

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

2011 DEC 29 A 10:37

Alexandria Division

CLERK US DISTRICT COURT
ALEXANDRIA, VIRGINIA

UNITED STATES OF AMERICA)

CRIMINAL NO. 1:11CR00597

v.)

Count 1: 15 U.S.C. § 78dd-1(a)(3)
(Violation of the Anti-Bribery Provisions of the
Foreign Corrupt Practices Act)

MAGYAR TELEKOM, Plc.,)

Defendant.)

Count 2: 15 U.S.C. §§ 78m(b)(2)(A),
78m(b)(5), and 78ff(a);
(Violation of the Books and Records Provision
of the Foreign Corrupt Practices Act)

Counts 3: 15 U.S.C. §§ 78m(b)(2)(A),
78m(b)(5), and 78ff(a);
(Violation of the Books and Records Provision
of the Foreign Corrupt Practices Act)

INFORMATION

THE UNITED STATES CHARGES THAT:

At all relevant times, unless otherwise specified:

GENERAL ALLEGATIONS

The Foreign Corrupt Practices Act

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1 *et seq.*, (hereinafter the "FCPA") prohibited certain classes of persons and entities from corruptly making payments to foreign government officials to assist in obtaining or retaining business, as well as required certain entities to maintain accurate books and records. In relevant part, the FCPA's anti-bribery provisions prohibited any issuer of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, 15 U.S.C.

§ 78l, or required to file periodic reports with the United States Securities and Exchange Commission (“SEC”) under Section 13 of the Securities Exchange Act, 15 U.S.C. § 78(o)d (hereinafter “issuer”) from making use of the mails or any means or instrumentality of interstate commerce, corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to a foreign official for the purpose of obtaining or retaining business for, or directing business to, any person. 15 U.S.C. § 78dd-1(a). Pertinent to the charges herein, the FCPA’s accounting provisions required issuers to make and keep books, records, and accounts that accurately and fairly reflected transactions and disposition of the company’s assets and prohibited the knowing falsification of an issuer’s books, records, or accounts. 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a).

MAGYAR TELEKOM and Related Entities

2. **MAGYAR TELEKOM, Plc.** (“MAGYAR TELEKOM”), formerly known as Matav, was a publicly traded Hungarian corporation operating fixed line and cellular phone businesses in Hungary, Montenegro, Macedonia, and elsewhere, using the T-Mobile and T-Com brands. During the relevant time period, MAGYAR TELEKOM’s American Depository Receipts (“ADRs”) traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “MTA.” Accordingly, MAGYAR TELEKOM was an “issuer” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

3. MAGYAR TELEKOM disclosed financial information to the public through various means, including through the electronic filing of periodic and annual reports on SEC Forms 6-K and 20-F with the SEC. MAGYAR TELEKOM electronically transmitted its filings to the SEC’s Electronic Data Gathering, Analysis, and Retrieval System (“EDGAR”) at the

Management Office of Information and Technology in Alexandria, Virginia, within the Eastern District of Virginia.

4. **Deutsche Telekom, AG** (“DT”), was a multinational telecommunications company based in Germany and the parent company of MAGYAR TELEKOM. DT operated cellular and fixed line phone businesses under the T-Mobile and T-Com brands through various operating subsidiaries, including MAGYAR TELEKOM. DT owned approximately 60% of MAGYAR TELEKOM and reported the results of its operations in DT’s consolidated financial statements. During the relevant time period, DT’s ADRs traded on the NYSE under the ticker symbol “DT.” Accordingly, DT was an “issuer” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

5. **Makedonski Telekomunikacii AD Skopje** (“MakTel”) was the former state-owned telecommunications services provider in Macedonia. In January 2001, MAGYAR TELEKOM, acting in a consortium with other bidders, acquired partial ownership of MakTel through a privatization by the Government of the Republic of Macedonia. By late 2004, MAGYAR TELEKOM had acquired sole ownership of an approximately 51% stake in MakTel by purchasing additional shares from the Macedonian government and from private shareholders. MAGYAR TELEKOM held its MakTel shares through a wholly owned holding company. The Macedonian government currently retains an approximately 35% stake in MakTel. From early 2001 to mid-2006, Macedonian government owned approximately 47% of MakTel’s shares. The Macedonian government, as a shareholder, was entitled to a proportionate distribution of all dividends declared by MakTel. MakTel’s dividend payments were a significant source of revenue for the Macedonian government. Throughout the relevant time period, MakTel’s

financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

6. **Telemacedonia AD Skopje** (“Telemacedonia”) was a service company controlled by MAGYAR TELEKOM that provided consultancy and other services to MakTel. Throughout the relevant time period, Telemacedonia’s financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

