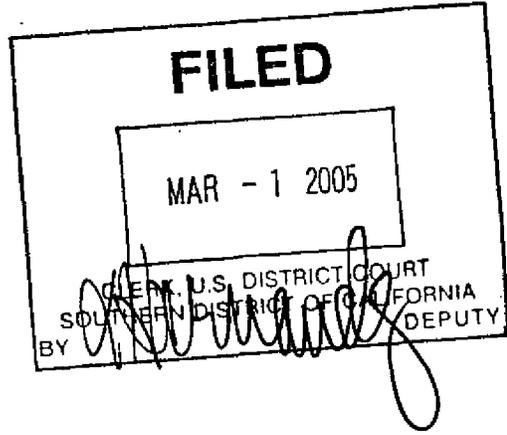


**ORIGINAL**



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UNITED STATES DISTRICT COURT  
 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

05 CR 0314 BEN

UNITED STATES OF AMERICA,	)	Case No. _____
	)	
Plaintiff,	)	
	)	<u>I N F O R M A T I O N</u>
v.	)	
	)	Title 15, United States Code,
TITAN CORPORATION,	)	Section 78dd-1 -- Foreign
	)	Corrupt Practices Act; Title
Defendant.	)	15, United States Code,
	)	Sections 78m(b)(2)(A) and
	)	78m(b)(5) -- Failure to
	)	Maintain Accurate Books and
	)	Records; Title 26, United
	)	States Code, Section 7206(2) -
	)	Aiding and Abetting Filing of
	)	False Return.

The United States Attorney charges, at all times relevant to this Information:

GENERAL ALLEGATIONS  
INTRODUCTION

1. Defendant TITAN CORPORATION was a corporation organized under the laws of Delaware, with its principal offices in San Diego, California, and, through its wholly-owned subsidiary, Titan Wireless, Inc. ("Titan Wireless") was engaged in, among other things, the business of developing and constructing wireless telephone systems for, among others, certain developing nations.

✓

1 TITAN CORPORATION is an "issuer" as that term is used in the  
2 Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1.

3 2. Titan Wireless was a Delaware corporation, with its  
4 principal offices in San Diego, California, and was a wholly-owned  
5 subsidiary of defendant TITAN CORPORATION. Titan Wireless was  
6 engaged in the development and sale of wireless telecommunications  
7 equipment and operated through wholly-owned subsidiaries, such as  
8 Titan Africa, Inc., an entity established under the laws of  
9 Delaware.

10 3. TITAN CORPORATION, Titan Wireless, Titan Africa, Inc.,  
11 and Titan Africa S.A. (hereinafter collectively referred to as  
12 "TITAN"), although separately incorporated, shared employees,  
13 officers, and personnel, and undertook the acts set forth herein  
14 with the authorization, knowledge, and subject to the control of  
15 TITAN CORPORATION.

16 4. The Foreign Corrupt Practices Act of 1977, 15 U.S.C.  
17 §§ 78dd-1, et seq., was enacted for the purpose of making it  
18 unlawful to make payments to foreign government officials to obtain  
19 or retain business.

20 5. The Foreign Corrupt Practices Act of 1977 required  
21 issuers not only to refrain from making corrupt payments to foreign  
22 government officials, but also to implement policies and practices  
23 that reduce the risk that employees and agents will engage in  
24 bribery. Specifically, section 102 of the Foreign Corrupt  
25 Practices Act of 1977, 15 U.S.C. §§ 78m(b) (2) (A) and 78m(b) (2) (B)  
26 (amending section 13 of the Securities & Exchange Act of 1934),  
27 required certain corporations, including defendant TITAN  
28 CORPORATION, to make and keep books, records, and accounts which

1 accurately and fairly reflect transactions and the distribution of  
2 the company's assets and to devise and maintain a system of  
3 internal accounting controls sufficient to provide, among other  
4 things, reasonable assurances that TITAN's transactions were  
5 recorded as necessary (i) to permit the preparation of financial  
6 statements in conformity with generally accepted accounting  
7 principles and (ii) to maintain accountability for the company's  
8 assets. Practices that assist in maintaining proper books,  
9 records, and internal controls, include, at a minimum, performing  
10 due diligence on foreign agents, paying commissions only into  
11 accounts held in the name of the foreign agent, requiring detailed  
12 invoices from overseas consultants, and ensuring that payments are  
13 being made for identifiable goods and services.

