

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 54712 / November 6, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2510 / November 6, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12469**

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<p><b>In the Matter of</b></p> <p><b>DAVID KREINBERG, CPA,</b></p> <p><b>Respondent.</b></p>	<p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p>	<p><b>ORDER INSTITUTING</b></p> <p><b>ADMINISTRATIVE PROCEEDINGS</b></p> <p><b>PURSUANT TO RULE 102(e) OF THE</b></p> <p><b>COMMISSION’S RULES OF</b></p> <p><b>PRACTICE, MAKING FINDINGS, AND</b></p> <p><b>IMPOSING REMEDIAL SANCTIONS</b></p>
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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 David Kreinberg, CPA (“Respondent” or “Kreinberg”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**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

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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.

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 Section III.4 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. Kreinberg, 41, a resident of Teaneck, New Jersey, is a certified public accountant with a lapsed New York license. Kreinberg held various positions, including senior manager, at Deloitte & Touche LLP ("D&T") until April 1994, when he became Vice President of Financial Planning at Comverse Technology, Inc. ("CTI"). He served as Vice President of Finance and Treasurer at CTI from 1996 until May 1999. Kreinberg performed many of the day-to-day functions of the CFO prior to being appointed as CFO. In May 1999, Kreinberg was appointed CFO of CTI. He resigned this position on April 28, 2006. Kreinberg also served as the CFO of Ulticom, Inc. ("Ulticom") from December 1999 to September 2001, and was a Director of Ulticom between April 2000 and April 28, 2006. Kreinberg reviewed and signed each of CTI's annual reports on Form 10-K since April 2000, and quarterly reports on Form 10-Q since June 1999. He assisted in the preparation of CTI's annual and quarterly reports beginning in 1994. He also reviewed, approved and helped to prepare each proxy statement CTI filed since at least 1999.

2. CTI was, at all relevant times, a New York corporation, the subsidiaries of which provided software, systems and related services for multimedia communication and information processing applications. CTI was headquartered in Woodbury, New York, throughout most of the relevant period and currently maintains office space and/or operations facilities in Manhattan and Long Island, New York; its subsidiaries had operating facilities in Wakefield, Massachusetts; Tel Aviv, Israel and various other locations within the United States, Europe, Asia, South America, Africa and Canada. Prior to July 31, 2006, CTI'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 National Market System under the symbol "CMVT." It is now registered under Section 12(b) and continues to trade on the NASDAQ National Market System. CTI's fiscal year ends on January 31. Prior to 1998, CTI's fiscal year ended on December 31.

3. Ulticom is a New Jersey corporation based in Mount Laurel, New Jersey, that provides service enabling signaling software for fixed, mobile and Internet communications. Prior to July 31, 2006, Ulticom's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and traded on the NASDAQ National Market System under the symbol "ULCM." It is now registered under Section 12(b) and continues to trade on the NASDAQ National Market System. Prior to going public in 2000, Ulticom was a wholly-owned subsidiary of CTI. Ulticom is currently a majority-owned subsidiary of CTI. Ulticom's fiscal year ends on January 31.

4. On November 2, 2006, a final judgment was entered against Kreinberg, permanently enjoining him from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b), 13(b)(5), 14(a), and 16(a) of the Exchange Act, and Exchange Act Rules 10b-5, 13a-14, 13b2-1, 13b2-2, 14a-9, and 16a-3, and for aiding and abetting violations of Section 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, in the civil action entitled Securities and Exchange Commission v. Jacob “Kobi” Alexander et. al, Civil Action Number 1:06-CV-03844-NGG-RER, in the United States District Court for the Eastern District of New York. Kreinberg was also prohibited 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 \$2,394,917.68 in disgorgement, which includes prejudgment interest.

5. The Commission’s Complaint alleges, among other things, that no later than 1998, Kreinberg engaged in a fraudulent scheme with CTI’s former Chairman and Chief Executive Officer and CTI’s former General Counsel and later, Senior General Counsel, to grant undisclosed, in-the-money options to themselves and others, by backdating stock option grants to coincide with historically low closing prices for CTI’s stock. From 1999 through at least April 2002, the Complaint also alleges that Kreinberg and CTI’s former Chairman and Chief Executive Officer created a slush fund of backdated options which the former Chairman and Chief Executive Officer, with Kreinberg’s knowledge, were used to recruit and retain key personnel. According to the Complaint, Kreinberg’s fraudulent misconduct caused CTI, between fiscal year 1998 and fiscal year 2005, (i) to file materially false and misleading financial statements that materially understated its compensation expenses and materially overstated its quarterly and annual net income and earnings per share, and (ii) to make disclosures in its periodic filings and proxy statements that falsely portrayed CTI’s options as having been granted at exercise prices equal to the fair market value of CTI’s common stock on the date of the grant. According to the Complaint, Kreinberg also misled CTI’s outside auditors in an attempt to hide the scheme. The Complaint alleges that Kreinberg, and others, failed to file all required Commission Forms 3 and 4 to disclose his option-related activity and also filed Forms 3 and 4 that contained false or misleading statements with regard to the options’ expirations dates (based on backdated grant dates) and the exercise prices. Beginning in 2000, the Complaint alleges that Kreinberg initiated a similar backdating scheme at Ulticom, a publicly-traded company whose stock was majority-owned by CTI, which resulted in Ulticom making materially false and misleading financial statements, and materially false and misleading disclosures regarding option grants, in its filings with the Commission.

**IV.**

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

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

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

By the Commission.

Nancy M. Morris  
Secretary