



## 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 paragraph three of Section III 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. Respondent Carole Argo, age 47, was licensed as a certified public accountant (“CPA”) by the State of New York in 1987. In June 2008, Argo agreed to surrender her CPA license to the State of New York. From June 1999 through June 2004, Argo served as senior vice president and chief financial officer (“CFO”) of SafeNet Inc. (“SafeNet” or the “Company”). Argo was SafeNet’s president and chief operating officer from June 2004 until October 2006, when she resigned as an officer of the Company. From April 2006 until her resignation in October 2006, Argo also acted as SafeNet’s interim CFO.

2. SafeNet, Inc. 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 Exchange Act and listed on the NASDAQ National Market under the symbol “SFNT.” In 2006, the NASDAQ National Market became an “exchange”, and as a result, the Company’s common stock was registered under Section 12(b), and traded on the NASDAQ National Market until April 12, 2007, when SafeNet was taken private as part of a private equity transaction.

3. On August 1, 2007, the Commission filed a complaint against Argo in SEC v. Carole Argo, Civil Case No, 07-1397 (RWR)(D.D.C). On September 24, 2008, the court entered an order permanently enjoining Argo, by consent, from future violations of: Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b), 13(b)(5), 14(a) and 16(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rules 10b-5, 13a-14, 13b2-1, 13b2-2, 14a-9, and 16a-3; 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. Argo was also prohibited, for a period of ten 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 a civil penalty of \$50,000 within six months from the date of entry of the judgment. The court further ordered that to the extent that, within six months from date of entry of the judgment, Argo makes any payments to satisfy all or some of the criminal fine imposed in United States v. Argo, those payments will reduce, on a dollar for dollar basis, Argo’s liability for the \$50,000 civil penalty.

4. The Commission's complaint alleged that, among other things, Argo and others, from at least the fourth quarter 2000 through the fourth quarter of 2005, participated in a fraudulent scheme to backdate option grants to take advantage of low points in SafeNet's stock price, without causing SafeNet to record a compensation expense for those option grants, as required by Generally Accepted Accounting Principles. The complaint further alleged that, in furtherance of the scheme, Argo routinely looked back and selected historical dates when SafeNet's stock price had closed at or near the low for a given period to use as grant dates for SafeNet option grants. According to the complaint, by selecting these highly favorable dates and causing options to be granted on dates when she knew they would be "in-the-money"-- that is, the exercise price of the options was lower than the market price of the stock on the date the options were granted -- Argo created an opportunity for herself and others at SafeNet to reap substantial profits. The complaint also alleged that Argo then backdated documents to conceal from SafeNet's investors and outside auditors that SafeNet was issuing in-the-money option grants. In addition, the complaint alleged that, in connection with this scheme, from at least the fourth quarter of 2000 through the second quarter of 2006, Argo prepared and/or reviewed proxy statements, periodic reports, and Securities Act registration statements that she knew, or was reckless in not knowing, contained materially false and misleading statements and omissions concerning SafeNet's financial condition and options granting practices.

5. On August 1, 2007, the United States Attorney's Office for the Southern District of New York indicted Argo for her role in the options backdating scheme at SafeNet. On January 28, 2008, Argo pleaded guilty to one count of securities fraud in United States v. Argo, 1:07CR0683-01 (JSR). In connection with this conviction, Argo was sentenced to six months of incarceration and assessed a criminal fine of \$1,000,000.

#### IV.

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

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

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

By the Commission.

Florence E. Harmon  
Acting Secretary