

1 DAVID W. SHAPIRO, (NYSB 2054054)
United States Attorney

V.5/17/02
Final

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION
11

12 UNITED STATES OF AMERICA,)
13 Plaintiff,)
14)
15 v.)
16)
17)
18 ALAN K. ANDERSON,)
19 Defendant.)
20)

No.
VIOLATIONS: 15 U.S.C. §§ 78j and 78ff,
and 17 C.F.R. §§ 240.10b-5, -Securities
Fraud;
SAN FRANCISCO VENUE

21 INFORMATION

22 The United States Attorney charges:

23 I. BACKGROUND

24 At all times relevant to this Information:

25 A. Quintus Corporation

26 1. Quintus Corporation, (“Quintus ” or “the company”) was a Delaware corporation with
27 its headquarters in Fremont and Dublin, California. Quintus was a provider of “Electronic
28 Customer Relationship Management” products and services, including computer software.

1 stock were prohibited prior to May 15, 2000. In addition, effective May 25, 2000, ANDERSON
2 also had been granted options to purchase an additional 400,000 shares of Quintus stock
3 (including both exercisable and unexercisable options).

4 6. As a public company, Quintus was required to file quarterly reports on Form 10-Q
5 with the SEC, the Forms 10-Q included unaudited financial statements, including revenue from
6 software licensing and net income. As President and CEO, defendant ANDERSON signed or
7 caused to be signed and filed the Form 10-Q for each fiscal quarter. Quintus' fiscal year was not
8 coterminous with the calendar year. Quintus' third fiscal quarter for FY 2000 began on October
9 1 and ended on December 31, 1999. The fourth fiscal quarter for FY 2000 began on January 1
10 and ended on March 31, 2000. The first and second quarters for FY 2001 began on April 1 and
11 July 1 and ended on June 30 and September 30 respectively. The third quarter for FY 2001 began
12 on October 1 and ended on December 31, 2000.

13 C. Quintus Corporation Revenue Recognition Policy

14 7. Throughout 2000, Quintus had a company policy for software revenue recognition,
15 that was developed in accordance with regulations prescribed by the SEC and with Generally
16 Accepted Accounting Principles ("GAAP"). Software Revenue Recognition, Statement of
17 Position 97-2 (Amer. Inst. of Certified Public Accountants 1997)("SOP 97-2"), provides
18 guidance on applying GAAP to computer software sales transactions. Under these regulations,
19 revenue from software sales transactions may not be recognized as revenue if a sale is subject to
20 the right of return or other contingency.

21 8. Quintus had a written revenue recognition policy that was developed with the
22 assistance of Deloitte & Touche LLP, Quintus' independent auditors. It was the stated policy of
23 Quintus to follow the requirements of SOP 97-2. The Quintus policy stated in part, "If the terms
24 and conditions of the customer contract specify acceptance criteria, which are not reasonably
25 certain to be met promptly and routinely then revenue must be deferred until all specified
26 acceptance criteria are met." In addition, the policy specified that "To recognize revenue on a
27 booked license order the order must be free of all contingencies . . ." and proof that "A
28 noncancellable contract exists," was required.

Form 10-Q/As with the SEC in which the company would restate its FY 2000 3rd, FY 2001 1st, and 2nd quarter financial results, including revenue from software license fees, net income/loss, and earning per share, as follows:

RESTATED QUINTUS RESULTS BY QUARTER

	NET REVENUE (thousands)			NET INCOME (LOSS) (thousands)		
Quarter Ending	Originally Reported	As Restated	%	Originally Reported	As Restated	%
			<u>Overstated</u>			<u>Understated</u>
12/31/99	\$13,513	\$ 8,413	60.6 %	\$(8,777)	\$(13,877)	36.8 %
6/30/00	\$18,500	\$13,479	37.2 %	\$(11,513)	\$(16,534)	30.4 %
9/30/00	\$21,376	\$14,104	51.5 %	\$(20,515)	\$(27,842)	26.3 %

