

# HP pays US\$108m in US to settle bribery probes

WASHINGTON, USA: US computer giant Hewlett-Packard agreed to pay US\$108m to settle investigations that it paid bribes to win public contracts in Russia, Poland and Mexico, officials said on Wednesday (9 April).



HP has paid US\$108m for bribing foreign officials.  
Image: FrameAngel [Free Digital Photos](#)

The settlement covers criminal and civil investigations under the Foreign Corrupt Practices Act, according to a statement from the US Securities and Exchange Commission.

According to authorities, the California company's subsidiary in Russia paid more than US\$2m through agents and various shell companies to a Russian government official to retain a multimillion dollar contract with the federal prosecutor's office.

In Poland, gifts and cash bribes worth more than US\$600,000 were paid to a Polish government official to obtain contracts with the national police agency.

And in Mexico, HP paid more than US\$1m in inflation commissions to a consultant to win a software sale to Mexico's state-owned petroleum company Pemex. Some of that money was channelled to a company official.

"Hewlett-Packard subsidiaries created a slush fund for bribe payments, set up an intricate web of shell companies and bank accounts to launder money, employed two sets of books to track bribe recipients, and used anonymous email accounts and prepaid mobile telephones to arrange covert meetings to hand over bags of cash," said Deputy Assistant Attorney General Bruce Swartz in a statement.

## Lack of internal controls

Kara Brockmeyer, an SEC enforcement official, said HP lacked internal controls and allowed the bribes to be recorded "as legitimate commissions and expenses."

According to US officials, the bribes in Mexico were paid between 2008 and 2009, in Poland between 2006 and 2010 and in Russia from between 2000 and 2007.

HP acknowledged the settlement in a separate statement and noted that it calls for "certain compliance, reporting and co-operation obligations."

"The misconduct described in the settlement was limited to a small number of people who are no longer employed by the company," said John Schultz, executive vice president and general counsel for the company.

"HP fully co-operated with both the Department of Justice and the Securities and Exchange Commission in the investigation of these matters and will continue to provide customers around the world with top quality products and services without interruption," he said.

Source: AFP via I-Net Bridge

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