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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 vs.

17 MICHAEL J. BYRD,

18 Defendant.
19

Civil Action No.

COMPLAINT

WHA
07 42231

20
21 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

22 SUMMARY OF THE ACTION

23 1. From at least 2000 through 2004, Brocade Communications Systems, Inc. ("Brocade" or
24 "the Company"), a San Jose computer storage networking company, concealed millions of dollars in
25 expenses from investors and significantly overstated its income by falsifying records relating to
26 employee stock option grants. The fraudulent scheme was executed by former chief executive officer
27 Gregory L. Reyes ("Reyes"), who routinely backdated stock option grants to give Brocade employees
28 and recruits valuable "in-the-money" stock options without disclosing the practice or recognizing the

