

The United States Attorney's Office

Southern District of Florida

Press Release

FORMER CHIEF EXECUTIVE OFFICER OF GLOBETEL COMMUNICATIONS CORPORATION ARRAIGNED

November 25, 2009

FOR IMMEDIATE RELEASE

Jeffrey H. Sloman, Acting United States Attorney for the Southern District of Florida, Daniel W. Auer, Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division, and John V. Gillies, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Office, announced that defendant **Timothy Huff** was arraigned today before Magistrate Judge James M. Hopkins. He pled not guilty to the charges. A trial date has not yet been scheduled.

On October 29, 2009, Huff was named in a 16-count Indictment, charging him with conspiracy to commit securities fraud, falsify certified financial reports, commit wire fraud, and making false statements to the company's outside auditor, all in violation of Title 18, United States Code, Section 1349; six counts of failing to certify financial reports, in violation of Title 18, United States Code, Section 1350(c)(1); one count of securities fraud, in violation of Title 18, United States Code, Section 1348; three counts of wire fraud, in violation of Title 18, United States Code, Section 1343; four counts of lying to accountants, in violation of Title 15, United States Code, Sections 78m(b)(2)(B) and 78ff and 17 C.F.R. 240.13b2-2; and one count of obstructing and impeding the due administration of the Internal Revenue Service, in violation of Title 26, United States Code, Section 7212(a).

According to the Indictment, Huff was the Chief Executive Officer ("CEO") of GlobeTel Communications, Inc. ("GlobeTel"), a Fort Lauderdale-based corporation formerly listed on the American Stock Exchange. As CEO, Huff oversaw the operations of the entire company. GlobeTel represented that it was in the business of providing telecom services, primarily involving Internet telephone services using Voice over Internet Protocol equipment. GlobeTel purported to provide these services on an international basis through "hubs" in foreign and domestic locations.

As further alleged in the Indictment, Huff directed and participated in a scheme to falsely inflate GlobeTel's revenue from May 2002 to June 2006. The scheme involved the creation of fraudulent invoices that appeared to be worth millions of dollars and to report fictitious transactions between GlobeTel and telecom companies to buy and sell telecom "minutes." In fact, however, GlobeTel never bought or sold anything related to those invoices. Huff allegedly lied to the company's outside auditors, and provided the falsified general ledger and created fraudulent CDRs to corroborate the fraudulent invoices.

To perpetuate the scheme, Huff caused Globetel to issue periodic SEC reports, registration statements, and press releases that misled investors by materially misstating GlobeTel's financial results for the third quarter of 2002 through the end of 2004. These false reports and statements listed more than \$20 million in fraudulent revenue during this period.

The Indictment further alleges that Huff concealed his income and assets from the IRS. Huff is charged with under-reporting his income on his Form 1040, U.S. Individual Income Tax Return, for tax years 2001, 2002, 2003 and 2004 by \$416,000, \$18,748, \$44,597.81, and \$630,000,

respectively. Huff did not file a tax return for GlobeTel Brazil, LLC for the years 2003, 2004 and 2005.

If convicted, Huff faces the following statutory maximum terms of imprisonment: twenty years on the conspiracy charge; ten years on each count of failing to certify financial reports; twenty-five years on the securities fraud charge; twenty years on each count of wire fraud; twenty years on each count of lying to accountants; and three years on the obstruction count.

Mr. Sloman commended the investigative efforts of the Internal Revenue Service, Criminal Investigation Division, and the Federal Bureau of Investigation. This case is being prosecuted by Assistant U.S. Attorney Thomas P. Lanigan and Trial Attorney Gregory R. Bockin of the Department of Justice's Tax Division.

An indictment is only an accusation and a defendant is presumed innocent unless and until proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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