16. On November 14, 2000, Quintus stock closed at \$6.00. On November 15, 2000, before the market opened, the company announced the investigation of certain financial reporting matters, the delayed filing with the SEC of the Form 10-Q for the quarter ending September 30, 2000, and the placement of Chairman and CEO Alan Anderson on administrative leave. As a result of the Quintus announcement, Quintus stock opened at \$4.00 per share, a drop of 33% from the previous day's closing price. Trading was halted by NASDAQ at 12:38 p.m.(est) with the stock trading at \$2.9688 per share, a drop of more than 50% from the previous day's closing price. Trading on NASDAQ remained suspended pending the filing by Quintus of corrected financial statements. On February 16, 2001, the stock was delisted. Shortly thereafter, trading resumed over the counter using the "pink sheet" listing service and the stock traded at \$0.65 per share.

II.THE SCHEME TO DEFRAUD

17. Beginning by at least December 1999 and continuing through on or about November 14, 2000, within the Northern District of California and elsewhere, defendant ANDERSON devised a scheme and artifice to defraud Quintus, its shareholders, and the investing public.

A. Object and Purpose of the Scheme

18. The objects and purposes of the scheme to defraud were to falsely inflate Quintus revenue and income, to meet or exceed Quintus internal and Wall Street forecasts and targets for

1 software sales revenue; to enhance the value of Quintus stock and thereby allow Quintus to
2 purchase other companies with inflated stock; to achieve the target thresholds for defendant
3 ANDERSON's bonus compensation and to maintain and increase the value of defendant
4 ANDERSON's stock and the value of his stock options, as well as his position in the company.

5 19. It was part of the scheme to defraud that defendant ANDERSON, directly and
6 indirectly, did the following:

7 a. caused fictitious customer orders and materially altered large transactions to be
8 inaccurately recorded as revenue by Quintus in violation of GAAP and Quintus internal
9 accounting policies and procedures;

10 b. made and caused to be made material false statements to Quintus financial
11 officers and employees, Quintus auditors, the SEC and the public regarding Quintus revenue and
12 profits; and

13 c. used his position as Chairman and CEO to facilitate, conceal and cover up the
14 commission of the offense by use of his managerial discretion and significant authority to
15 personally negotiate the sale of Quintus software, inject into the Quintus corporate records
16 fabricated transaction records to document the purported sales and handle the collection of
17 purported accounts receivable without the significant participation of others. In addition, he used
18 his position to fraudulently obtain funds apparently for corporate use for the purpose of
19 transferring money to Quintus to cover accounts receivable in an attempt to conceal the
20 fabricated and/or altered nature of the transactions.

21 B. False Transactions and Accounting Entries

22 20. It was part of the scheme to defraud that defendant ANDERSON engaged in and
23 concealed the following transactions:

24 1. Fabricated \$6 million sale to Ticketmaster altering a \$1.5 million contract:

25 21. On July 19, 1999, Quintus entered into a Software License and Service Agreement
26 with Ticketmaster, a subsidiary of USA Networks. The agreement was for a pilot project and
27 provided Ticketmaster the option to make additional purchases if it desired.

28 22. In December 1999, defendant ANDERSON proposed that Ticketmaster purchase an

1 additional \$6 million in software. As part of this effort, defendant ANDERSON falsely
2 represented to Ticketmaster officials that a prior Ticketmaster official had promised that a \$6
3 million software purchase would be made.

4 23. Quintus needed a \$6 million order by December 31, 1999, to meet the expectations
5 of financial analysts.

6 24. An examination of Ticketmaster's budget in late December revealed that only \$1.5
7 million had been authorized for the purchase of additional Quintus software.

8 25. On the evening of December 31, 1999, defendant ANDERSON repeatedly requested
9 a \$6 million purchase agreement from Ticketmaster. However, this request was rejected and
10 defendant ANDERSON agreed to a \$1.5 million transaction.

