

Police & Fire Retirement System of the City of Detroit v. SafeNet, Inc., et al.

COURT: United States District Court, Southern District of New York
CASE NUMBER: 06-cv-5797
JUDGE: Hon. Paul A. Crotty
CLASS PERIOD: 03/31/2003 - 05/18/2006
CASE CONTACTS: Jeremy P. Robinson

Securities fraud class action filed on behalf of a class of persons or entities who purchased or otherwise acquired the publicly-traded securities of SafeNet, Inc. ("SafeNet" or the "Company") between March 31, 2003 and May 18, 2006 (the "Class Period").

On February 21, 2007, the Honorable Paul A. Crotty of the Southern District of New York appointed BLB&G client the Police and Fire Retirement System of the City of Detroit, as well as the Plymouth County Retirement System and the State-Boston Retirement System, as Co-Lead Plaintiffs for the Class in the consolidated action. BLB&G was appointed as Co-Lead Counsel. A Consolidated Class Action Complaint was filed on August 1, 2008

The complaint alleges that during the Class Period, SafeNet and the individual defendants violated the federal securities laws by issuing false and misleading proxy statements and periodic SEC filings. The complaint also alleges that, throughout the Class Period, defendants improperly administered SafeNet stock option plans to provide themselves with unlawful benefits, which they materially misrepresented and failed to disclose to the public and which they failed to properly account for in SafeNet's reported financial statements. Defendants' misrepresentations regarding the stock option grants were disseminated to the public in SafeNet's annual and quarterly filings, as well as annual proxy statements, throughout the Class Period.

The complaint further alleges that in connection with SafeNet's solicitation for the approval of its stock-for-stock merger transaction with Rainbow, effectuated on March 15, 2004, SafeNet and certain of the individual defendants issued a false and misleading registration statement and joint proxy statement/prospectus, thereby injuring Rainbow's shareholders who accepted the terms of the merger exchange.

On August 5, 2009, the Court granted in part and denied in part defendants' motions to dismiss the action. The Court upheld Plaintiffs' core options-backdating allegations against SafeNet and its two most senior officers, former Chief Executive Officer Anthony A. Caputo and former Chief Financial Officer Carole Argo. On March 10, 2010, Plaintiffs filed an amended complaint that added certain Defendants and alleged additional details concerning defendants' fraudulent scheme.

After substantial discovery, on July 6, 2010, the parties reached an agreement in principle to settle the case for a payment of \$25 million in cash by SafeNet in exchange for a release of all claims. On December 20, 2010, the Court granted final approval of the \$25 million settlement.