

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

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U.S. DISTRICT COURT E.D.N.Y.
★ JUN 18 2009 ★

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LISA M. ROBERTS,

Defendant.

BROOKLYN OFFICE

Civil Action No.

09 2590

WEXLER, J.

TOMLINSON, M.J.

COMPLAINT

Plaintiff Securities and Exchange Commission ("Plaintiff" or "Commission") alleges for its Complaint, as follows:

SUMMARY

1. Lisa M. Roberts ("Roberts" or "Defendant") participated in two separate fraudulent schemes to materially misstate the financial results of Ulticom, Inc. ("Ulticom" or the "Company"), while serving in various senior accounting and management positions at the Company, including Chief Financial Officer ("CFO"). The first scheme involved certain improper practices in connection with the backdating of Ulticom stock options. The second scheme involved improper accounting practices, including (i) the improper establishment, maintenance, and release of reserves, and (ii) the improper recognition of revenue on certain inter-company shipments and service contracts.

2. From April 2000 through at least June 2002, at the direction of former Ulticom executives, Roberts participated in the backdating of company-wide grants of employee stock options to coincide with near-term lows in the Company's stock price. In four instances, the options were "in-the-money," meaning the exercise prices of the backdated Ulticom options

were less than the Company's stock price on the date the grants were formally approved by Ulticom's Stock Option Committee (the "Committee"). Roberts's participation in this scheme caused Ulticom to award employees disguised in-the-money options without recording a corresponding non-cash compensation expense for the in-the-money portion of the option grant in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). As a result, Ulticom (i) filed materially false and misleading financial statements that materially understated its compensation expenses and materially overstated its net income and earnings per share through the fiscal year ended January 31, 2005, and (ii) made disclosures in certain periodic filings and proxy statements during this time that falsely portrayed Ulticom's options as having been granted at exercise prices equal to the fair market value of Ulticom's common stock on the date of the grant.

3. In the second fraudulent scheme, largely at the direction of former Ulticom executives, Roberts engaged in certain long-standing and improper accounting practices that she knew or recklessly did not know were not in conformity with GAAP. Beginning in 1996, when Ulticom was a wholly-owned subsidiary of Comverse Technology, Inc. ("Comverse"), Roberts made improper adjustments to Ulticom's reserve accounts in order to stockpile reserves. Roberts continued to make these and related improper adjustments after Ulticom became a publicly-traded company, while still majority-owned by Comverse, in 2000. In the first fiscal year following its initial public offering ("IPO"), Ulticom released some of these improper excess reserves into income. Without these releases, the Company would not have met Wall Street analysts' earnings estimates. In addition, from 1998 to April 2001, Roberts improperly deferred to subsequent periods the recognition of revenues from certain shipments and service contracts between Ulticom and another subsidiary of Comverse. As a result, Ulticom filed materially false

and misleading financial statements that misstated its revenues, expenses, liabilities, net income, and earnings per share through the fiscal year ended January 31, 2004. In furtherance of this scheme, Roberts also misled the Company's outside auditors.

4. Roberts's participation in these improper accounting practices caused Ulticom to include in its IPO registration statements financial statements and related disclosures that were materially false and misleading as a result of the Company's improper accounting practices. Roberts's participation in these improper accounting practices also caused Ulticom to include in its registration statements for its follow-on offering in October 2000 financial statements and disclosures that were materially false and misleading as a result of both the improper options backdating and other improper accounting practices described herein.

5. Ulticom has announced that its historical financial statements and any related reports of its independent registered public accounting firm should no longer be relied upon. Ulticom has announced that it will restate its historical financial statements for its fiscal years ended December 31, 1996 ("Fiscal Year 1996") through January 31, 2005 ("Fiscal Year 2004"), in order to record additional material non-cash charges for option-related compensation expenses and to correct the material misstatement of its revenues and earnings.

6. By committing the acts alleged in this Complaint, Roberts violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Exchange Act Rules 10b-5, 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.13b2-1, and 240.13b2-2]. In addition, by committing the acts alleged in this Complaint, Roberts aided and abetted Ulticom's violations of Exchange Act Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B), and 78n(a)] and

Exchange Act Rules 13a-1, 13a-11, 13a-13, and 14a-9 [17 C.F.R. §§ 240.13a-1, 240.13a-11, 240.13a-13, and 240.14a-9]. An injunction is necessary to ensure that Roberts will not continue to violate the foregoing provisions of the federal securities laws.