11 26. On the evening of December 31, 1999, a \$1.5 million purchase order was sent from
12 Ticketmaster to Quintus.

13 27. On December 31, 1999, defendant ANDERSON falsely represented to the Chief
14 Financial Officer of Quintus that Ticketmaster had agreed to purchase \$6 million in software and
15 that he had received the purchase order by fax at his home.

16 28. On January 2, 2000, a fictitious handwritten \$6 million Ticketmaster purchase order
17 dated December 31, 1999, was delivered to the Quintus finance department, which used it to book
18 the \$6 million as revenue for the quarter ending December 31, 1999. This purchase order was
19 used to replace the \$1.5 million purchase order sent on December 31, 1999. Defendant Anderson
20 caused the additional \$4.5 million in revenue to be falsely recorded and retained as revenue on
21 the books and records of Quintus.

22 29. Starting in January 2000 defendant ANDERSON made numerous attempts to
23 convince Ticketmaster to purchase an additional \$4.5 million in software. When asked by
24 Quintus employees why Ticketmaster claimed that the purchase order and payment owed was
25 \$1.5 million, defendant ANDERSON falsely represented that the remaining \$4.5 million was to
26 be paid by other USA Network entities. Defendant ANDERSON also directed Quintus
27 employees not to attempt to collect from Ticketmaster claiming that he would handle the matter.

28 30. On April 12, 2000, Ticketmaster paid the \$1.5 million it owed, as agreed in the

1 purchase order of December 31,1999.

2 31. During June and July 2000, defendant ANDERSON was informed by the Quintus
3 Chief Financial Officer that the outstanding Ticketmaster debt was a problem and if
4 Ticketmaster did not pay the outstanding funds the debt would have to be written off.

5 32. On or about July 20, 2000, defendant ANDERSON caused \$1,000,000 in personal
6 funds to be wire transferred to Quintus while falsely representing that it was a payment by
7 Ticketmaster.

8 33. The Quintus quarterly financial results were due to be announced on October 17, 2000.
9 Two press releases were prepared for distribution, one characterizing the Ticketmaster receivable
10 as a loss and the other stating the funds had been collected. On October 17, 2000, defendant
11 ANDERSON falsely represented that he had obtained the funds and had the check in hand.
12 Quintus then announced the collection of the revenue in its press release. As a result of these
13 fabrications, forgeries and false representations, Quintus included the \$4.5 million in the Form
14 10-Q filed with the SEC for the quarter ending December 31, 1999, the 10-K filed for the year
15 ending March 31, 2000, and as accounts receivable in the Form 10-Q filed on June 30, 2000.

16 34. Defendant ANDERSON failed to produce the check during the following week. On or
17 about October 23, 2000, defendant ANDERSON produced a check for \$3.7 million, which bore
18 no payor information. When Quintus employees attempted to deposit the check they were
19 informed by bank personnel that the account did not have sufficient funds to cover the check.

20 35. Defendant ANDERSON then falsely represented to a third party that he needed a loan
21 to factor a Quintus account receivable. ANDERSON obtained the \$3.7 million loan, the
22 proceeds of which were wired to Quintus and falsely represented by defendant ANDERSON as
23 payment for the outstanding Ticketmaster receivable.

24 2. Forged release of contingency in a \$2 million Sun Microsystems transaction:

25 36. On March 31, 2000, Quintus entered into a Software License and Support Agreement
26 with Sun Microsystems. In the agreement Sun agreed to purchase \$2 million of Quintus
27 software. Under the contract Sun had the right to return all the software for a full refund and Sun
28 had the sole discretion to accept or reject the software. These provisions had been proposed by

1 defendant ANDERSON to obtain the agreement by the end of the quarter and precluded Quintus
2 from recognizing the \$2 million as revenue until Sun accepted the software.

