In the Matter of Nicole Rae Kaplan, CPA, Respondent.

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 Nicole Rae Kaplan (“Respondent” or “Kaplan”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.1

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 . . . 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.
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) 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. Kaplan, age 40, of Agoura Hills, California, became a certified public accountant licensed to practice in the State of California in 1996; her license expired in February 2005. Kaplan began work at Vitesse Semiconductor Corporation (“Vitesse” or the “Company”), in 1998 as Manager of Finance, and in 2004 she became the Company’s Director of Finance. She officially resigned from Vitesse on April 14, 2006.

2. Vitesse based in Camarillo, California, is a major producer of high-performance integrated circuits for use primarily by systems manufacturers in the storage and communications industries. Vitesse was incorporated in Delaware in 1987, is headquartered in Camarillo, California, and maintains a September 30th fiscal year-end. During the relevant period, the Company’s common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and traded on the Nasdaq National Market under the symbol VTSS. The Company’s common stock is currently traded on the Nasdaq National Market under the symbol “VTSS.”

3. On March 22, 2011, a final judgment was entered against Kaplan, permanently enjoining her from future violations of Section 17(a) of the Securities Act of 1933; Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, and aiding and abetting violations of Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) and Rules 12b-20, 13a-1, and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Nicole R. Kaplan, et al., Civil Action Number 10-CV-9239, in the United States District Court for the Southern District of New York. Kaplan was also ordered to pay $31,050 in disgorgement of ill-gotten gains and $16,445 in prejudgment interest.

4. The Commission’s complaint alleged, among other things, that Vitesse engaged in fraudulent revenue recognition practices that resulted in the Company filing with the Commission materially false and misleading financial statements in annual reports on Form 10-K and quarterly reports on Forms 10-Q from at least late 2001 through early 2006. The complaint alleges that Kaplan participated in prematurely and improperly recording revenues on product shipments to Vitesse’s distributors and
customers; failed to timely and properly record customer credits from the return of unwanted product; and
directed the misapplication of cash to account receivable balances in order to obscure the true age of the
receivables. The complaint alleges that Kaplan engaged in the foregoing misconduct from late 2001
through 2005. As a result, the complaint alleges that Kaplan, among other violations: engaged in
fraudulent accounting practices that materially misstated the company’s annual and quarterly financial
statements, which she reviewed or participated in preparing; knowingly circumvented or failed to
implement Vitesse’s system of internal accounting controls and falsified Vitesse’s books, records, or
accounts; and made material misrepresentations to Vitesse’s independent auditor.

IV.

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

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

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

By the Commission.

Elizabeth M. Murphy
Secretary
Service List

Rule 141 of the Commission’s Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), on the Respondent and her legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557

Richard Dominguez, Esq.  
Division of Enforcement  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-5561

Ms. Nicole Rae Kaplan, CPA  
c/o James T. Duff, Esq.  
Law Offices of James T. Duff  
One Wilshire Boulevard, Suite 2210  
Los Angeles, CA 90017

James T. Duff, Esq.  
Law Offices of James T. Duff  
One Wilshire Boulevard, Suite 2210  
Los Angeles, CA 90017  
(Counsel for Nicole Rae Kaplan)