7. The Commission seeks a judgment from the Court: (i) enjoining Roberts from engaging in future violations of those sections of the federal securities laws that she violated; (ii) requiring her to pay a civil monetary penalty pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 77t(d) and 78u(d)(3)]; and (iii) barring her from acting as an officer or director of a public company pursuant to 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act [15 U.S.C. §§ 77t(e) and 78u(d)(2)].

JURISDICTION AND VENUE

8. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

9. Roberts, directly or indirectly, used the means and instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, transactions, practices and courses of business alleged herein.

10. Venue is proper in this District because certain of the acts, transactions, practices and courses of business alleged herein took place in the Eastern District of New York and Ulticom's parent company, Comverse, was headquartered and/or maintained an office in Woodbury, New York at all relevant times.

THE DEFENDANT

11. Defendant **Lisa M. Roberts**, 43, a resident of Cape May, New Jersey, is a certified public accountant ("CPA") in New Jersey. Roberts joined Ulticom in December 1994

and served in various accounting positions until becoming Vice President and CFO on July 2, 1998. Once she was replaced by a new CFO in 1999, Roberts served as the Company's Vice President of Finance until September 2001, when she became Vice President of Corporate Administration. Her title changed to Vice President of Operations in November 2002. She became Ulticom's Senior Vice President of Operations in March 2006, a position she held until her termination on October 31, 2007. From March 13, 2000 to April 27, 2001, Roberts signed management representation letters to the Company's outside auditors. From at least January 2000 to May 2002, Roberts prepared and/or reviewed Ulticom's periodic reports on Forms 10-Q and 10-K, proxies, and registration statements.

RELATED PARTIES

12. **Comverse Technology, Inc.**, a New York corporation which at all relevant times was based in Woodbury, New York, makes software systems and provides related services for multimedia communication and information processing applications. Comverse is the parent company and majority shareholder of Ulticom and, at various times relevant to this Complaint, former Comverse executives and board members also served as former executives and board members of Ulticom. Specifically, Comverse's Chairman and Chief Executive Officer ("CEO") was Chairman of Ulticom's board of directors from October 1997 until May 1, 2006. Comverse's CFO was Ulticom's CFO from December 1999 to September 2001, and an Ulticom Director from April 2000 to May 1, 2006 (hereinafter referred to as the "Former CFO"). Comverse's General Counsel was the Corporate Secretary and a Director of Ulticom from at least 2000 until June 2004. He also served on several board committees, including Ulticom's Compensation Committee, and provided legal services to Ulticom through a services agreement between Comverse and Ulticom.

13. **Ulticom, Inc.** is a New Jersey corporation based in Mount Laurel, New Jersey, that provides service-enabling signaling software for fixed, mobile, and internet communications. Ulticom was a wholly-owned subsidiary of Comverse until its IPO in April 2000; it has been a majority-owned subsidiary of Comverse since April 2000. Ulticom's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the NASDAQ Global Market. Trading in Ulticom stock was suspended on February 1, 2007, and the stock was eventually delisted, due to Ulticom's failure to file timely its fiscal 2005 annual report on Form 10-K and fiscal 2006 quarterly reports on Forms 10-Q. Ulticom has not filed any periodic reports with the Commission since December 2005. Currently Ulticom's stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act and is quoted on the "Pink Sheets" under the symbol "ULCM" or "ULCM.PK."

FACTS

A. Ulticom's Backdating of Stock Options

14. Ulticom used employee stock options as a form of compensation to recruit, incentivize and retain key employees, as did many other companies at the time. Between April 2000 and April 2004, however, in part through Roberts's participation, four of Ulticom's backdated stock option grants resulted in the award of disguised in-the-money options to employees of the Company. Ulticom did not disclose the in-the-money status nor record the corresponding non-cash compensation expenses for the in-the-money portion of these option grants in conformity with GAAP.

15. As a result, Ulticom filed materially false and misleading financial statements that materially understated its compensation expenses and materially overstated its net income and earnings per share through the fiscal year ended January 31, 2005. The Company also made

disclosures in certain periodic filings and proxy statements during this time that falsely portrayed Ulticom's options as having been granted at exercise prices equal to the fair market value of Ulticom's common stock on the date of the grant.

1. The Ulticom Stock Option Plan

16. Since going public in 2000, and continuing to June 2005, Ulticom granted options to its employees and employee-directors pursuant to the Company's 1998 Stock Incentive Compensation Plan ("Plan"), which was amended effective January 20, 2000. The Plan was drafted by Comverse's General Counsel and was approved by Ulticom's board of directors and voted upon by its shareholders.