3 37. In June 2000 the Chief Financial Officer of Quintus, after consultation with the
4 Quintus outside auditor, suggested to defendant ANDERSON that Quintus should attempt to
5 obtain a modification of the March 31,2000, contract to allow the \$2 million to be included as
6 revenue for the quarter ending June 30, 2000. An addendum was then drafted. Defendant
7 ANDERSON stated he would contact Sun Vice President Harry Keeley.

8 38. On June 30, 2000, defendant ANDERSON forwarded to the Quintus Chief Financial
9 Officer an electronic message, which was purportedly from Sun Vice-President Keeley. In the
10 message Keeley purportedly approved changes to the March 31, 2000 agreement. In fact, this
11 message was fabricated and never sent by Sun Vice-President Keeley.

12 39. The fabricated e-mail caused Quintus to recognize the \$2 million as revenue reported
13 in the quarter ending June 30, 2000.

14 40. Quintus' Chief Financial Officer obtained a signed copy of the addendum from
15 defendant ANDERSON. The addendum bore the forged signature of Sun Vice-President Keeley.

16 41. In July 2000 discussions concerning payment occurred and a Quintus employee sent a
17 copy of the fraudulent e-mails and forged addendum to Sun.

18 42. On July 27, 2000, Sun sent Anderson a letter demanding an explanation of the forged
19 e-mails and signature. On August 3, 2000, defendant ANDERSON admitted to Keeley that the
20 electronic mail was a forgery, stated that he could not discuss the matter in detail and falsely
21 explained that the responsible Quintus employee had been terminated. Defendant ANDERSON
22 declined to identify the employee. Defendant ANDERSON was instructed to put his
23 explanation in writing and to send it to Sun's legal counsel. In a letter dated August 11, 2000, to
24 Sun's legal counsel, defendant ANDERSON reiterated his false claim that the employee had
25 been terminated and noted that the contract "stands and there will be no modifications."

26 43. On August 11, 2000, legal counsel for Sun responded that Sun was satisfied with the
27 explanation and the confirmation that the March 31, 2000 agreement was not amended or
28 modified in any way.

1 44. In early August 2000 the Chief Financial Officer of Quintus, who had seen the July 27,
2 2000 letter, was falsely told by defendant ANDERSON that Keeley had signed the addendum.
3 She then requested that defendant ANDERSON obtain, before the August 14, 2000 SEC filing,
4 which included the Sun revenue, a retraction of the accusation that the addendum was fabricated.

5 45. On August 14, 2000, defendant ANDERSON provided a fabricated letter purportedly
6 from the legal counsel of Sun, which deleted portions of the letter actually sent on August 11,
7 2000, and which appeared to confirm defendant ANDERSON'S false representation that the
8 addendum was valid.

9 46. As a result of these fabrications, forgeries and false representations, Quintus included
10 the \$2 million in revenue in the Form 10-Q filed with the SEC for the quarter ending June 30,
11 2000.

12 3. Fabricated \$7 million Sale to AT&T Solutions:

13 47. In the summer of 2000, Quintus Corporation entered into negotiations with AT&T to
14 become a reseller of Quintus software. Quintus requested that an agreement to purchase over \$7
15 million in software with a cash flow guarantee or prepayment be included in any contract.
16 However, it was the policy of AT&T to not purchase software before it was needed.

17 48. During August 2000 defendant ANDERSON informed AT&T Managing Partner Randy
18 Johnston that he desired to complete the agreement by September 30, 2000. On August 8, 2000,
19 defendant ANDERSON was told that AT&T would only purchase software as needed. Again in
20 September 2000 defendant ANDERSON was informed by Johnston that AT&T would not agree
21 to prepay for software. In late September, Johnston informed defendant ANDERSON that a
22 Quintus proposed contract still contained unacceptable prepayment terms, which did not reflect
23 their negotiated agreement. ANDERSON then promised to have the language deleted. Defendant
24 ANDERSON later provided a new copy of the proposed contract, which on examination still
25 contained the unacceptable prepayment terms. Johnston then informed defendant ANDERSON
26 that the contract could not be completed by September 30, 2000.