14 6. Section 102 of The Foreign Corrupt Practices Act, 15  
15 U.S.C. § 78m(b)(5), further prohibited the willful circumvention  
16 of, or failure to implement, a system of internal accounting  
17 controls for certain corporations, such as defendant TITAN  
18 CORPORATION, or to knowingly falsify any book, record, or account  
19 described in the foregoing paragraph. TITAN CORPORATION had an  
20 obligation to ensure that its wholly owned or controlled  
21 subsidiaries maintained accurate books and records and adequate  
22 internal controls.

23 Titan Activities in Benin

24 7. In 1996, the Benin Postal and Telecommunications Office  
25 ("OPT") entered into a "Partnership Agreement" with Afronetwork  
26 Ltd., a Beninese company, in which the parties agreed to develop  
27 a telecommunications network in Benin. Subsequently, in August  
28 1998, OPT and Afronetwork entered into a "Build, Cooperate, and

1 Transfer Contract" pursuant to which Afronetwork agreed to install  
2 a rural telephone network and to assign the network to OPT. This  
3 contract required that Afronetwork obtain OPT's consent before  
4 assigning its rights under the contract to any third party.

5 8. On or about October 9, 1998, defendant TITAN CORPORATION  
6 and Afronetwork agreed to establish a joint venture company called  
7 Afronetwork, Benin. Subsequently, on or about November 30, 1998,  
8 defendant TITAN CORPORATION and Afronetwork executed a joint  
9 venture agreement.

10 9. In November 1998, certain TITAN personnel, including a  
11 TITAN CORPORATION officer, went to Benin and discussed their  
12 proposal for a wireless telephone system with the Benin Minister  
13 of Telecommunications and the Director General of OPT. During  
14 these discussions, the TITAN personnel were introduced to a  
15 Beninese national ("the Benin Agent") who was a business advisor  
16 to the President of Benin.

17 10. By no later than April 1999, TITAN employees were aware  
18 that the Benin Agent was a "business advisor" to the President of  
19 Benin. At all relevant times herein, the Benin Agent was, in fact,  
20 an advisor to the Benin President and at least one officer of a  
21 TITAN CORPORATION subsidiary was aware that the Benin Agent  
22 traveled on a Benin diplomatic passport.

23 11. On or about July 28, 1999, with the consent of the OPT,  
24 Afronetwork assigned all of its rights and obligations under its  
25 agreements with OPT to defendant TITAN CORPORATION. The assignment  
26 was approved by the Benin Council of Ministers, which included the  
27 President of Benin and all of the members of his cabinet.

28 ///

1           12. On or about July 28, 1999, the same day as Afronetwork  
2 assigned its rights to defendant TITAN CORPORATION, TITAN entered  
3 into a "Consulting Agreement" with the Benin Agent, under which  
4 agreement the Benin Agent became TITAN's agent in Benin. Under the  
5 terms of the Consulting Agreement, the Benin Agent purportedly  
6 would assist TITAN in connection with the marketing of its  
7 equipment and services, identify other potential business for  
8 TITAN, and advise TITAN on financing requirements in Benin. TITAN  
9 did not conduct any formal due diligence regarding the Benin  
10 Agent's background, qualifications, other employment, or  
11 relationships with foreign government officials before or after  
12 engaging him.