17. The stated purpose of Ulticom's Plan was to attract and retain employees and directors at Ulticom and its subsidiaries by giving those persons "a greater stake in [Ulticom's] success and a closer identity with it." The Plan gave Ulticom's Stock Option Committee the power to interpret and administer the Plan and the authority: (i) to select the specific employees to whom awards would be granted; (ii) to determine the type and amount of the award to be granted such employees; and (iii) to determine the terms of the option agreements to be entered into with such employees. In practice, the Committee approved an option grant based on a master list of grantees compiled by Ulticom's management. The Plan expressly prohibited the award of incentive stock options at less than the fair market value of a share of common stock on the date of grant. "Fair market value" was defined as the mean between the highest and lowest sale price of Ulticom common stock on the principal national securities exchange on which it was listed on the date of the grant.

2. The Ulticom Bylaws

18. Ulticom's bylaws, effective from March 2000 to the present, make clear that the Committee can formally act upon stock option grant proposals in two ways. The Committee can act without a formal meeting, if all members consent in writing to the adoption of a resolution authorizing the action (i.e., the consent must be unanimous), or the Committee can act by holding a meeting at which a quorum of Committee members is present, if a majority of those present at the meeting approve the action.

3. The Ulticom Option Grant Process

19. Beginning in 2000, and continuing until April 2004, Ulticom made eight stock option grants in which the grant dates preceded the date on which Ulticom's Stock Option Committee had formally acted to approve the grant proposals. The exercise price of the underlying options did not reflect the "fair market value" on the date when the Committee formally acted to approve such grants, and, by the time the Committee did formally act, options underlying four of the grants were in-the-money. Throughout the relevant period, Roberts had an administrative role in the option granting process and, until late 2001, was responsible for recording any compensation expenses related to the option grants. As a CPA, Roberts knew, or was reckless in not knowing, that the in-the-money portion of these grants should have been, but was not, recorded as a compensation expense on Ulticom's books and records or reflected in Ulticom's financial statements.

20. Ulticom's options-grant process commenced with Ulticom executives approaching the Former CFO or Comverse's CEO to obtain authorization to initiate a grant. As part of that initial contact regarding initiation of a grant or shortly thereafter, Ulticom's executives and employees would forward to the Former CFO or Comverse's CEO a list of

proposed grantees along with the proposed number of shares to be granted to each. If a grant was determined to be appropriate, the Former CFO then instructed certain Ulticom executives, including Roberts, and employees to review the Company's historical stock prices and select a date on which the stock was trading at a low price. Roberts and other individuals typically looked back a week or two and presented the Former CFO with the lowest closing price during the look-back period. The Former CFO approved a grant date based on the information provided.

21. A master list of proposed option grantees, which identified for each person a proposed number of options to be granted, typically then was forwarded to Comverse for review and, sometimes, revision.

22. While the master list of grantees was being reviewed, Roberts and other Ulticom executives and employees prepared a Unanimous Written Consent, based on a template provided by Comverse's General Counsel, to be forwarded to and signed by all members of Ulticom's Stock Option Committee in order to approve the grant. Roberts and other Ulticom executives and employees inserted into each Unanimous Written Consent an "as of" date that was the date that had been selected using the look-back procedure at the outset of the grant process, instead of the date when the Committee had approved the grant. Following approval of the Unanimous Written Consents by Comverse's General Counsel and approval of the master list of grantees by Comverse, the Unanimous Written Consents were forwarded to the Committee for signature.

23. The Former CFO, General Counsel, and certain former Ulticom executives, including Roberts, and employees knew that the "as of" date reflected in each Unanimous Written Consent – which, in turn, determined the exercise price for the underlying options – not only preceded the date on which the Committee had acted on the option grant proposal, it also

preceded the date on which anyone had even begun to prepare the Unanimous Written Consents. As a result, Roberts knew, or was reckless in not knowing, that Ulticom's options were backdated and granted at less than fair market value on the date of the grant.

24. Ultimately, for the eight option grants made by Ulticom between April 2000 and April 2004, a Unanimous Written Consent and master list of proposed grantees was forwarded to each member of Ulticom's Stock Option Committee for review and signature. Committee members signed their individual copies of the Unanimous Written Consents and returned them to Ulticom where they subsequently were forwarded to Comverse's General Counsel for filing as corporate records. The Committee acted upon option grant proposals during this period solely through Unanimous Written Consents.

25. None of the Unanimous Written Consents that were signed in connection with stock option grants between April 2000 and April 2004 identified the specific dates on which any Committee members had signed them. None of the Unanimous Written Consents during that period identified the date on which any stock option grant had been approved by the Committee. The sole date reflected on the Unanimous Written Consents was the "as of" date that had been approved by the Former CFO and that preceded any Committee action.