27 49. Defendant Anderson informed the executive staff of Quintus that he would work to
28 complete the AT&T negotiation. On October 2, 2000, defendant ANDERSON provided to

1 Quintus a fabricated contract dated September 30, 2000, bearing defendant Anderson's signature
2 and the forged signature of Randy Johnston of AT&T. Defendant Anderson caused Quintus to
3 rely on a purported September 30, 2000 contract with AT&T and to recognize over \$7 million in
4 revenue. In addition, defendant ANDERSON also produced a letter purporting to confirm an
5 agreement to purchase \$7 million in software, which also bore the forged signature of Randy
6 Johnston.

7 50. On or about October 13, 2000, defendant ANDERSON on behalf of Quintus signed a
8 contract with AT&T, which did not contain provisions supporting the recognition of over \$7
9 million in revenue. This contract was not disclosed to the employees of Quintus.

10 51. In October 2000, when Quintus' outside auditors did not receive an audit
11 confirmation for the AT&T transaction, defendant ANDERSON offered to obtain the
12 confirmation and was given a copy of a request for audit confirmation. This document was
13 returned to the auditors with a purported confirmation of the September 30, 2000 \$7 million
14 contract. The confirmation also bore the forged signature of Randy Johnston of AT&T.

15 4. Forged \$2 million non-contingent Siemens purchase order:

16 52. During August 2000 Quintus engaged in negotiations with Siemens concerning a
17 sales and marketing agreement, which would have allowed Siemens to sell Quintus software as a
18 component of its larger call center product line. It was contemplated that Siemens would
19 purchase \$2 million in software immediately after the agreements were finalized and up to \$10
20 million in software over the life of the agreement. On or about September 28, 2000, after having
21 been informed that no agreement could be reached before September 30, 2000, defendant
22 ANDERSON requested an immediate purchase of \$2 million in software. Siemens refused to
23 purchase without a sales and marketing agreement.

24 53. On or about September 28, 2000, defendant ANDERSON requested a letter
25 demonstrating a promise by Siemens to purchase software if an agreement was finalized. On
26 September 29, 2000, defendant ANDERSON was sent a letter from Siemens Vice -President Cris
27 Neely reflecting an agreement to purchase \$2 million in software provided that a sales and
28 distribution agreement was entered on or before November 1, 2000. The letter stated that "In the

1 event that the Contracts are not executed on or before November 1, 2000, any obligation on
2 behalf of Siemens to pay Licence Fees shall be null and void...” Siemens subsequently issued a
3 purchase order, which stated “[t]his purchase order is issued pursuant to the Quintus Corp letter
4 dated 29 September 2000 and is subject to the terms and conditions set forth therein.”

5 54. At the direction of defendant ANDERSON an addendum was prepared, which
6 reflected an agreement by Siemens to purchase \$2 million in software with no right of return or
7 contingency. Defendant ANDERSON later gave a signed copy of the addendum dated
8 September 29, 2000, to the Chief Financial Officer of Quintus. The addendum bore the signature
9 of defendant ANDERSON and the forged signature of Cris Neely of Siemens.

10 55. On or about October 11, 2000, defendant ANDERSON instructed the Chief Financial
11 Officer of Quintus to include the \$2 million Siemens transaction as recognized revenue in the
12 September 30, 2000 financial statement.

13 56. On or about October 12, 2000, during negotiations for the sales and marketing
14 agreement a Siemens employee stated that the September 29, 2000 letter made the \$2 million
15 software contingent on the execution of the sales agreement. When confronted by Quintus’
16 Chief Financial Officer, defendant ANDERSON denied knowledge of the letter, which had been
17 sent to him.

18 57. On or about October 13, 2000, defendant ANDERSON informed a Siemens official
19 that the auditors of Quintus had sent to Siemens a confirmation request concerning the \$2 million
20 order. Defendant ANDERSON claimed that the confirmation documents were incorrect and
21 requested their destruction.

