

HP to pay 55 million dollars in kickbacks case

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The settlement resolves allegations that HP paid kickbacks to systems integrator companies in return for recommendations that US agencies buy HP products, the department said in a statement.

It also resolves claims that a 2002 contract between HP and the General Services Administration, the US government's chief procurement body, was defectively priced because HP provided incomplete information to the GSA.

The 2002 contract involved sales of computer equipment and software to federal agencies by the California-based company, the world's largest computer maker.

"Contractors must deal fairly with the government when doing business with federal agencies," US assistant attorney general Tony West said.

"As this case demonstrates, we will take action against those who seek to taint the government procurement process with illegal kickbacks," West said.

HP said on August 2 it had negotiated a deal with US prosecutors to settle the case but did not disclose the amount of the settlement.

Earlier Monday, HP announced it had been awarded a contract worth up to 800 million dollars to supply computing equipment to the US Air Force.

HP also announced Monday its board of directors has authorized spending up to 10 billion dollars to buy back stock in the company, whose share price has slumped since chief executive Mark Hurd abruptly resigned this month.

HP is currently waging a battle with US computer maker Dell for [data storage](#) firm 3PAR.

HP on Friday said it would increase its offer for 3PAR to two billion dollars or 30 dollars per share in cash, up 11 percent from Dell's 27 dollars per share offer.

HP's share price has shed approximately 15 percent since Hurd's surprise resignation on August 6 in the wake of a sexual harassment charge that uncovered subterfuge with company expenses.

HP shares gained 1.47 percent to 38.56 dollars on Wall Street on Monday but were down 0.13 percent at 38.51 dollars in after-hours trading.

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