26. Ulticom changed its options-grant practices in or around April 2004, at which point Ulticom adopted the practice of recording a grant date only after receipt of signed Unanimous Written Consents from all Committee members.

4. Ulticom's Materially Misleading Financials And Disclosures Resulting From Its Options Practices

27. Options underlying four of the eight grants made by Ulticom between April 2000 and April 2004 were in-the-money on the date when Ulticom's Stock Option Committee acted upon the grant proposals.

28. The four grants were in-the-money, by the following amounts per option, when the Committee acted upon the grant proposals:

“As Of” Grant Date	Exercise Price	Date Of Committee Approval	Fair Market Value On Estimated Date Of Committee Approval	In-The-Money Amount Per Option On Estimated Approval Date
7/10/00	\$22.5625	7/20/00	\$45.25	\$22.6875
11/28/00	\$27.4688	12/15/00	\$39.565	\$12.0962
3/5/01	\$19.5625	3/14/01	\$24.50	\$4.9375
6/25/02	\$6.52	7/02/02	\$6.625	\$0.1050

Because it stated in its public filings that it accounted for its options during the relevant period in conformity with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” (“APB 25”), Ulticom was required to record a compensation expense in connection with these four grants over the four-year vesting period of the options. It did not do so.

29. As a CPA and one of the Company’s senior accounting executives who directly participated in the options granting process, Roberts knew, or was reckless in not knowing, that the in-the-money portion of these grants should have been, but was not, recorded as a compensation expense on Ulticom’s books and records or reflected in Ulticom’s financial statements in conformity with APB 25.

30. As a result of the conduct of Roberts and others, Ulticom materially overstated its net income and earnings per share for fiscal years ended January 31, 2001 (“Fiscal Year 2000”) through January 31, 2005 (“Fiscal Year 2004”). Ulticom’s overstatement, as a percentage of its previously-reported pre-tax income, ranged from as little as 2.7% to as much as 16.3% between Fiscal Years 2000 and 2004.

31. Ulticom issued quarterly earnings press releases, which contained materially false and misleading financial results, in current reports filed with the Commission on Form 8-K

between June 2003 and December 2005. Ulticom knew or was reckless in not knowing that the net income and earnings figures reported in such documents were materially false and misleading as a result of its improper options-grant practices.

32. Ulticom published (or incorporated by reference) its materially false and misleading financial results for Second Quarter 2000 in, among other documents filed with the Commission and prepared and/or reviewed by Roberts, its registration statement on Form S-1 and the offering prospectus for its follow-on offering, pursuant to which it (and certain of its and Comverse's executives) sold 4,250,000 shares of common stock at \$50 per share in October 2000. Through her involvement in the preparation of these filings, her knowledge as a CPA, and her position as a senior accounting executive who directly participated in the options granting process, Roberts knew, or was reckless in not knowing, that the net income and earnings figures reported in such documents were materially false and misleading as a result of the improper options-grant practices.

33. The Form S-1 and related prospectus for Ulticom's follow-on offering in October 2000 also contained materially false and misleading disclosures about Ulticom's stock option-granting practices and accounting, which Roberts knew, or was reckless in not knowing, were materially false and misleading due to her role in the options backdating scheme. There, less than two months after the grant dated "as of" July 10, 2000, Ulticom made the following materially misleading statements in three separate sections of its registration statement and prospectus:

The Company applies Accounting Principles Board Opinion No. 25, 'Accounting For Stock Issued to Employees,' and related interpretations in accounting for its option plans. Accordingly, as all options have been granted at exercise prices equal to fair market value on the date of grant, no compensation expense has been recognized by the Company in connection with its stock-based compensation plans.

* * * * *

Options which are designated as “incentive stock options” under the option plans may be granted with an exercise price not less than the fair market value of the underlying shares at the date of grant and are subject to certain quantity and other limitations specified in Section 422 of the Internal Revenue Code.

* * * * *

The price per share at which common stock may be purchased upon exercise of an option is determined by the committee; however, in the case of grants of incentive stock options, the price per share may not be less than the fair market value of a share of common stock on the date of grant.

34. Ulticom made additional materially misleading disclosures about its options-grant process in proxy statements prepared and/or reviewed by Roberts on Form DEF 14A, filed with the Commission on May 10, 2002 and May 16, 2003. Specifically, with respect to options that Ulticom had granted to certain of its executives in the “last fiscal year,” Ulticom falsely represented that “[t]he exercise price of the options is equal to the fair market value of the underlying shares at the date of grant.” The grants referred to – the March 5, 2001 and June 25, 2002 grants – in fact were in-the-money on the date of Committee approval and the exercise prices of the underlying options did not reflect fair market value. Through her involvement in the options backdating fraud, Roberts knew, or was reckless in not knowing, that these disclosures in the proxies and registration statements were materially false and misleading.

