe to misleadingly indicate that other invoices had been approved by Bank B when in fact they had not. On that same day, Farias forwarded the altered email to Martino, and Martino forwarded that email to Tangoe's finance group to support the improper recognition of revenue. On that same day, Tangoe's finance group forwarded the email to Tangoe's outside auditors.

86. Also on January 26, 2016, Farias fraudulently altered yet another email from Bank B to Tangoe to misleadingly indicate that additional invoices had been approved by Bank B when, in fact, they had not been approved. That day, Farias forwarded this altered email to Martino, and Martino forwarded it to Tangoe's finance group to support the improper recognition of revenue.

87. At the time Farias provided the altered Bank B emails to Martino, Farias understood that Tangoe's outside auditors were asking for supporting documentation to justify Tangoe's recognition of revenue in connection with its relationship with Bank B.

e. Oil & Gas Company A Invoice

88. In late 2015 Subbloie asked Farias for supporting documentation for revenue that Tangoe had improperly recognized in connection with its relationship with Oil & Gas Company A. Farias fraudulently altered an email that Oil & Gas Company A had sent to Tangoe to indicate that Oil & Gas Company A had approved work that it had not approved.

89. On January 26, 2016, Farias provided the fraudulently altered email chain to Martino, who then provided the chain to Beach and another member of Tangoe's finance department. The finance department, in turn, provided the forged email chain to Tangoe's outside auditors.

III. Internal Investigation

90. On August 17, 2015, Tangoe received a demand letter from a recently terminated executive in its sales department. The letter included allegations of fraudulent billing and reporting that allowed the company to report higher quarterly revenue.

91. As a result, Tangoe initiated an internal investigation, overseen by the Audit Committee of Tangoe's Board of Directors, focusing on its revenue recognition and billing practices. While the internal investigation was underway, Tangoe filed with the Commission its last quarterly report, which was submitted on Form 10-Q on November 9, 2015, for the quarter that ended on September 30, 2015.

92. On March 7, 2016, Tangoe filed with the Commission a Form 8-K (a form used by public companies to notify investors of some important event or information) announcing that its financial statements previously filed with the Commission for its fiscal years 2013 (ended December 31, 2013) and 2014 (ended December 31, 2014) and the first three quarters of its fiscal year 2015 (the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015) could no longer be relied on, due to accounting errors involving revenue recognition and that the company planned to correct (or, in terms commonly used in the accounting and securities law context, “restate”) its previously issued financial statements for those periods.

93. On November 10, 2016, Tangoe filed with the Commission a Form 12b-25 to announce a delay in filing its quarterly report for the third quarter of 2016 (the quarter ended September 30, 2016). Within this filing, Tangoe provided an update on its anticipated restatement of its financial statements and provided an unaudited, estimated impact of the potential restatement, summarized in the tables below:

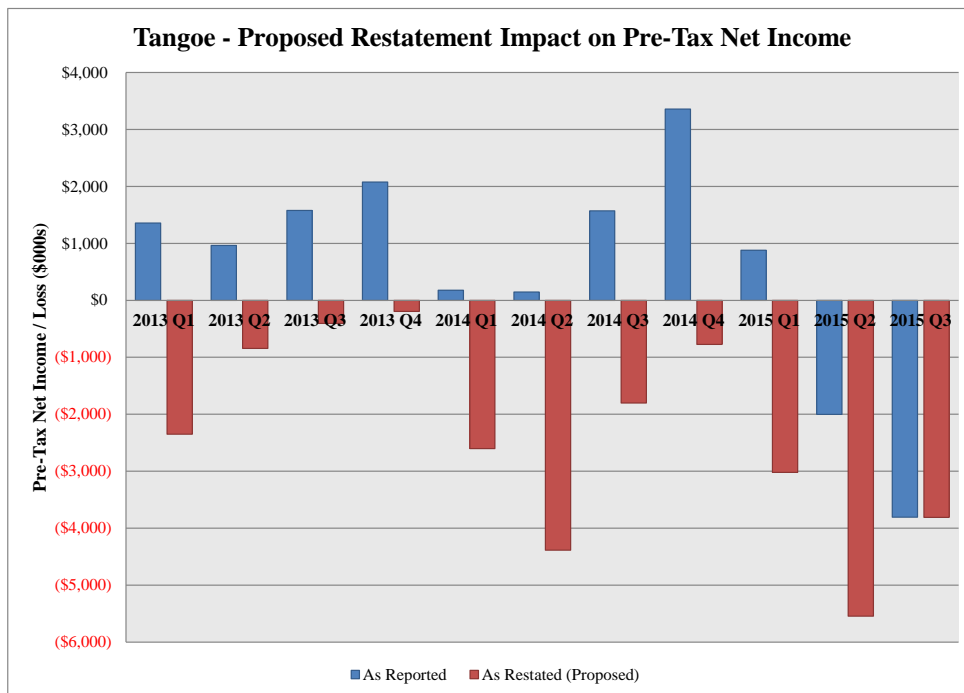
	Revenue (\$ millions, except percentages)			
	FY 2013	FY 2014	FY 2015 (YTD Q3)	Total
Revenue (Previously Reported)	\$ 188.9	\$ 212.5	\$ 164.5	\$ 565.9
Revenue Adjustments	\$ (9.3)	\$ (14.2)	\$ (7.0)	\$ (30.5)
Revenue (Restated)	\$ 179.6	\$ 198.3	\$ 157.5	\$ 535.4
Percent Misstated	-5.2%	-7.2%	-4.4%	-5.7%