7. **Stonebridge Communications AD Skopje** (“Stonebridge”) was a holding company that was controlled by MAGYAR TELEKOM and which owned shares in MakTel, but otherwise conducted no business operations. Throughout the relevant time period, Stonebridge’s financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

8. **Telekom Crne Gore A.D., n/k/a “Crnogorski Telekom,”** (“TCG”) and its mobile company subsidiary were, respectively, the Montenegrin state-owned fixed line and cellular telecommunications companies. MAGYAR TELEKOM acquired both companies in approximately March 2005. Before MAGYAR TELEKOM acquired TCG, it was controlled by the Government of Montenegro. Accordingly, employees of TCG were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A). After MAGYAR TELEKOM acquired TCG, TCG’s and its mobile company subsidiary’s financial results were included in the consolidated financial statements that MAGYAR TELEKOM filed with the SEC.

Relevant Employees and Agents

9. **Magyar Telekom Executive #1** was a senior executive and board member of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an “issuer” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

10. **Magyar Telekom Executive #2** was a senior executive of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an “issuer” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a). Magyar Telekom Executive #2 served as an officer or director of certain MAGYAR TELEKOM subsidiaries.

11. **Magyar Telekom Executive #3** was a senior executive of MAGYAR TELEKOM during the relevant time period. As such, he was an officer, director, employee, and agent of an “issuer” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a). Magyar Telekom Executive #3 served as an officer or director of certain MAGYAR TELEKOM subsidiaries.

12. **MakTel Executive #1** was a senior executive of MakTel during the relevant time period.

13. **MakTel Executive #2** was a senior executive of MakTel during the relevant time period.

14. **Greek Intermediary #1** was a businessman who controlled numerous shell companies, and, during 2001 through 2004, controlled a significant stake in Stonebridge and Telemacedonia through another company. During the relevant time period, he was a principal behind the counterparties to numerous contracts with MAGYAR TELEKOM and assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

15. **Greek Intermediary #2** was a board member of MakTel. During certain relevant times, he was an employee of Greek Intermediary #1, and he assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

16. **Greek Intermediary #3** was a board member of Stonebridge. During certain relevant times, he was an employee of Greek Intermediary #1, and he assisted MAGYAR TELEKOM in its dealings with Macedonian government officials.

17. **Cypriot Shell Company** was a shell company purportedly based in Lymassol, Cyprus, which was controlled by Greek Intermediary #1, Greek Intermediary #2, and Greek Intermediary #3. Cypriot Shell Company executed contracts with, submitted paperwork to, and received payments from, MAGYAR TELEKOM and its subsidiaries.

Government Officials and Political Parties

18. **Macedonian Political Party A** and **Macedonian Political Party B** were political parties in the Macedonian governing coalition during 2005, among other times. Each party represented a traditional ethnic group in Macedonia. As such, Macedonian Political Party A and Macedonian Political Party B were each a “foreign political party” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a)(2).

19. **Macedonian Official #1** was a high-ranking government official with responsibility related to telecommunications laws and regulations during 2005, among other times, and a leader of Macedonian Political Party A. As such, Macedonian Official #1 was a “foreign official” and an official of a foreign political party within the meaning of the FCPA, 15 U.S.C. §§ 78dd-1(f)(1)(A), 78dd-1(a)(2).

20. **Macedonian Official #2** was a high-ranking government official with responsibility for telecommunications laws and regulations during 2005, among other times, and a leader of Macedonian Political Party B. As such, Macedonian Official #2 was a “foreign official” and an official of a foreign political party within the meaning of the FCPA, 15 U.S.C. §§ 78dd-1(f)(1)(A), 78dd-1(a)(2).