35. Based on her involvement in the option grant process, Roberts knew, or was reckless in not knowing, that the Unanimous Written Consents were false because the “as of” dates inserted into the Unanimous Written Consents, and later reflected in Ulticom’s books and records, did not represent the date on which the Committee approved the option grants. Roberts knew that no corporate action to approve the option grants had actually occurred on the “as of” dates.

36. By virtue of the involvement of Roberts and others in the stock options backdating, Ulticom’s books and records falsely and inaccurately reflected, among other things,

the compensation and income tax expense associated with the Company's grants of stock options to its employees, the Company's net income and earnings per share, and its general financial condition. In addition, Roberts circumvented internal accounting controls by her involvement in this fraud, and, as a result, Ulticom also failed to maintain a system of internal accounting controls sufficient to provide assurances that its stock option grants were recorded as necessary to permit the proper preparation of financial statements in conformity with GAAP.

B. Ulticom's Reserve and Revenue Recognition Practices

37. Pre-dating Ulticom's stock options backdating practices, and continuing through at least January 31, 2002 ("Fiscal Year 2001"), Ulticom engaged in other improper accounting practices, including (i) the improper creation, maintenance and use of reserves from 1996 through Ulticom's fiscal quarter ending October 31, 2001 ("Third Quarter 2001"); and (ii) the improper deferral of revenues on certain transactions between Ulticom and another subsidiary of Comverse, Comverse Network System's Israeli Division ("CNS-Israel" or "Comverse Ltd."), between 1998 and April 2001.

38. At the direction of the Former CFO and others, Roberts implemented and/or directed these improper accounting practices. As a CPA and one of the Company's senior accounting executives, however, Roberts knew, or was reckless in not knowing, that such practices were not in conformity with GAAP.

39. Through the misconduct of Roberts and others, Ulticom filed materially false and misleading financial statements, including those that were incorporated into registration statements for the Company's IPO and follow-on offerings, that misstated the Company's revenues, expenses, liabilities, net income, and earnings per share through Fiscal Year 2003.

Although these improper practices ceased by late 2001, they continued to cause Ulticom's reported financials to be misstated in subsequent fiscal years, up through Fiscal Year 2004.

1. Ulticom's Improper Reserves Practices

40. Beginning in 1996 and continuing through Third Quarter 2001, Ulticom improperly increased the reserves that were on Ulticom's books and records and/or maintained reserves that were no longer needed in periods when the Company performed above expectations.

41. Specifically, under the direction of certain former executives, Ulticom, including Roberts, maintained and routinely updated spreadsheets that tracked its revenues and earnings. The spreadsheet that tracked Ulticom's revenues was entitled "Rev Proj." The spreadsheet that tracked Ulticom's earnings was known among Ulticom executives as the "cancer table." Together these spreadsheets enabled Ulticom quickly to identify gaps between actual results and projected results and Wall Street analyst estimates as each quarter and year progressed, and to make adjustments (including adjustments to reserve balances) as necessary to lessen or close the gap.

42. Roberts and/or other Ulticom executives also tracked the Company's reserve balances (and reserve usage) on a spreadsheet entitled "Accruals-Buffers." The spreadsheet – updated on a monthly (and later quarterly) basis – listed for each reserve the reserve balance (in one column) and the amount of the balance that was excess and thus available for release (in an adjacent column). The excess amounts were denoted either as "buffer" or "amount excess."

43. During Ulticom's quarter-end and year-end closing processes, Ulticom's Former CFO directed Roberts, and/or Roberts, in turn, directed others on the accounting staff, to make improper adjustments to Ulticom's reserve levels, as necessary, either to stockpile reserves in the

event an earnings boost was needed in the future or to close the gap between Ulticom's actual and projected earnings.

44. Such adjustments, for the most part, were unrelated to the underlying liability for which any reserve had initially been created and were not in conformity with GAAP, including Statement of Financial Accounting Standards No. 5, Accounting for Contingencies ("SFAS 5"), at ¶ 8, or Accounting Principles Board Opinion No. 20, Accounting Changes ("APB 20"), at ¶¶ 13 and 36-38.

45. As a CPA and one of the Company's senior accounting executives, Roberts knew, or was reckless in not knowing, that these adjustments were not in conformity with GAAP.

46. In September 2001, a new CFO arrived at Ulticom, and the Company undertook to reverse a number of its excess reserve balances during the quarter ended January 31, 2002 ("Fourth Quarter 2001"). However, the reversals were not done in conformity with GAAP and Ulticom did not release the excess balances into the proper historical periods. In addition, certain excess reserves remained on Ulticom's books and records in each period through the end of Fiscal Year 2004.

