

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

SECURITIES AND EXCHANGE
COMMISSION
100 F Street, N.E.
Washington, DC 20549,

Plaintiff,

v.

KENT H. ROBERTS
4001 Lovers Lane Circle
Dallas, TX 75225,

Defendant.

CASE NUMBER 1:07CV00407

JUDGE: Emmet G. Sullivan

DECK TYPE: General Civil

DATE STAMP: 02/28/2007

COMPLAINT FOR INJUNCTIVE RELIEF

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

SUMMARY

1. Defendant Kent H. Roberts ("Roberts"), former General Counsel, Corporate Secretary, and Executive Vice-President at McAfee, Inc., formerly known as Network Associates, Inc. ("McAfee"), engaged in a fraudulent scheme to enrich himself and others by secretly changing the dates on which stock options awards had been granted to coincide with lower closing prices of McAfee's common stock, resulting in disguised "in-the-money" option grants. Roberts falsified company documents, including meeting minutes from the McAfee Board of Directors' Compensation Committee, to make it appear that McAfee's Compensation Committee had approved the disguised option grants on the favorable dates that Roberts had chosen. In addition, Roberts helped to prepare and signed McAfee's 2002 and 2003 proxy statements, filed with the

Commission, which he knew, or was reckless in not knowing, contained false information and omitted material information concerning his option grant and grants to other McAfee officers, including, in particular, that Roberts had on more than one occasion circumvented McAfee's shareholder-approved options plan to improperly increase his potential stock-based compensation and the stock-based compensation of others. Roberts also made false statements concerning the true grant dates and proper exercise prices for his own stock options in stock ownership reports that he filed with the Commission.

2. By engaging in such conduct, Roberts violated numerous provisions of the Securities Exchange Act of 1934 ("Exchange Act") and the rules promulgated thereunder, including the anti-fraud provisions, the proxy solicitation provisions, the public company internal controls provisions, and certain securities ownership reporting provisions.

3. Unless enjoined, Roberts is likely to commit future violations of these provisions of the federal securities laws. Accordingly, the Commission seeks an Order enjoining him from doing so, requiring disgorgement of all ill-gotten gains and benefits obtained as a result of his violations and prejudgment interest thereon, and payment of civil money penalties. In addition, he should be prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)].

21. A week later, on January 23, 2002, the CEO wrote in an email to Roberts and McAfee's Senior Vice President of Human Resources: "On January 16 it appears that the stock price finished at \$25.43 ... is this the price that the new options will be set at?? Is that the low for those days after the Board Meeting??" Roberts replied on the same day: "The close on Jan 16 is the right price."

22. Roberts prepared the minutes from the January 15, 2002 Compensation Committee meeting. The minutes falsely state: "The Committee directed that [the CEO] be granted an additional stock option for 420,000 shares on January 16, 2002, at the closing price on that date."

23. Roberts was not authorized to unilaterally change the grant date or exercise price for the CEO's option grant. Pursuant to McAfee's shareholder approved stock option plan, Roberts' changes to the grant date required the approval of McAfee's Compensation Committee. The Compensation Committee was never told about, and did not approve, Roberts' decision to re-price this option grant.

24. On December 29, 2006, McAfee filed with the Commission a Current Report on Form 8-K in which it disclosed that it had revised the grant date for this option to January 15, 2002, "the date on which Compensation Committee approval was obtained," and, in turn, increased the option's exercise price to \$27.19 per share, the closing price of McAfee's stock on January 15, 2002.

Division President “holds 500,000 options that are immediately exercisable ... 25% of these shares vested on October 30, 2002, the first anniversary of [his] employment commencement....” Roberts knew or was reckless in not knowing that the McAfee Division President was not hired by and did not commence employment at McAfee until December 3, 2001, and that the 2002 Proxy and 2003 Proxy contained materially false statements relating to the pricing for this new-hire option grant.

36. The closing price of McAfee’s stock on October 30, 2001, was \$18.95, and the closing price on December 3, 2001, was \$22.08. The \$3.13 difference in pricing resulted in approximately \$1,565,000 in additional stock-based compensation to the McAfee Division President that was not disclosed by McAfee and Roberts in the company’s 2002 Proxy and 2003 Proxy.

37. Defendant Roberts’ conduct resulted in violations of the proxy reporting provisions of the federal securities laws by McAfee.

FIRST CLAIM
Roberts Violated Exchange Act Section 10(b) and Exchange Act Rule 10b-5
[Anti-Fraud Provisions]

38. Paragraphs 1 through 37 are realleged and incorporated herein by reference.

39. Roberts, directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or of a facility of a national securities exchange, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact, necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, transactions, practices, or courses of

50. Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Exchange Act Rule 16a-3 [17 C.F.R. § 240.16a-3] require officers, directors and beneficial owners of more than ten percent of any class of equity security registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] to file a report with the Commission disclosing any change of his or her beneficial ownership of those securities.

51. On or about January 10, 2002, as an officer of McAfee, Roberts filed a Form 3 (an "Initial Statement of Beneficial Ownership") with the Commission that contained false and misleading statements regarding the expiration date and exercise price for his stock option grant.

52. By engaging in the conduct described above, Roberts violated Exchange Act Section 16(a) [15 U.S.C. § 78p(a)] and Exchange Act Rule 16a-3 [17 C.F.R. § 240.16a-3], and unless enjoined will continue to violate Section 16(a) of the Exchange Act and Rule 16a-3.

FIFTH CLAIM

Roberts Aided and Abetted McAfee's Violations of Exchange Act Section 14(a) and Exchange Act Rules 14a-3 and 14a-9 [Proxy Reporting Provisions]

53. Paragraphs 1 through 52 are realleged and incorporated herein by reference.

54. McAfee, has, by engaging in conduct set forth above, directly or indirectly violated Exchange Act Section 14(a) [15 U.S.C. § 78n(a)] and Exchange Act Rules 14a-3 and 14a-9 [17 C.F.R. § 240.14a-3 and 17 C.F.R. § 240.14a-9].

55. Roberts knew, or was reckless in not knowing, that McAfee's conduct was unlawful, and Roberts knowingly and substantially assisted McAfee in directly or

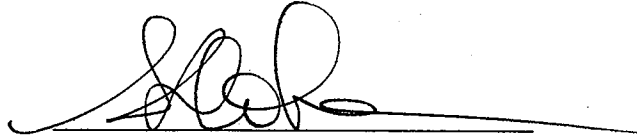
has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

(f) Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

(g) Grant such other and further relief as this Court may deem just and proper.

Dated: February 27, 2007

Respectfully submitted,

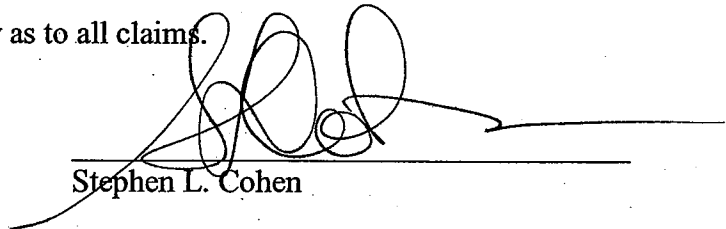


Stephen L. Cohen (D.C. Bar No. 478601)
Yuri B. Zelinsky
Lawrence C. Renbaum (D.C. Bar #450015)
Paul G. Lane (D.C. Bar #428821)

Attorneys for Plaintiff
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-4030
Telephone: (202) 551-4472 (Cohen)
Facsimile: (202) 772-9245 (Cohen)

JURY DEMAND

Plaintiff demands a trial by jury as to all claims.



Stephen L. Cohen