Conduct in Macedonia

21. During 2005 and 2006, certain senior executives then employed by MAGYAR TELEKOM, including Magyar Telekom Executive #1, Magyar Telekom Executive #2, and Magyar Telekom Executive #3 (these three former executives are referred to collectively herein as “Magyar Telekom Executives”), engaged in a course of conduct with consultants, intermediaries and other third parties, including contracting through sham contracts to pay an aggregate amount of €4.875 million to the Cypriot Shell Company and one of its affiliates, under circumstances in which they knew, or were aware of a high probability that circumstances existed in which, all or a portion of the proceeds of such payments would be offered, given, promised or paid, directly or indirectly, to Macedonian Government Official #1, Macedonian Government Official #2, Macedonian Political Party A, and/or Macedonian Political Party B with the intention of obtaining business and advantages for MAGYAR TELEKOM. In addition, Macedonian Political Party B was offered the opportunity to designate the beneficiary of a business venture in exchange for the party’s support of MAGYAR TELEKOM’s desired benefits.

22. In early 2005, the Macedonian Parliament enacted an Electronic Communications Law designed to liberalize the telecommunications market in a manner that would have been unfavorable to MAGYAR TELEKOM. Specifically, among other things, the law authorized the telecommunications regulatory bodies in Macedonia to hold a public tender for a license to operate

a third mobile telephone business that would directly compete in Macedonia against MAGYAR TELEKOM's Macedonian subsidiary, MakTel, and imposed increased frequency fees and other regulatory burdens.

23. In or around late January 2005, Magyar Telekom Executive #1, Magyar Telekom Executive #2, Greek Intermediary #1, Greek Intermediary #2, Greek Intermediary #3, and others assisted MAGYAR TELEKOM by meeting with Macedonian Official #1 and others in Skopje and informed them that a third mobile license was not acceptable.

24. On or about March 9, 2005, MakTel Executive #1 sent an email to a Macedonian government official at his U.S.-based email address and requested that this Macedonian government official inform MakTel Executive #1 of the "official nominated group members of the frequency fee arrangement," which email was passed through, stored on, and transmitted from servers located in the United States.

25. On or about May 9, 2005, Magyar Telekom Executive #2 sent an email to Greek Intermediary #2 attaching a draft Letter of Intent. The draft Letter of Intent detailed MAGYAR TELEKOM's commitment to start a mobile virtual network operator ("MVNO") in Kosovo with a company to be chosen by Political Party B. MAGYAR TELEKOM developed the plan for the MVNO in Kosovo as an alternative to a third competitor in the Macedonian telecommunications market.

26. In approximately May 2005, certain of the Magyar Telekom Executives approved and executed a secret agreement, the Protocol of Cooperation, with Macedonian Official #1 to delay or preclude the issuance of a third mobile telephone license and to mitigate the other adverse

effects of the new law, including not requiring MakTel to pay the full amount of the increased frequency fee by undertaking the following actions, among others:

a. On or about May 25, 2005, Magyar Telekom Executive #1 received via email a copy of the Protocol of Cooperation to be executed on behalf of MAGYAR TELEKOM and by Macedonian Official #1.

b. Shortly thereafter, on or about May 27, 2005, at a meeting at the Holiday Inn in Skopje, Magyar Telekom Executive #2, Magyar Telekom Executive #3, Greek Intermediary #2, Greek Intermediary #3, and various Macedonian officials discussed the Protocol of Cooperation and agreed to keep the existence and purpose of the agreement from others, including MAGYAR TELEKOM's auditors and the public. Magyar Telekom Executive #2 and Macedonian Official #1 executed the Protocol of Cooperation, and thereafter the agreement was kept out of MAGYAR TELEKOM's books and records residing instead with Greek Intermediary #1 in Greece.

c. On or about May 31, 2005, in order to inform MakTel Executive #1 of MAGYAR TELEKOM's secret agreement with Macedonian political officials, Magyar Telekom Executive #2 transmitted a copy of the agreement from his MAGYAR TELEKOM email account to MakTel Executive #1's Hotmail email account, which passed through, was stored on, and transmitted to servers located in the United States.

d. On or about May 31, 2005, Magyar Telekom Executive #1 and Magyar Telekom Executive #2 were requested to provide a copy of the signed Protocol of Cooperation, after which Magyar Telekom Executive #1 explained the "special circumstances" surrounding the Protocol of Cooperation to justify not producing a signed copy.

