

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 65996 / December 16, 2011**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3347 / December 16, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14671**

**In the Matter of**

**Stuart W. Fuhlendorf,**

**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 Stuart W. Fuhlendorf ("Respondent" or "Fuhlendorf") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.<sup>1</sup>

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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.

## 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 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. Fuhlendorf, age 49, is the former Chief Financial Officer of Isilon Systems, Inc. (“Isilon”), having served in that capacity from approximately May 2004 to October 2007. Fuhlendorf is a resident of Golden, Colorado.
2. Isilon was, at all relevant times, a Delaware corporation headquartered in Seattle, Washington, which sold clustered storage systems and software for digital content. From December 2006 through November 2010, Isilon’s common stock was registered under Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and was quoted on the Nasdaq.
3. On November 23, 2011, a final judgment was entered against Fuhlendorf, permanently enjoining him from future violations of Sections 17(a)(2) and (3) 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, in the civil action entitled Securities and Exchange Commission v. Stuart W. Fuhlendorf, Civil Action Number 2:09-CV-01292-MJP, in the United States District Court for the Western District of Washington. The final judgment also prohibits Fuhlendorf from acting as an officer or director of a public company for a period of three years.
4. The Commission’s complaint alleged, among other things, that Fuhlendorf engaged in a financial reporting fraud which caused Isilon to materially overstate revenue in periodic reports filed with the Commission during a three-quarter period in 2006 and 2007. The Complaint alleged that Fuhlendorf participated in recording revenue from sales transactions with improper terms that materially increased Isilon’s quarterly revenue in a departure from Generally Accepted Accounting Principles (“GAAP”).

#### IV.

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

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

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

B. After three years 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 an accountant.

By the Commission.

Elizabeth M. Murphy  
Secretary