	Pre-Tax Net Income (\$ millions, except percentages)			
	FY 2013	FY 2014	FY 2015 (YTD Q3)	Total
Pre-Tax Net Income (Previously Reported)	\$ 6.0	\$ 5.3	\$ (4.9)	\$ 6.4
Pre-Tax Net Income Adjustments	\$ (8.7)	\$ (14.9)	\$ (7.4)	\$ (31.0)
Pre-Tax Net Income (Restated)	\$ (2.7)	\$ (9.6)	\$ (12.3)	\$ (24.6)
Percent Misstated	322.2%	155.2%	60.2%	126.0%

94. In its Form 12b-25 filing with the Commission on November 10, 2016, Tangoe disclosed that, of the estimated \$30.5 million net reductions to revenue over the Restatement

Period, approximately \$14.0 million “represents a permanent reduction in revenue and the balance of \$16.5 million...results from timing issues where the affected revenue is expected to be recognized in periods subsequent to the restatement periods.” Later, internal Tangoe work-papers related to its proposed restatement showed that approximately \$40 million of previously recognized revenue was either reversed or re-timed in the proposed restatement.

95. One impact of Tangoe’s improper recognition of revenue was that, in nine straight quarters beginning in the first quarter of 2013 (the quarter ended March 31, 2013) through the first quarter of 2015 (the quarter ended March 31, 2015), Tangoe had falsely claimed to be profitable on a pre-tax income basis. In reality, the company had lost money on a pre-tax basis in every one of those quarters, as illustrated in the chart below:



IV. Misrepresentations to the Investing Public

96. During the Restatement Period, Tangoe filed annual reports with the Commission on Form 10-K on March 17, 2014, for the year ended December 2013, and on March 16, 2015 for the year ended December 2014. During the Restatement Period, Tangoe filed quarterly reports on Form 10-Q on May 10, 2013 (Q1 2013), August 9, 2013 (Q2 2013), on November 12, 2013 (Q3 2013), on May 12, 2014 (Q1 2014), on August 11, 2014 (Q2 2014), on November 10, 2014 (Q3 2014), on May 11, 2015 (Q1 2015), on August 10, 2015 (Q2 2015), and on November 9, 2015 (Q3 2015). Beach and others drafted these reports.

97. The actions or inactions of the Defendants as described above, resulted in material misstatements in the financial statements affecting both revenue and pre-tax income as illustrated below:

IMPACT OF PROPOSED RESTATEMENT ON REVENUE AND PRE-TAX INCOME

REVENUE	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15
Revenue As Reported	44,860	46,407	47,620	50,027	188,914	50,394	52,674	54,481	54,927	212,476	53,469	54,478	56,573
Net Adjustments	(2,563)	(1,575)	(2,033)	(3,565)	(9,736)	(1,505)	(4,022)	(4,061)	(4,018)	(13,606)	(2,383)	(3,429)	(1,102)
Revenue As Restated	42,297	44,832	45,587	46,462	179,178	48,889	48,652	50,420	50,909	198,870	51,086	51,049	55,471
Misstatement of Revenue	-6%	-4%	-4%	-8%	-5%	-3%	-8%	-8%	-8%	-7%	-5%	-7%	-2%
PRE-TAX INCOME	Q1'13	Q2'13	Q3'13	Q4'13	FY'13	Q1'14	Q2'14	Q3'14	Q4'14	FY'14	Q1'15	Q2'15	Q3'15
Pre-Tax Income As Reported	1,356	965	1,577	2,075	5,973	178	145	1,570	3,357	5,250	881	(2,002)	(3,808)
Net Adjustment to Pre-Tax Income	(3,704)	(1,810)	(1,983)	(2,270)	(9,767)	(2,781)	(4,531)	(3,373)	(4,130)	(14,815)	(3,901)	(3,541)	(2)
Pre-Tax Income As Restated	(2,348)	(845)	(406)	(195)	(3,794)	(2,603)	(4,386)	(1,803)	(773)	(9,565)	(3,020)	(5,543)	(3,810)
Misstatement of Pre-Tax Income	158%	214%	489%	1163%	257%	107%	103%	187%	534%	155%	129%	64%	0%

98. During the same period, Tangoe registered multiple Stock Incentive Plans, which incorporated by reference the periodic filings listed above. Tangoe received payments for the exercise of options and warrants, thereby engaging in the offer or sale of securities and obtained money by means of the misstatements.

99. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("SOX") [15 U.S.C. § 7241] and the rules promulgated thereunder, Subbloie as the CEO and Martino as the CFO of

Tangoe were required to certify the financial and other information contained in Tangoe's annual reports filed with the Commission.

100. On March 17, 2014, Subbloie and Martino certified that they had reviewed Tangoe's 2013 Form 10-K filed with the Commission and that, among other things, (i) based on their knowledge the Form 10-K did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; and (ii) based on their knowledge, the financial statements and other financial information included in the report fairly presented in all material respects the financial condition, results of operations and cash flows of Tangoe. Subbloie and Martino should have known that these certifications were false.

101. On March 16, 2015, Subbloie and Martino certified that they had reviewed Tangoe's 2014 Form 10-K filed with the Commission and that, among other things, (i) based on their knowledge the Form 10-K did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; and (ii) based on their knowledge, the financial statements and other financial information included in the report fairly presented in all material respects the financial condition, results of operations and cash flows of Tangoe. Subbloie and Martino should have known that these certifications were false.

102. Subbloie and Martino signed similar certifications included in Tangoe's quarterly reports filed on Form 10-Q on May 10, 2013 for quarter ended March 31, 2013; on August 9, 2013 for the quarter ended June 30, 2013; on November 12, 2013 for the quarter ended September 30, 2013; May 12, 2014 for quarter ended March 31, 2014; on August 11, 2014 for

the quarter ended June 30, 2014; on November 10, 2014 for the quarter ended September 30, 2014; May 11, 2015 for quarter ended March 31, 2015; on August 10, 2015 for the quarter ended June 30, 2015; and on November 9, 2015 for the quarter ended September 30, 2015. In each instance, Subbloie and Martino should have known that these certifications were false.

FIRST CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5(b) Against Tangoe)

103. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

104. Defendant Tangoe directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities has made or is making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

105. As a result, Tangoe has violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. §240.10b-5(b)].

SECOND CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c)
Against Tangoe and Farias)

106. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

107. Defendants Tangoe and Farias, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) have employed or are employing devices, schemes or artifices to defraud; and/or (c) have engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

108. As a result, Tangoe and Farias has violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §240.10b-5(a) & (c)]

THIRD CLAIM FOR RELIEF
(Violation of Section 17(a)(1) of the Securities Act Against Tangoe and Farias)

109. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

110. Tangoe and Farias directly or indirectly, acting intentionally, knowingly or recklessly, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails have employed or are employing devices, schemes or artifices to defraud.

111. As a result, Tangoe and Farias have violated, and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

FOURTH CLAIM FOR RELIEF
(Violation of Section 17(a)(2) of the Securities Act Against Tangoe)

112. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

113. Tangoe, by engaging in the conduct described above in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails obtained money or property by means of any untrue statements of material fact or omissions to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading.

114. As a result, Tangoe has violated, and, unless enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C. §77q(a)(2)].