13           13. The Consulting Agreement with the Benin Agent provided  
14 that he would be paid a percentage of the price of equipment which  
15 defendant TITAN CORPORATION installed in Benin. On August 3, 1999,  
16 before virtually any equipment had been installed in Benin -- and  
17 only six days after the signing of the Consulting Agreement -- the  
18 Benin Agent submitted to TITAN an invoice for services in the  
19 amount of \$399,919.

20           14. One week later, on August 10, 1999, a then-senior officer  
21 of defendant TITAN CORPORATION approved the payment of \$400,000 to  
22 the Benin Agent, and a wire transfer in that amount was sent from  
23 a TITAN bank account in San Diego, California, to a bank account  
24 in Cotonou, Benin, in the name of a relative of the Benin Agent.  
25 TITAN made this payment without any evidence that the Benin Agent  
26 had actually performed any of the services claimed in his invoice.

27           15. On August 17, 1999, defendant TITAN CORPORATION entered  
28 into an agreement with the OPT, known as the "BCT Contract," under

1 which the wireless telephone system constructed by TITAN would be  
2 transferred to the Government of Benin after TITAN was paid in full  
3 for its equipment and services. Under the BCT Contract, the OPT  
4 was required, among other things, to obtain sites for the  
5 installation of telecommunications equipment, to secure  
6 authorization from the Government of Benin for the use of specific  
7 frequencies, and to assist in the exoneration of all customs duties  
8 and taxes on the equipment and materials that TITAN imported into  
9 Benin.

10 16. On November 18, 1999, defendant TITAN CORPORATION  
11 assigned its rights under the BCT Contract to Titan Africa, Inc.

12 17. For the BCT Contract, the parties established a  
13 supervisory group known as the "BCT Steering Committee," which was  
14 comprised of several senior officers of defendant TITAN CORPORATION  
15 and its subsidiaries, the Benin Agent, and the Director General of  
16 the OPT. The BCT Steering Committee met either in the United  
17 States or in Paris, France, approximately every three months  
18 between February 2000 and March 2001.

19 Payments to the Benin President's Re-Election Campaign

20 18. Under the 1996 agreement between Afronetwork Ltd. and the  
21 OPT, Titan Africa, Inc. (to which the agreement had been assigned)  
22 was obligated to pay "part of its profits as subsidies for  
23 development" of certain "sectors" in Benin, such as health,  
24 education, and agriculture. Titan Africa, Inc. was to consult with  
25 the Benin ministries responsible for these sectors in order to  
26 determine the details of such subsidies. A then-officer of TITAN  
27 CORPORATION and certain TITAN employees were aware that these  
28

1 subsidies, which they referred to as "social payments," were an  
2 obligation under the BCT Contract.

3 19. On or about December 19-20, 2000, at a BCT Steering  
4 Committee meeting in Paris, the Benin Agent and the OPT's Director  
5 General demanded that TITAN accelerate the "social payments" and  
6 insisted that they be paid before the next presidential election  
7 in Benin in March 2001. Under the terms of the 1996 agreement, the  
8 social payments were not yet due, nor had there been any  
9 coordination or consultation with Benin cabinet departments, as  
10 required under the 1996 agreement.

11 20. In or about December 2000, the BCT Steering Committee,  
12 including a then-senior officer and employees of TITAN, agreed to  
13 pay to the Benin Agent some \$2 million in expedited "social  
14 payments." This payment was to be made in exchange for, and  
15 contingent upon, the agreement of OPT that TITAN's management fee  
16 under the BCT Contract be increased from 5% to 20% of the value of  
17 the equipment that TITAN provided under the contract.

18 21. In or about December 2000, TITAN had reason to believe  
19 that the accelerated "social payments" demanded by the Benin Agent  
20 and the Director General of OPT would not be used for the purposes  
21 identified in the BCT Contract. Nevertheless, a then-senior  
22 officer of TITAN caused the requested payments to be made to the  
23 Benin Agent, caused the payments to be made incrementally (rather  
24 than in one lump sum), and caused the payments to be supported by  
25 false invoices from the Benin Agent.

