UNITED STATES OF AMERICA Before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934 Release No. 69224 / March 25, 2013

ADMINISTRATIVE PROCEEDING File No. 3-15257

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In the Matter of	:
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SUSAN SKAER, Esq.,	:
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Respondent.	:
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ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Susan Skaer ("Respondent" or "Skaer") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over her and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e)

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, ... suspend from appearing or practicing before it any attorney ... who has been by name ... [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Skaer, age 49, is a California resident living in Emerald Hills, California. Skaer is a member of the California state bar. Skaer served as General Counsel of Mercury Interactive Corporation ("Mercury") from November 2000 to November 2005, and as Secretary of the company from May 2001 to November 2005. From October 1996 to November 2000, Skaer was a partner with the law firm GCA Law Partners LLP (formerly General Counsel Associates LLP). During her tenure with GCA Law Partners LLP, Skaer served at various times as outside counsel to Mercury. Skaer holds a bachelor's degree from the University of North Carolina and a law degree from the University of Virginia.

2. Mercury was acquired by Hewlett-Packard Company ("HP") by an agreement consummated on November 8, 2006, and is now Mercury Interactive, LLC, a non-trading subsidiary of HP. Prior to the consummation of the merger, Mercury was a corporation headquartered in Mountain View, California, and organized under the laws of Delaware. Mercury made software used to test and optimize information technology systems and software applications. At the time of the conduct described in this Order, the company's common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and listed on the NASDAQ under the symbol MERQ.

3. On May 31, 2007, the Commission filed a complaint against Skaer in <u>Securities and Exchange Commission v. Mercury Interactive, et al.</u>, Civil Action Number C 07-2822 (WHA/JSC), in the United States District Court for the Northern District of California. On March 19, 2013, the court entered an order permanently enjoining Skaer by consent from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, Sections 13(b)(5) and 14(a) of the Exchange Act, and Exchange Act Rules 13b2-1, 13b2-2, and 14a-9, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, and 13a-13. The final judgment also ordered her to pay disgorgement of \$423,136, prejudgment interest in the amount of \$204,901, and a \$225,000 civil penalty.

4. The Commission's complaint alleged, among other things, that beginning in 1999, Skaer prepared or directed the preparation of documentation of in-the-money stock option grants to Mercury employees and executives, the grant dates for which were chosen with the benefit of hindsight. According to the complaint, the granting of such in the money stock options caused Mercury, between 1999 and 2005, (i) to file materially false and misleading financial statements that materially understated its compensation expenses and materially overstated its quarterly and annual net income and earnings per share, and (ii) to make disclosures in its periodic filings and proxy statements that falsely portrayed Mercury's options as having been granted at exercise prices equal to the fair market value of Mercury's common stock on the date of the grant. IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Skaer's Offer.

Accordingly, it is hereby ORDERED pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice, effective immediately, that:

Skaer is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy Secretary