

## Germany probes alleged kickbacks in HP deal

April 15 2010, By GEIR MOULSON , Associated Press Writer

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(AP) -- Three people who once worked for Hewlett-Packard Co. were arrested in an investigation of alleged kickbacks totaling euro8 million (\$10.9 million) surrounding a deal to sell equipment to Russian authorities, German prosecutors said Thursday.

The three were arrested in Germany and Switzerland in December and later freed on bail, said Wolfgang Klein, a spokesman for prosecutors in Dresden. He did not give their nationalities or other details, but said at least two of them no longer work for HP.

A total of nine people are under investigation in the case, but Hewlett-Packard itself is not being investigated and is believed to have been a victim, Klein said.

The six others did not work for HP but allegedly were involved in handling a euro35 million deal to deliver computers, software and hardware to the Russian prosecutors' office.

The contract for that deal was signed in 2000, and the deliveries continued until 2006 or 2007, Klein said.

Prosecutors believe that a total of euro8 million was paid in kickbacks, but it is unclear to whom, Klein said.

"The euro8 million flowed via a network of firms, via various accounts abroad and overseas, and assembled somewhere," Klein said. "We are

trying to clear up the whereabouts of the 8 million."

The people under investigation are suspected of offenses including breach of trust, tax evasion and money laundering, he added.

The matter came to Dresden prosecutors' attention when a tax office in Germany's Saxony state inspected a local company over whose account kickbacks allegedly were paid, Klein said. He did not identify the company.

Searches have been carried out in Austria and Russia in the investigation, and prosecutors have directed several requests for legal assistance to countries where bank accounts allegedly involved are held, Klein said.

A Hewlett-Packard office in Moscow was searched on Wednesday. Russian prosecutors said in a statement that the investigation was carried out at the request of German authorities but didn't elaborate.

"This is an investigation of alleged conduct that occurred almost seven years ago, largely by employees no longer with HP," the company said in a brief statement.

"We are cooperating fully with the German and Russian authorities and will continue to conduct our own internal investigation," it added.

HP, based in Palo Alto, California, is the world's No. 1 personal computer maker.

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