2. Ulticom's Improper Deferral of Revenues

47. Beginning in 1998 and continuing through April 2001, at the direction of senior management, Roberts implemented and/or directed the implementation of improper revenue recognition practices with respect to contracts between Ulticom and Converse subsidiary CNS-Israel, in an effort to smooth revenues and demonstrate steady (as opposed to volatile and unsustainable) revenue growth to Ulticom investors.

48. The improper and unsupported revenue deferrals involved inter-company shipments between Ulticom and CNS-Israel. Ulticom's accounting staff fabricated problems to

prohibit the acceptance of products by CNS-Israel when in reality no such problems existed, or, if the products had already been shipped, Ulticom's accounting staff worked with CNS-Israel accounting staff to coordinate a delay in the recording of invoices on their respective books and records. Also, on occasion, Ulticom's accounting staff asked CNS-Israel to delay making payments for services that Ulticom had performed on behalf of CNS-Israel for third parties.

49. By engaging in such practices, Ulticom violated its own long-standing policy of recognizing revenue on the date that the product was shipped to the customer, which also was the date on which Ulticom was required to invoice the customer. In addition, these practices were not in conformity with GAAP, including Statement of Financial Accounting Concepts No. 5, Recognition and Measurement in Financial Statements of Business Enterprises ("SFAC 5"), at ¶ 83.

50. As a CPA and one of the Company's senior accounting executives, Roberts knew, or was reckless in not knowing, that these revenue deferrals were not in conformity with either the Company's revenue recognition policy or GAAP.

51. As a result of these revenue recognition practices, Ulticom materially understated its revenues and pre-tax earnings in Fiscal Year 1998 and it overstated its revenues and pre-tax earnings in Fiscal Years 1999, 2000 and 2001:

Fiscal Year	Revenue Overstatement/ (Understatement)	Pre-Tax Income Overstatement/ (Understatement)	Percentage Impact On Pre-Tax Income
1998	\$ (1,162,500)	\$ (838,700)	(33.63) %
1999	\$ 229,500	\$ 67,100	2.64 %
2000	\$ 623,000	\$ 461,600	3.15 %
2001	\$ 310,000	\$ 310,000	1.79 %

52. Ulticom published (or incorporated by reference) these materially false and misleading financial results for Fiscal Years 1998 and 1999 in, among other documents filed

with the Commission and prepared and/or reviewed by Roberts, its registration statements on Form S-1 and offering prospectuses for its IPO and follow-on offering.

53. Further, because the impact of Ulticom's revenue-recognition practices from these periods remained on the Company's books and records in subsequent fiscal periods, Ulticom materially misstated its revenues, net income and earnings per share through Fiscal Year 2001.

54. As a result of these improper revenue recognition practices implemented by Roberts and others, Ulticom's books and records falsely and inaccurately reflected the Company's revenues, net income, earnings per share and the Company's general financial condition. Roberts circumvented internal accounting controls by her involvement in the improper revenue recognition practices, and, as a result, Ulticom also failed to maintain a system of internal accounting controls sufficient to provide assurances that its expenses and revenue were recorded as necessary to permit the proper preparation of financial statements in conformity with GAAP.

3. Ulticom's Public Stock Offerings

a. IPO

55. On or about April 5, 2000, Ulticom commenced its IPO of 4.25 million shares of common stock at a price of \$13 per share. In connection with its IPO, Ulticom filed a registration statement on Form S-1 and a prospectus, which were prepared and/or reviewed by Roberts and which included audited financial statements for Ulticom's fiscal years ending January 31, 1998 ("Fiscal Year 1997"), January 31, 1999 ("Fiscal Year 1998") and January 31, 2000 ("Fiscal Year 1999"). The registration statement and prospectus also included unaudited financials for Fiscal Year 1996. This was the first time that the public had been provided with

Ulticom-specific earnings data, its financial results having been consolidated with those of its parent (Comverse) prior to that time.

56. In Fiscal Years 1996, 1997, and 1999, at the direction of the Former CFO and others, Roberts established unnecessary reserves and inflated existing reserves. In Fiscal Year 1998, Ulticom improperly took some of the excess amounts in its reserve accounts into income.