26 22. In late January 2001, the Benin Agent submitted to  
27 defendant TITAN CORPORATION two invoices totaling \$2,381,551.  
28 Neither invoice mentioned "social payments" or "subsidies" but

1 instead falsely identified the purpose of the payments as "customs  
2 exoneration" and other services. Neither invoice reflected the  
3 true purpose of the requested payments -- to provide funds for the  
4 benefit of the Benin President's re-election campaign.

5 23. Between January 2001 and May 2001, TITAN made seven  
6 payments to the Benin Agent, in the total amount of \$2.1 million,  
7 during which period TITAN knew that the "social payments" in fact  
8 would be used to support the Benin President's re-election effort.

9 24. On or about March 6, 2001, and April 10, 2001, at the  
10 direction of a then-senior officer of defendant TITAN CORPORATION,  
11 the company wired two payments, each in the amount of \$500,000,  
12 from a TITAN account in San Diego, California, to an account  
13 maintained by the Benin Agent in the Principality of Monaco.

14 25. TITAN made the remaining five payments, totaling  
15 approximately \$1.1 million, to the Benin Agent in cash in Benin.  
16 Four of these payments were made by issuing checks, drawn on a bank  
17 account of Titan Africa, S.A., made payable to employees of either  
18 Titan Africa, Inc., or Titan Africa S.A. TITAN issued these checks  
19 knowing that most of the cash proceeds from these checks would be  
20 given to the Benin Agent to support the re-election of the  
21 President of Benin, in the following amounts and on the following  
22 dates:

Approximate Value In U.S. Dollars	Date
\$400,000	January 24, 2001
\$500,000	February 2, 2001
\$107,500	March 6, 2001
\$107,500	March 7, 2001

1 On or about May 29, 2001, TITAN made the fifth payment, valued at  
2 approximately \$70,000, from Titan Africa, S.A.'s "petty cash" fund.

3 26. At least a portion of the "social payments" that TITAN  
4 made through the Benin Agent were funneled to the re-election  
5 efforts of the Benin President. For example, these funds were used  
6 to purchase T-shirts bearing a picture of the President of Benin  
7 and instructing Beninese citizens to vote for him. Those T-Shirts  
8 with voting instructions were distributed to the Benin electorate  
9 just prior to the presidential election.

10 27. The use of most of the purported "social payments" to  
11 support the re-election of the Benin President was known by then-  
12 employees of TITAN prior to the completion of the payments.

13 28. In or about March 2001, TITAN demanded that the OPT  
14 approve an increase of TITAN's management fee under the BCT  
15 Contract as a condition to its continuing to make "social  
16 payments."

17 29. On March 25, 2001, the incumbent President of Benin was  
18 declared the winner of the Benin presidential elections.

19 30. On or about March 29, 2001, a then-senior officer of  
20 TITAN CORPORATION and employees of TITAN met with the Benin Agent  
21 and OPT representatives in Paris for a BCT Steering Committee  
22 meeting. During the meeting, the Director General of the OPT  
23 reaffirmed that TITAN's management fee for operating the wireless  
24 telephone system in Benin would be increased from 5% to 20%. On  
25 or about March 29, 2001, the Director General of OPT signed a  
26 letter to a then-senior officer of TITAN increasing TITAN's project  
27 management fees from 5% to 20%.

28

1           31. On or about June 25, 2001, defendant TITAN CORPORATION  
2 and the OPT entered into an Agreement that, among other things,  
3 falsely represented that TITAN had made "substantial contributions  
4 to social programs in Benin" when, in fact, most of the payments  
5 referred to in the Agreement were the payments made to assist in  
6 the re-election of the incumbent President. The Agreement also  
7 confirmed the retroactive increase in TITAN's management fee from  
8 5% to 20%, which increase TITAN officials expected would increase  
9 the company's revenues by more than \$6 million.

10           32. In or about November 2001, an officer of Titan Africa  
11 stated in a memorandum that approximately \$2 million of defendant  
12 TITAN CORPORATION's funds had been expended to purchase the  
13 campaign T-shirts.