27. In addition, in or around August 2005, the Magyar Telekom Executives finalized a Letter of Intent for the MVNO with an entity designated by Macedonian Political Party B. They made this offer in the Letter of Intent in order to secure Macedonian Official #2's execution of the second secret Protocol of Cooperation and the benefits that would flow from that agreement. The Letter of Intent was executed by Magyar Telekom Executive #1, however, the business opportunity ultimately was not developed.

28. Nevertheless, in or around August 2005, certain of the Magyar Telekom Executives entered into a second secret Protocol of Cooperation with representatives of Macedonian Political Party B and Macedonian Official #2 to obtain the same business and regulatory benefits for MAGYAR TELEKOM. This second secret Protocol of Cooperation was also kept outside MAGYAR TELEKOM's records and remained with Greek Intermediary #1 in Greece.

29. Between 2005 and 2006, as MAGYAR TELEKOM received the benefits promised in the agreement, the Magyar Telekom Executives authorized MakTel and other MAGYAR TELEKOM subsidiaries to enter into a series of at least six false "success fee based" contracts purportedly for "consulting" and "marketing" services, and to pay an aggregate amount of €4.875 million under those contracts to the Cypriot Shell Company and one of its affiliates, under circumstances in which the Magyar Telekom Executives knew, or were aware of a high probability that circumstances existed in which, all or a portion of the proceeds of such payments would be offered, given, promised or paid, directly or indirectly, to Macedonian government officials.

30. The only executed copies of the two secret Protocols of Cooperation with the government officials were retained by Greek Intermediary #1, and the existence and true purpose of the agreements were unknown to anyone within MAGYAR TELEKOM and DT other than Magyar Telekom Executive #1, Magyar Telekom Executive #2, and a relatively small number of additional participants.

31. Magyar Telekom Executive #1 and Magyar Telekom Executive #2, assisted by Greek Intermediary #1, circumvented MAGYAR TELEKOM's internal controls by:

a. In or around April 2006, MakTel Executive #1, MakTel Executive #2, and Greek Intermediary #2 executed a contract between MakTel and Cypriot Shell Company purportedly for cable television due diligence services in an amount of €900,000 with a listed date of January 1, 2006.

b. In or around April 2006, MakTel Executive #1, MakTel Executive #2, and Greek Intermediary #2 executed a contract between MakTel and Cypriot Shell Company purportedly for marketing services in an amount of €750,000 with a listed date of March 1, 2006.

c. On or about May 5, 2006, MakTel Executive #1, MakTel Executive #2, and others executed a contract between MakTel and another company purportedly for marketing services in an amount of €900,000.

d. On or about December 12, 2006, Greek Intermediary #1, Greek Intermediary #2, and Greek Intermediary #3 caused Cypriot Shell Company to transmit a report to MAGYAR TELEKOM and its subsidiaries to falsely justify a €450,000 payment that was made by MakTel and which report could be purchased on the internet for approximately £500.

32. These consulting and marketing contracts entered into in 2005 and 2006 generally were backdated or contained success-based contingencies that had already been satisfied by the time they were executed, and were supported by false performance certificates or other fabricated evidence of performance. The contracts served no legitimate business purpose, and no valuable performance was rendered under them.

33. The payments made under these sham contracts were recorded on MAGYAR TELEKOM's books and records in a manner that did not accurately reflect the true purposes of the contracts under which they were made, and the false books and records were consolidated into DT's financial statements:

Date	Amount	From	To
July 12, 2005	€340,000	MakTel	Cypriot Shell Company
July 13, 2005	€640,000	MakTel	Cypriot Shell Company
September 6, 2005	€990,000	Stonebridge	Cypriot Shell Company
September 9, 2005	€980,000	Stonebridge	Cypriot Shell Company
April 11, 2006	€450,000	MakTel	Cypriot Shell Company
April 11, 2006	€575,000	MakTel	Cypriot Shell Company
May 30, 2006	€900,000	MakTel	Affiliate of Cypriot Shell Company

34. Following these sham contracts and offer, the Macedonian government delayed the introduction of a third mobile telephone competitor until 2007 and reduced the frequency fee tariffs imposed on MAGYAR TELEKOM's Macedonian subsidiary, MakTel.