57. These improper reserve practices caused Ulticom to report, in the registration statement on Form S-1 and prospectus for its IPO, the following materially misleading earnings and loss amounts:

Fiscal Year	Earnings/(Loss)	Earnings/(Loss) Per Share
1996	\$ (1,577,000)	\$ (0.05)
1997	\$ 2,055,000	\$ 0.06
Jan. 1998	\$ (431,000)	\$ (0.01)
1998	\$ 1,567,000	\$ 0.05
1999	\$ 1,574,000	\$ 0.05

Roberts knew, or was reckless in not knowing, that Ulticom thereby falsely presented itself as having achieved steady earnings on a per share basis for the three years leading up to its IPO, when, in fact, its actual results had been more volatile.

58. After the close of Fiscal Year 1998, at the direction of the Former CFO and others, Roberts, and/or those acting at her direction, deferred a substantial amount of revenues into Fiscal Year 1999 to smooth the Company's financial results. In Fiscal Years 1999 and 2000, Ulticom overstated its revenues.

59. Through her involvement in the improper reserve and revenue practices, Roberts knew, or was reckless in not knowing, that the historical earnings and loss amounts reported in Ulticom's IPO Form S-1 registration statement and prospectus were materially misleading as a result of the improper reserve and revenue recognition practices.

b. Follow-On Offering

60. On or about October 17, 2000, Ulticom commenced its follow-on offering of 4.25 million shares of common stock at a price of \$50 per share. In connection with its offering, Ulticom filed a registration statement on Form S-1 and a prospectus, which were prepared and/or reviewed by Roberts and which included the same materially misleading financials that Ulticom had included in its IPO registration statement – i.e., Fiscal Year 1996 (unaudited) and Fiscal Years 1997 through 1999 (audited) – and it added unaudited financials for the six month period ending July 31, 2000 (“First and Second Quarter 2000”).

61. For the First and Second Quarters of 2000, as a result of its continued improper reserve practices, Ulticom reported materially misleading cumulative earnings of \$2,677,000 (or \$0.07 diluted EPS).

62. Through her involvement in the improper reserve and revenue practices, Roberts knew, or was reckless in not knowing, that the historical earnings and loss amounts reported in the Form S-1 registration statement for Ulticom’s follow-on offering and prospectus were materially misleading as a result of the improper reserve and revenue recognition practices.

63. Ulticom issued quarterly earnings press releases, which contained materially false and misleading financial results, in current reports filed with the Commission on Form 8-K between June 2003 and December 2005. Through her involvement in the improper reserve and revenue practices, Roberts knew, or was reckless in not knowing, that Ulticom’s net income and earnings figures reported in such documents were materially false and misleading as a result of the improper reserve and revenue recognition practices.

64. By virtue of her involvement in the improper reserve and revenue recognition practices, Roberts knew, or was reckless in not knowing, that Ulticom’s books and records

falsely and inaccurately reflected, among other things, the Company's net income and earnings per share, and its general financial condition. Roberts circumvented internal accounting controls by her involvement in the improper reserve and revenue recognition practices, and, as a result, caused Ulticom to fail to maintain a system of internal accounting controls sufficient to provide assurances that its liabilities, expenses, and revenue were recorded as necessary to permit the proper preparation of financial statements in conformity with GAAP.

C. Roberts's Material Misrepresentations to Ulticom's Auditors

65. As Ulticom's Vice President of Finance, Roberts signed false management representation letters that were provided to Ulticom's outside auditor from March 13, 2000 to April 27, 2001. Among other things, Roberts represented to auditors that the audited financial statements included in the prospectuses for Ulticom's IPO and follow-on offering "present[ed] fairly the financial position, results of operations, and cash flows of the Company for the periods given."

66. With the knowledge of the Former CFO, Roberts also made other oral and written misrepresentations to the Company's outside auditor, primarily about the reasons for revenue deferrals in 1999 and 2000. Roberts improperly claimed that such deferrals were related to acceptance issues, when in fact there were no acceptance issues. For example, Roberts knowingly misrepresented to Ulticom's outside auditor the reasons for the deferral of \$775,000 in revenues related to a certain contract to the first quarter of fiscal 1999.

FIRST CLAIM
Violations of Securities Act Section 17(a)

67. The Commission realleges and incorporates by reference each and every allegation contained in Paragraphs 1 through 66 above.

68. Roberts directly or indirectly, knowingly, recklessly, or negligently, in the offer or sale of Ulticom securities, by use of the means or instruments of transportation or communication in interstate commerce, or by use of the mails, has: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices or courses of business which operated or would have operated as a fraud or deceit upon purchasers of Ulticom securities.

69. By engaging in the conduct alleged above, Roberts violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

SECOND CLAIM

Violations of Exchange Act Section 10(b) and Exchange Act Rule 10b-5 Thereunder

70. The Commission realleges and incorporates by reference each and every allegation contained in Paragraphs 1 through 66 above.

