

HP fined \$59m for bribing Russian officials

SAN FRANCISCO, USA: A judge ordered US computer company Hewlett-Packard to pay \$58.8m for bribing Moscow government officials to buy HP computers for Russia's Prosecutor General's office.



The FBI's Andrew McCabe says that for more than ten years HP was involved in paying bribes to government officials to win contracts. Image: [Tickle The Wire](#)

Northern California US District Judge Lowell Jensen hit HP with the fine after the company pleaded guilty to violating anti-bribery and accounting provisions of the Foreign Corrupt Practices Act, the US Department of Justice said in a release.

According to a negotiated plea bargain, executives in an HP Russia subsidiary created a multi-million-dollar slush fund, from which money was used to bribe Russian officials who awarded the company a \$45m contract with the Office of the Prosecutor General of Russia.

"Hewlett Packard's Russia subsidiary used millions of dollars in bribes from a secret slush fund to secure a lucrative government contract," Principal Deputy Assistant Attorney General Marshall Miller of the Justice Department's Criminal Division said in a release.

"Even more troubling was that the government contract up for sale was with Russia's top prosecutor's office," he said.

The plea deal came as part of an agreement by HP in April to pay a total of \$108m to settle investigations that it paid bribes to win public contracts in Russia, Poland and Mexico.

Bribes bring in business

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 \$2m in bribes through agents and various shell companies, using two sets of books and secret spreadsheets to keep track of affairs.

"For more than a decade HP Russia business executives participated in an elaborate scheme that involved paying bribes to government officials in exchange for large contracts," FBI Washington Field Office Assistant Director-in-Charge Andrew McCabe said in a release.

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

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

SEC investigators in April 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 2000 to 2007.



HP's John Schulz claims that none of the people involved in paying bribes by HP are employed by the company anymore. Image: [Blogspot](#)

HP acknowledged the settlement in a separate statement in April and noted that it calls for "certain compliance, reporting and cooperation 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.

Source: AFP via I-Net Bridge

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