Conduct in Montenegro

35. In October 2004, the Government of Montenegro issued a tender to privatize its approximately 51% stake of the state-owned telecommunications company, TCG. MAGYAR TELEKOM submitted a bid that sought to obtain a super-majority ownership stake, consisting of the government's 51% share, plus enough additional minority shares from private investors to give MAGYAR TELEKOM ownership of at least two-thirds of TCG. The Board of Directors of MAGYAR TELEKOM, in accordance with the decision of the Management Board of DT, limited

the price that MAGYAR TELEKOM could pay on a price-per-share basis for the acquisition. MAGYAR TELEKOM's bid for the government shares was conditioned on its ability to acquire the minority shares at the intended valuation.

36. MAGYAR TELEKOM prevailed in the public tender process, but the Montenegrin government rejected MAGYAR TELEKOM's provision to condition the acquisition upon acquiring a super-majority stake. The share purchase agreement ultimately was executed without this condition.

37. By March 2005, MAGYAR TELEKOM ultimately succeeded in acquiring an approximately 73% stake in TCG on its desired terms, but only after government officials committed the Government of Montenegro to contribute an additional €0.30 per share to the private shareholders.

38. After the Government of Montenegro facilitated MAGYAR TELEKOM's acquisition of shares of TCG from minority shareholders, the Magyar Telekom Executives caused MAGYAR TELEKOM, TCG, and/or its affiliates to enter into four contracts that purported to relate to the TCG acquisition and/or MAGYAR TELEKOM's operations in Montenegro, but under which no valuable performance was actually rendered. The payments under those contracts were not recorded accurately on MAGYAR TELEKOM's or MAGYAR TELEKOM's subsidiaries' books and records.

39. MAGYAR TELEKOM entered into two nearly-identical contracts with two third-party consultants, purportedly for assistance in purchasing the additional shares from the minority shareholders. The consultants were shell companies based in the Republic of Mauritius and the Republic of the Seychelles that had never before provided services to MAGYAR TELEKOM or DT, and one of the entities was not even legally incorporated when its contract was purportedly signed. Certain of the Magyar Telekom Executives executed the contracts on

MAGYAR TELEKOM's behalf after MAGYAR TELEKOM had already acquired TCG, but backdated the contracts. These contracts concealed the true parties-in-interest and the third-party consultants performed no legitimate services under either of these contracts. Documents purportedly evidencing the consultants' performance under the contracts were fabricated to give the appearance that the consultants rendered legitimate services.

40. The Magyar Telekom Executives caused MAGYAR TELEKOM to make two payments totaling €4.47 million under these contracts between approximately May 12, 2005, and May 20, 2005.

41. TCG and a TCG affiliate entered into two additional consulting contracts in 2005 that purported to relate to MAGYAR TELEKOM's acquisition of TCG. Both contracts were executed with the knowledge and approval of the Magyar Telekom Executives.

42. One of these contracts purported to require a New York, NY-based counterparty to provide vaguely identified assistance in connection with the acquisition and integration of TCG into MAGYAR TELEKOM's corporate structure. One of the Magyar Telekom Executives signed the contract on behalf of a TCG affiliate and backdated it. The TCG affiliate made payments of €580,000 under this contract, even though no bona fide services were rendered to MAGYAR TELEKOM or its subsidiaries under the contract. MAGYAR TELEKOM's subsidiary falsely recorded the payments under this contract as a consulting expense on its books and records.

43. The other sham consulting contract was with a shell company based at a residential address in London. Under the contract, the consultant purportedly would provide MAGYAR TELEKOM with strategic advice related to the telecommunications market in Southeastern Europe. However, none of the reports provided by the consultant represented original work.

Instead, each report bore a mark on each page identifying the report as the product of another consulting firm. The consultant provided no legitimate services to MAGYAR TELEKOM. Although a TCG affiliate paid €2.3 million to the consultant between approximately November 7, 2005, and December 28, 2005, MAGYAR TELEKOM's auditors subsequently valued the reports provided at approximately €20,000.