14                           Titan's Lack of Internal Controls

15           33. In its 23 years of existence prior to 2004, defendant  
16 TITAN CORPORATION has never had a formal FCPA compliance program  
17 or procedures. TITAN CORPORATION's only related "policy" is a  
18 statement in TITAN CORPORATION's Code of Ethics, which all TITAN  
19 employees are required to sign, stating "employees must be fully  
20 familiar with and strictly adhere to such provisions of the Foreign  
21 Corrupt Practices Act that prohibit payments or gifts to foreign  
22 government officials for the purpose of influencing official  
23 government acts or assistance in obtaining business." TITAN  
24 CORPORATION did not enforce that policy and provided its employees  
25 with no information concerning the FCPA or its purposes.

26           34. TITAN CORPORATION never conducted any FCPA compliance  
27 training. Moreover, although Titan Wireless employees were  
28 required to sign the TITAN code of ethics when hired, employees of

1 wholly-owned subsidiary Titan Africa were never required to sign  
2 the TITAN CORPORATION Code of Ethics.

3 35. From 1999 to February 2004, TITAN did not maintain any  
4 due diligence files on its foreign agents. Prior to making any of  
5 the millions of dollars of payments to the Benin Agent, TITAN  
6 failed to perform adequate due diligence on the Benin Agent. In  
7 fact, there is no evidence that TITAN conducted any due diligence  
8 prior to or after retaining any foreign agents or consultants.

9 **Internal Controls in Benin**

10 36. TITAN had knowledge of a serious lack of internal  
11 controls in certain of its African subsidiaries. Such notice came  
12 from, among other things:

13 A. A Management Letter from TITAN's external auditor  
14 for fiscal year 2000 stated that there was a "need to  
15 establish standard policies and procedures to be followed by  
16 the entities reporting to Titan Wireless;"

17 B. Written allegations sent to certain TITAN officers  
18 in 2001 and 2002 claiming that a Titan Wireless employee in  
19 Benin had forged invoices and bills and paid bribes in Benin;  
20 and

21 C. Written notification in 2002 from the external  
22 auditor of Titan Africa, S.A., that it was unable to issue an  
23 opinion on the financial statements for either of fiscal years  
24 2000 and 2001 because it was unable to substantiate payments  
25 made by Titan Africa, S.A., citing \$1.8 million in "missing  
26 cash" and highlighting the lack of internal controls within  
27 Titan Africa, S.A.

28



1 and retaining business for and with any person; to wit, defendant  
2 TITAN CORPORATION corruptly caused \$500,000 to be sent to the Benin  
3 Agent by wire transfer from a bank in San Diego, California, to a  
4 bank in the Principality of Monaco, for the purpose of influencing  
5 the acts and decisions of the President of Benin, and to induce the  
6 President of Benin to use his influence with the departments and  
7 ministries of the government of Benin to affect and influence their  
8 acts and decisions, in order to assist TITAN CORPORATION, Titan  
9 Wireless, Titan Africa, Inc., and Titan Africa, S.A., in obtaining  
10 an amendment to the BCT Contract increasing TITAN's management fee  
11 from 5% to 20%.

12 All in violation of Title 15, United States Code, Section  
13 78dd-1(a), and Title 18, United States Code, Section 2.

14 COUNT TWO

15 (15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(5) -- BOOKS & RECORDS)

16 39. The allegations contained above in paragraphs 1 through  
17 36, are hereby realleged and incorporated by reference as if fully  
18 set forth herein.

19 40. Defendant TITAN CORPORATION, by virtue of its status as  
20 an "issuer," within the meaning of the Securities and Exchange Act  
21 of 1934, was required to make and keep books, records and accounts  
22 which, in reasonable detail, accurately and fairly reflected the  
23 transactions and disposition of assets of TITAN.