**FIFTH CLAIM FOR RELIEF
(Violation of Section 17(a)(3) of the Securities Act Against Tangoe, Subbloie, Martino, and Farias)**

115. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

116. Tangoe, Subbloie, Martino and Farias, by engaging in the conduct described above in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

117. By engaging in the conduct described above, the Defendants violated, and unless enjoined, will continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(3)].

**SIXTH CLAIM FOR RELIEF
(Violation of Section 13(a) and Rules 12b-20, 13a-1, 13a-11 and 13a-13 Against Tangoe)**

118. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

119. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 13a-11 & 240.13a-13] requires issuers of securities registered with the Commission to file with the Commission accurate information and documents, annual reports, quarterly reports, and current reports and to include such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

120. During the Restatement Period, Tangoe filed annual reports with the Commission on Form 10-K on March 17, 2014, for the year ended December 2013, and March 16, 2015 for the year ended December 2014. During the Restatement Period Tangoe filed quarterly reports on Form 10-Q on May 10, 2013 (Q1 2013), on August 9, 2013 (Q2 2013), on November 12, 2013 (Q3 2013), , on May 12, 2014 (Q1 2014), on August 11, 2014 (Q2 2014), on November 10, 2014 (Q3 2014), on May 11, 2015 (Q1 2015), on August 10, 2015 (Q2 2015), and on November 9, 2015 (Q3 2015). These annual and quarterly reports contained Tangoe's financial statements. As detailed above, these filing were materially false and misleading.

121. As a result, Tangoe violated, and, unless enjoined, will continue to violate Section 13(a) [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13].

SEVENTH CLAIM FOR RELIEF
(Aiding and Abetting Violation of Section 13(a) and Rules 12b-20, 13a-1, 13a-11 and 13(a)(13) Against Defendants Martino, Farias, and Beach)

122. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 102 of the Complaint as if set forth fully herein.

123. Based upon the conduct above, Tangoe violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13].

124. Martino, Farias, and Beach knowingly or recklessly provided substantial assistance that aided Tangoe's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20 240.13a-1, 240.13a-11 & 240.13a-13].

125. By virtue of the foregoing and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78m(e)], Martino, Farias, and Beach aided and abetted Tangoe's violations and unless restrained and enjoined, will again aid and abet violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20 240.13a-1, & 240.13a-13].

EIGHTH CLAIM FOR RELIEF
(Violation of Sections 13(b)(2)(A) and 13(b)(2)(B) against Tangoe)

126. The Commission repeats and incorporates by reference the allegations in paragraphs 1-102 of the Complaint as if set forth fully herein.

127. Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) & (b)(2)(B)] require that issuers make and keep books and records that accurately reflect the transactions of the company and design and maintain a system of internal

accounting controls sufficient to provide reasonable assurances that the company's revenue was not being overstated.

128. Tangoe failed to make or keep books, records, and accounts which, in reasonable detail accurately and fairly reflected its transactions and dispositions of its assets in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A)]. In addition, Tangoe failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded with management's general or specific authorization, that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepting accounting principles or an any other criteria applicable to such statements, and to maintain accountability for assets; that access to assets is permitted on in accordance with management's general or specific authorization and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences, in violation of Section 13(b)(2)(B) of the Exchange Act [§§78m(b)(2)(B)].

129. By virtue of the foregoing, Tangoe violated, and unless restrained and enjoined, will again violate Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) & (b)(2)(B)].

NINTH CLAIM FOR RELIEF
(Aiding and Abetting Violation of Section 13(b)(2)(A) and 13(b)(2)(B) Against Martino, Farias, and Beach)

130. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 102 of the Complaint as if set forth fully herein.

131. Based upon the conduct describe above, Tangoe violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) & (b)(2)(B)]. Tangoe failed to make or keep books, records, and accounts which, in reasonable detail accurately and fairly reflected its transactions and dispositions of its assets in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A)]. In addition, Tangoe failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management’s general or specific authorization, that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepting accounting principles or an any other criteria applicable to such statements, and to maintain accountability for assets; that access to assets is permitted only in accordance with management’s general or specific authorization, and that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences, in violation of Section 13(b)(2)(B) of the Exchange Act [§§78m (b)(2)(B)].

132. Martino, Farias, and Beach knowingly or recklessly provided substantial assistance that aided Tangoe’s violations of Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) & (b)(2)(B)].