44. These two additional consulting contracts (1) concealed the true counterparties; (2) did not accurately describe the true services to be rendered; (3) purported to be success based, but were entered into after the relevant contingencies had already been satisfied by other service providers; (4) served no legitimate business purpose, and (5) were supported by false performance certificates or fabricated evidence of performance. The services under these contracts also duplicated services that had previously been provided to MAGYAR TELEKOM by known parties for substantially lower prices.

45. The payments under the four contracts described above were recorded on MAGYAR TELEKOM's books and records, or those of certain of MAGYAR TELEKOM's subsidiaries, in a manner that did not accurately reflect the true purposes of the contracts under which they were made, and the false books and records were consolidated into MAGYAR TELEKOM's and DT's financial statements.

COUNT 1
Violation of the Anti-Bribery
Provisions of the Foreign Corrupt Practices Act

46. Paragraphs 1 through 34 of this Information are re-alleged as if fully set forth herein.

47. Beginning in or around January 2005 through in or around May 2006, within the Eastern District of Virginia and elsewhere, the defendant, MAGYAR TELEKOM, Plc., being an issuer, willfully did use the mails and any means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, or offer, gift, promise to give, and authorization of the giving of anything of value to any person, while knowing that all or a portion of such money or thing of value would be or had been offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of: (i) influencing acts and decisions of such foreign official, political party, party official, or candidate in his or its official capacity; (ii) inducing such foreign official, political party, party official, or candidate to do and omit to do any act in violation of the lawful duty of such official, political party, party official, or candidate; (iii) securing any improper advantage; and (iv) inducing such foreign official, political party, party official, or candidate to use their influence with a foreign government or instrumentality thereof to affect and influence any act or decision of such government or instrumentality, to wit, transmitting by email communications in interstate and foreign commerce in order to obtain secret and unlawful regulatory and other benefits in Macedonia in 2005 and thereafter, and thereby restricting competition, among other things, in

order to assist defendant MAGYAR TELEKOM and others in obtaining and retaining business for and with, and directing business to, defendant MAGYAR TELEKOM and others.

(All in violation of Title 15, United States Code, Section 78dd-1(a)(3); and Title 18, United States Code, Section 2.)

COUNT 2
Violation of the Books and Records
Provision of the Foreign Corrupt Practices Act

48. Paragraphs 1 through 34 of this Information are re-alleged as if fully set forth herein.

49. Beginning in or around May 2005 through in or around March 2006, within the Eastern District of Virginia and elsewhere, the defendant, MAGYAR TELEKOM, Plc., knowingly falsified and caused to be falsified books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the defendant, *to wit*: with regard to the conduct in Macedonia, the defendant MAGYAR TELEKOM: (a) drafted secret protocols and maintained them outside the corporate books and records; (b) drafted sham business consulting agreements to justify third party payments; and (c) mischaracterized bribes in the corporate books and records as consulting fees and other seemingly legitimate expenses.

(All in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff; and Title 18, United States Code, Section 2.)

COUNT 3
Violation of the Books and Records
Provision of the Foreign Corrupt Practices Act

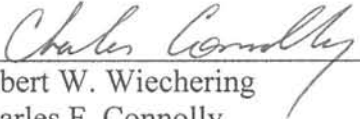
50. Paragraphs 35 through 45 of this Information are re-alleged as if fully set forth herein.

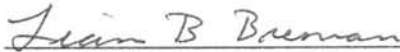
51. Beginning in or around May 2005 through in or around December 2005, within the Eastern District of Virginia and elsewhere, the defendant, MAGYAR TELEKOM, Plc., knowingly falsified and caused to be falsified books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the defendant, *to wit*: with regard to the conduct in Montenegro, the defendant MAGYAR TELEKOM: (a) drafted sham business consulting agreements to justify third party payments; (b) entered into and backdated contracts for which no goods or services had, in fact, been provided and that served no legitimate business purpose; (c) entered into contracts that purported to be success based, but were entered into after the relevant contingencies had already been satisfied by other service providers; and (d) accepted false performance certificates or fabricated evidence of performance.

(All in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff; and Title 18, United States Code, Section 2.)

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