71. Roberts directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or of a facility of a national securities exchange, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact, necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of Ulticom securities.

72. By engaging in the conduct alleged above, Roberts violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

THIRD CLAIM

Violations of Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1

73. The Commission realleges and incorporates by reference each and every allegation contained in Paragraphs 1 through 66 above.

74. Roberts knowingly circumvented or knowingly failed to implement a system of internal accounting controls or knowingly falsified books, records or accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

75. Roberts, directly or indirectly, falsified or caused to be falsified books, records or accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

76. By engaging in the conduct alleged above, Roberts violated Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1].

FOURTH CLAIM

Violations of Exchange Act Rule 13b2-2

77. The Commission realleges and incorporates by reference each and every allegation contained in Paragraphs 1 through 66 above.

78. Roberts, directly or indirectly, (i) made, or caused to be made, materially false or misleading statements or (ii) omitted to state, or caused others to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, to an accountant in connection with an audit, review or examination of financial statements or the preparation or filing of a document or report required to be filed with the Commission.

79. By engaging in the conduct alleged above, Roberts violated Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

FIFTH CLAIM

Aiding and Abetting Ulticom's Violations of Exchange Act Section 13(a) and Exchange Act Rules 13a-1, 13a-11, and 13a-13 Thereunder

80. The Commission realleges and incorporates by reference Paragraphs 1 through 66 above.

81. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and Rules 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.13a-1, 240.13a-11, and 240.13a-13] thereunder, require issuers of registered securities to file with the Commission factually accurate annual, quarterly, and current reports.

82. Ulticom violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.13a-1, 240.13a-11, and 240.13a-13].

83. By engaging in the conduct alleged above, Roberts knowingly provided substantial assistance to Ulticom in its violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.13a-1, 240.13a-11, and 240.13a-13], thereby aiding and abetting Ulticom's violations of Exchange Act Sections 13(a) Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.13a-1, 240.13a-11, and 240.13a-13; therefore, Roberts is liable pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

SIXTH CLAIM

Aiding and Abetting Ulticom's Violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B)

84. The Commission realleges and incorporates by reference Paragraphs 1 through 66 above.

85. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires issuers to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain the accountability of assets.

86. Ulticom violated Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

87. By engaging in the conduct alleged above, Roberts knowingly provided substantial assistance to Ulticom in its violations of the aforementioned provisions, thereby aiding and abetting Ulticom's violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)]; therefore, Roberts is liable pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

SEVENTH CLAIM
Aiding and Abetting Ulticom's Violations of Exchange Act Section 14(a) and Exchange Act Rule 14a-9 Thereunder

88. The Commission realleges and incorporates by reference each and every allegation contained in Paragraphs 1 through 66 above.

89. Ulticom, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, solicited by means of a proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing statements which, at the time and in light of the circumstances under which they were made, were false and misleading with respect to material facts, or omitted to state material facts

necessary in order to make the statements therein not false or misleading or necessary to correct statements in earlier communications with respect to the solicitation of the proxy for the same meeting or subject matter which was false or misleading.

90. Ulticom violated Exchange Act Section 14(a) [15 U.S.C. § 78n(a)] and Exchange Act Rule 14a-9 [17 C.F.R. § 240.14a-9].

91. By engaging in the conduct alleged above, Roberts knowingly provided substantial assistance to Ulticom in its violations of the aforementioned provisions, thereby aiding and abetting Ulticom's violations of Exchange Act Section 14(a) [15 U.S.C. § 78n(a)] and Exchange Act Rule 14a-9 [17 C.F.R. § 240.14a-9]; therefore, Roberts is liable pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

PRAYER FOR RELIEF

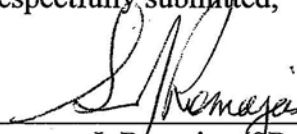
WHEREFORE, the Commission respectfully prays that this Court:

- (a) permanently enjoin Roberts from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Exchange Act Rules 10b-5, 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.13b2-1 and 240.13b2-2]; and from aiding and abetting violations of Section 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B), and 78n(a)], and Exchange Act Rules 13a-1, 13a-11, 13a-13, and 14a-9 [17 C.F.R. §§ 240.13a-1, 240.13a-13, 240.13a-11, and 240.14a-9];
- (b) pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], order Roberts to pay civil money penalties;
and

(c) pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)] and Exchange Act Section 21(d)(2) [15 U.S.C. § 78u(d)(2)], prohibit Roberts from acting as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)].

Dated: June 16, 2009
Washington, DC

Respectfully submitted,



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