24 41. From on or about December 2000 through March 2001, in the  
25 Southern District of California and elsewhere, defendant TITAN  
26 knowingly falsified the books, records, and accounts it was  
27 required to maintain under the Securities & Exchange Act of 1934,  
28 to wit: senior executives of defendant TITAN CORPORATION caused the

1 Benin Agent to submit to TITAN false and fraudulent invoices  
2 totaling more than \$2.0 million for services that had not been  
3 performed in order to conceal TITAN's payment of funds to the  
4 campaign of the Benin President.

5 All in violation of Title 15, United States Code, Sections  
6 78m(b)(2)(A) and 78m(b)(5), and Title 18, United States Code,  
7 Section 2.

8 COUNT THREE

9 (26 U.S.C. § 7206(2) - AID OR ASSIST IN FILING OF FALSE RETURN)

10 42. The allegations contained above in paragraphs 1 through  
11 36 are hereby realleged and incorporated by reference as if fully  
12 set forth herein.

13 43. The United States Internal Revenue Code ("the Code")  
14 typically allows taxpayers to deduct from income all ordinary and  
15 necessary expenses incurred in the operation of any trade or  
16 business. However, the Code specifically prohibits taxpayers from  
17 deducting any direct or indirect payment made to an official or  
18 employee of any government, or of any agency or instrumentality of  
19 any government, if the payment constitutes an illegal bribe or  
20 kickback or is unlawful under the FCPA. 26 U.S.C. § 162(c).

21 44. As described more fully above, TITAN recorded on its  
22 books and records approximately \$2.1 million in improper payments  
23 made to the Benin Agent, and falsely characterized these payments  
24 as customs exonerations and other apparently legitimate business  
25 expenses. Because of this improper characterization, the \$2.1  
26 million in "social payments" were recorded on the books and records  
27 of Titan Wireless as an account receivable entitled "Reimbursable  
28 Operating Expenses." In or about July 2002, the amount of the

1 total accounts receivable related to the BCT Contract stood at  
2 approximately \$50 million, a portion of which was the remaining  
3 balance of the "Reimbursable Operating Expenses."

4 45. In or about July 2002, in conjunction with TITAN  
5 CORPORATION's decision to exit all of its worldwide  
6 telecommunications business, TITAN CORPORATION agreed to settle its  
7 outstanding accounts receivable with the OPT of Benin for  
8 approximately \$30 million. Also during 2002, TITAN CORPORATION  
9 wrote-off the remaining accounts receivable related to the BCT  
10 Contract valued at approximately \$20 million, a portion of which  
11 contained the remaining balance of the "Reimbursable Operating  
12 Expenses." This bad debt expense write-off included some portion  
13 of the Benin payments made by TITAN CORPORATION in violation of the  
14 FCPA. TITAN CORPORATION deducted on the company's tax returns the  
15 entire \$20 million write-off of accounts receivable related to the  
16 BCT Contract, including the remaining balance of the "Reimbursable  
17 Operating Expenses."

18 46. In or about September 2003, in the Southern District of  
19 California and elsewhere, defendant TITAN CORPORATION, did  
20 willfully aid, assist in, and procure the preparation and  
21 presentation under, and in connection with any matter rising under,  
22 the internal revenue laws, of a return which was fraudulent and  
23 false as to any material matter, whether or not such falsity and  
24 fraud was with the knowledge and consent of the person authorized  
25 and required to present such return, to wit: defendant TITAN  
26 CORPORATION caused to be filed with the U.S. Internal Revenue  
27 Service a consolidated Form 1120, U.S. Corporate Income Tax Return,  
28 for tax year 2002, that included on Line 15, Bad Debts, the amount

1 of \$76,214,512.00, knowing that such amount included a portion of  
2 the improper Benin payments which could not be claimed as a  
3 deduction on defendant TITAN CORPORATION's return.

4 All in violation of Title 26, United States Code, Section  
5 7206(2).

6  
7 Dated: February 23, 2005.

8  
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