UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70074 / July 30, 2013

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3473 / July 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15395

In the Matter of   : CORRECTED 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
Subramanian Krishnan ("Krishnan" or “Respondent”) 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

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.
herein, except as to the Commission’s jurisdiction over him 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. Krishnan, age 58, is and has been a certified public accountant licensed to practice in the State of Minnesota since 1983. He served as Chief Financial Officer and Senior Vice President of Digi International, Inc. (“Digi” or the “Company”), from February 1999 until his resignation in May 2010.

2. Digi was, at all relevant times, a Delaware corporation headquartered in Minnesota. At all relevant times, Digi manufactured device networking products for businesses. At all relevant times, Digi’s common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”), and traded on the NASDAQ Global Select Market.

3. On September 28, 2012, the Commission filed a complaint against Krishnan in SEC v. Subramanian Krishnan (Civil Action No. 0:12-cv-02495-PAM-JJG) in the United States District Court for the District of Minnesota. On October 17, 2012, the court entered an order permanently enjoining Krishnan, by consent, from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”); Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1, 13b2-2, and 13a-14 thereunder, and 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 and 13a-13 thereunder; and from acting as an officer or director of a public company for a period of time to be determined by stipulation or subsequent motion by the Commission. On July 15, 2013, Krishnan was also ordered to pay a $60,000 civil money penalty and is prohibited from acting as an officer or director of a public company for a period of five years from the date of the Commission’s complaint.

4. The Commission’s complaint alleged that Krishnan engaged in a course of conduct which resulted in Digi filing inaccurate reports and accompanying certifications in Digi’s annual reports on Form 10-K and Digi’s quarterly reports on Form 10-Q for the period from March 2005 through May 2010. The complaint also alleged that Krishnan engaged in certain actions and inactions: a result of which corporate funds were used to pay for unauthorized expenses. The complaint further alleged that Krishnan aided and abetted Digi’s violations by making and keeping inaccurate books and records, failing to maintain a system of adequate internal controls and making inaccurate representations to auditors.

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

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

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

B. After five years (or 60 months) 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 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 CPA 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