133. By virtue of the foregoing and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Martino, Farias, and Beach aided and abetted Tangoe’s violations, and unless restrained and enjoined, will again aid and abet violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) & (b)(2)(B)].

TENTH CLAIM FOR RELIEF

(Violation of Section 13(b)(5) and Rule 13b2-1 Against Farias)

134. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 102 of the Complaint as if set forth fully herein.

135. Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5) and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1] provide that “[n]o person shall knowingly circumvent or knowingly fail to implement a system of accounting controls, or knowingly falsify any book, record, or account.”

136. Farias knowingly circumvented or knowingly failed to implement a system of internal accounting controls or knowingly falsified books, records or accounts that Tangoe was required to maintain under Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)]. In addition, Farias directly or indirectly, falsified, or caused to be falsified Tangoe’s books, records, or accounts subject to Section 13(b)(2)(A) of the Exchange Act. [15 U.S.C. § 78m(b)(2)(A)].

137. By virtue of the foregoing, Farias violated, and unless restrained and enjoined, will again violate, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5) and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1].

**ELEVENTH CLAIM FOR RELIEF
(Violation of Rule 13b2-2 Against Martino and Farias)**

138. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 102 of the Complaint as if set forth fully herein.

139. Martino and Farias, directly or indirectly, made materially false and misleading statements and omitted to state, or caused others to omit to state, material facts necessary in order to make statements, in light of the circumstances under which statements were made, not

misleading to accounts in connection audits, reviews, and examinations of Tangoe's financial statements or preparation or filing of documents required to be filed with the Commission.

140. By virtue of the foregoing, Martino and Farias violated, and unless restrained and enjoined, will again violate, Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

TWELVTH CLAIM FOR RELIEF
(Violation of Section 13a-14 Against Subbloie and Martino)

141. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 102 of the Complaint as if set forth fully herein.

142. Rule 13a-14 of the Exchange Act [17 C.F.R. §240.13a-14] requires that each principle officer of an issuer, at the time of the filing of a report must sign a certification at the time of filing averring, among other things, that the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made not misleading with respect to the period covered by this report, and as to the company's controls over financial reporting.

143. As the principal officers of Tangoe, Martino as CFO and Subbloie as CEO signed certifications included in Tangoe's annual reports filed on Form 10-K on March 17, 2014, for the year ended December 2013, and March 16, 2015 for the year ended December 2014. They also signed certifications included in Tangoe's quarterly reports filed on Form 10-Q on May 10, 2013 for quarter ended March 31, 2013; on August 9, 2013 for the quarter ended June 30, 2013; on November 12, 2013 for the quarter ended September 30, 2013; on May 12, 2014 for quarter ended March 31, 2014; on August 11, 2014 for the quarter ended June 30, 2014; on November 10, 2014 for the quarter ended September 30, 2014; May 11, 2015 for quarter ended March 31,

2015; on August 10, 2015 for the quarter ended June 30, 2015; and on November 9, 2015 for the quarter ended September 30, 2015. These certifications were materially false and misleading.

144. By virtue of the foregoing, Martino and Subbloie violated, and unless restrained and enjoined, will again violate, Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that this Court:

A. Enter a permanent injunction restraining the Defendants and each of their agents, servants, employees and attorneys and those persons in active concert or participation with them who receive actual notice through delivery of service, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5] as to Defendants Tangoe and Farias;
2. Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)] as to Defendants Tangoe and Farias;
3. Section 17(a)(2) of the Securities Act [15 U.S.C. §77q(a)(2)] as to Tangoe;
4. Section 17(a)(3) of the Securities Act [15 U.S.C. §77q(a)(3)] as to Tangoe, Farias, Subbloie, and Martino;
5. Section 13(a) of the Exchange Act [15 U.S.C. §78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11 & 240.13a-13] as to Tangoe, Farias, Martino, and Beach;
6. Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) & (b)(2)(B)] as to Tangoe, Farias, Martino, and Beach;
7. Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5) and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1] as to Farias;
8. Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2] as to Martino and Farias; and

9. Rule 13a-14 of the Exchange Act [17 C.F.R. §240.13a-14] as to Subbloie and Martino.

B. Order the Defendants to pay appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)];

C. Enter an order pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] prohibiting Farias from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

D. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

E. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,

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