22 58. On October 16, 2000, defendant ANDERSON sent Neely a proposed letter
23 agreement, which sought confirmation that the terms in the letter of September 29, 2000, no
24 longer applied, Defendant ANDERSON was informed that Siemens would not agree to any
25 such modification.

26 59. On or about October 17, 2000, a copy of the confirmation with the fabricated and
27 forged addendum was received at Siemens Florida office. On October 18, 2000, defendant
28 ANDERSON was contacted concerning the auditors’ confirmation documents. ANDERSON

1 was informed: “The documents have a forged signature of a Siemens executive entering an
2 agreement, which completely changes the terms of our P.O. [purchase order].”

3 60. Shortly thereafter, defendant ANDERSON falsely informed Siemens that he had
4 identified and fired the employee in the revenue recognition department who had forged Neely’s
5 signature. To further conceal his fraud, defendant ANDERSON requested that this information
6 be kept confidential.

7 C. False Statements to the SEC and the Investing Public

8 61. It was further part of the scheme to defraud that defendant ANDERSON made and
9 caused Quintus to make false statements to the investing public and to the SEC.

10 1. Ticketmaster

11 62. On or about January 19, 2000, Quintus issued a press release announcing its Q3 2000
12 financial results. The press release reported revenues of \$13.5 million, which included the
13 inflated Ticketmaster transaction. In the release, defendant ANDERSON was quoted as saying,
14 “We are very pleased with the results of this quarter. We recorded record revenue...”

15 63. The revenues announced in the press release were false because they overstated by
16 \$4.5 million the revenues from the Ticketmaster transaction. Defendant ANDERSON’s
17 statement regarding the revenue was false because, without the inflated portion of the
18 Ticketmaster transaction, Quintus rather than reporting record revenue, would have reported
19 revenue significantly below that reported the prior two quarters.

20 64. On or about February 14, 2000, Quintus filed with the SEC its Form 10-Q for the
21 quarter ending December 31, 1999. Defendant ANDERSON caused Quintus to file a Form 10-Q
22 containing materially false information, including several statements that defendant
23 ANDERSON knew were false, such as the reported total revenues of \$13.5 million, and net loss
24 (\$8.777 million), which in fact should have been \$8.413 million and (\$13.877) million,
25 respectively.

26 65. On or about April 19, 2000, Quintus issued a press release announcing its fourth
27 quarter FY 2000 and its FY 2000 financial results. The press release reported revenues of \$51.7
28 million for the year, which included the inflated Ticketmaster transaction. In the release,

1 defendant ANDERSON was quoted as saying, "...we grew our revenues by over 70% year over
2 year, exceeding \$51 million in fiscal year 2000."

3 66. The revenues announced in the press release were false because they included the
4 \$4.5 million in inflated revenues from the Ticketmaster transaction. Defendant ANDERSON's
5 statement regarding the revenue was false because, without the inflated portion of the
6 Ticketmaster transaction, Quintus rather than reporting \$51.7 million in revenue, would have
7 reported revenue of \$47.2 million and a loss of (\$20.66) million rather than the reported loss of
8 (\$15.56) million. As a result, the reported net loss per share was not the reported (\$1.08) but was
9 (\$1.44) per share.

10 67. On or about June 2, 2000, Quintus filed its Form 10-K405 for the fiscal year ending
11 March 31, 2000, with the SEC. Defendant ANDERSON signed and caused to be filed the Form
12 10-K405, which contained several statements that defendant ANDERSON knew were false,
13 including total revenues of \$51.7 million, and net loss of (\$4.6 million).

14 2. Sun

15 68. On or about July 20, 2000, Quintus issued a press release announcing its Q1 2001
16 financial results. The press release reported revenues of \$18.5 million, which included the
17 fabricated Sun Microsystems transaction. ANDERSON caused Quintus to overstate its revenue
18 by \$2 million. In the release, defendant ANDERSON was quoted as saying, "We are pleased to
19 report our third consecutive quarter as a public company in which we have shown record
20 revenues, exceeded analysts expectations and have narrowed pro forma loss per share."

