

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934  
Release No. 61146 / December 10, 2009**

**ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 3075 / December 10, 2009**

**ADMINISTRATIVE PROCEEDING  
File No. 3-13708**

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<b>In the Matter of</b>	<b>:</b>	<b>ORDER INSTITUTING PUBLIC ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS</b>
<b>Kenneth Mueller, CPA</b>	<b>:</b>	
<b>Respondent.</b>	<b>:</b>	
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	<b>:</b>	

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**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 Kenneth Mueller, CPA, (“Respondent” or “Mueller”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**II.**

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<sup>1</sup> 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 . . . accountant . . . who has been by name . . . permanently 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.

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 him and the subject matter of these proceedings, and the findings contained in paragraph three of Section III below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) 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. Kenneth Mueller, age 56, was the Chief Financial Officer (“CFO”) of SafeNet, Inc., from June 2004 until he resigned on April 6, 2006. Since July 30, 1984, Mueller has been a Certified Public Accountant in the state of Illinois.

2. SafeNet, Inc. (“SafeNet” or the “Company”) is a Delaware corporation, with its headquarters in Belcamp, Maryland. SafeNet produces information security software products. During the relevant period, 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 Global Market under the symbol “SFNT.” In April 2007, SafeNet was taken private by Vector Capital Corporation.

3. On November 12, 2009, the Commission filed a complaint against Mueller in SEC v. SafeNet, Inc., et. al., Civil Case No. 09-2117 (D.D.C.). On December 2, 2009, the court entered a final judgment permanently enjoining Mueller, by consent, from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(b)(5), 14(a), and 16(a) of the Exchange Act, and Rules 10b-5, 13a-14, 13b2-1, 13b2-2, 14a-9, 16a-3, and Regulation G thereunder; and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder. Mueller was also prohibited, for a period of five years, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act, and was ordered to pay disgorgement of \$37,000, plus prejudgment interest of \$13,561, and a civil penalty of \$75,000.

4. The Commission’s complaint alleged that, during the period from the fourth quarter of 2000 through May 2006, SafeNet, through the actions of its former senior officers, engaged in a scheme to backdate option grants to senior executives and other employees in order to take advantage of low points in the Company’s stock price, without recording the requisite compensation expense for these option grants. The complaint alleged that, in late 2004, Mueller learned of SafeNet’s backdating practice. According to the complaint, after learning of the practice, Mueller continued the backdating scheme by, among other actions, approving a highly favorable historical date, coinciding with a low closing stock price, to use as the grant date for option grants to himself and other SafeNet employees. In addition, the complaint alleged that,

from the third quarter of 2004 through the second quarter of 2005, SafeNet, through the actions of Mueller, another former officer, and three former accountants, engaged in a scheme to assist SafeNet in meeting or exceeding quarterly earnings per share targets through the use of improper accounting adjustments. According to the complaint, as a result of each of these schemes, SafeNet's periodic reports, registration statements, and press releases contained materially misstated financial results and materially false and misleading information concerning SafeNet's financial condition. The complaint alleged that, during Mueller's involvement in the two schemes, as SafeNet's CFO, he prepared, reviewed and/or signed SafeNet's materially false and misleading securities filings and press releases.

#### IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Mueller is suspended from appearing or practicing before the Commission as an accountant.

B. After five years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must further satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the respondent's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews, and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state Registration License is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy  
Secretary