21 69. The revenues announced in the press release were false because they included the \$2
22 million in fabricated revenues from the Sun transaction. Defendant ANDERSON's statement
23 regarding the revenue was false because, without the Sun transaction, and other corrections,
24 Quintus rather than reporting record revenue, would have reported revenue below that reported
25 the prior quarter.

26 70 . On or about August 14, 2000, Quintus filed with the SEC its Form 10-Q for the
27 quarter ending June 30, 2000. Defendant ANDERSON caused Quintus to file a Form 10-Q
28 containing materially false information, including several statements that defendant

1 ANDERSON knew were false, such as the reported total revenues of \$18.5 million, and net loss
2 of (\$11.513 million), which in fact should have been \$13.479 million and (\$16.534) million,
3 respectively.

4 3. AT&T

5 71. On or about October 17, 2000, Quintus issued a press release announcing financial
6 results for the quarter ending September 2000. The press release reported revenues of \$21.4
7 million, which included the fabricated AT&T transaction. In the release, defendant ANDERSON
8 was quoted as saying, "We are very pleased to report our fourth consecutive quarter as a public
9 company in which we have shown record revenues...." In addition, the release stated that revenue
10 for the six months of FY 2001 revenues had increased to \$39.9 million.

11 72. The revenues announced in the October 17, 2000 press release were false because
12 they included the \$7 million in fabricated revenues from the AT&T transaction. Defendant
13 ANDERSON's statement regarding the revenue was false because, without the AT&T
14 transaction, Quintus rather than reporting record revenue, would have reported revenue below
15 that reported in a prior quarter. In addition, revenue for the six months of FY 2001 was not \$39.9
16 million, revenue having been inflated by the fabricated Sun and AT&T transactions. The release
17 was also false in that it falsely reported the collection of an outstanding receivable
18 (Ticketmaster).

19 D. False and Misleading Statements to Quintus Corporation External Auditors

20 73. It was further part of the scheme to defraud that defendant ANDERSON caused
21 Quintus employees to make false and misleading statements to Quintus external auditors,
22 Deloitte & Touche.

23 ___74. In or about October 2000, defendant ANDERSON provided a forged audit
24 confirmation to the outside auditors of Quintus, which falsely confirmed the fabricated
25 September 30, 2000 AT&T transaction.

1 COUNT ONE: (15 U.S.C. §§ 78j(b) and 78ff, and 17 C.F.R. § 240.10b-5 – Fraud in
2 Connection with the Purchase and Sale of Securities; 18 U.S.C. § 2 –
3 Aiding, Abetting, and Willfully Causing)

4 75. Paragraphs 1 through 74 of this Indictment are realleged and incorporated here by
5 reference.

6 76. Beginning in or about December 1999 and continuing to on or about November 14,
7 2000, both dates being approximate and inclusive, in the Northern District of California, and
8 elsewhere, the defendant

9 ALAN K. ANDERSON

10 knowingly and willfully, directly and indirectly, by the use of the means and instrumentalities of
11 interstate commerce, including wire transmission and the mails, did use and employ manipulative
12 and deceptive devices and contrivances in connection with the purchase and sale of securities
13 issued by Quintus, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by
14 (a) employing devices, schemes, and artifices to defraud; (b) making and causing Quintus to
15 make untrue statements of material fact and omitting to state facts necessary in order to make the
16 statements made, in light of the circumstances under which they were made, not misleading; and
17 (c) engaging in acts, practices, and courses of business, which operated and would operate as a
18 fraud and deceit upon purchasers of Quintus securities.

19 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17,
20 Code of Federal Regulations, Section 240.10b-5.

21 DATED: _____

22 DAVID W. SHAPIRO
23 United States Attorney

24
25 _____
26 J. DOUGLAS WILSON
27 Chief, Criminal Division

28 (Approved as to form: _____)
AUSA Stephen H. Jigger