

HP reaches settlement with DOJ in kickbacks case

August 3 2010

(AP) -- Hewlett-Packard Co. said Monday that it has agreed in principle to settle a lawsuit by the Department of Justice, which alleged that HP and other technology companies paid kickbacks to Accenture PLC in exchange for recommendations for government work.

HP denied "engaging in any illegal conduct." It said the deal will lower its fiscal third-quarter profit by 2 cents per share. That's about \$50 million given that it has 2.33 billion shares outstanding.

"We believe it is in the best interest of our stakeholders to resolve the matter and move beyond this issue," HP said in a statement.

A Justice spokesman declined to comment.

The settlement still needs to be approved by the Justice Department, an Arkansas district court where the original [lawsuit](#) was filed, and government agencies.

The government joined whistleblower lawsuits against HP, Accenture and [Sun Microsystems](#) Inc. in 2007 over the arrangements, alleging violations of the False Claims Act. The companies had "alliance relationships" in which they agreed to work together, but the agreements resulted in what amounted to kickbacks in securing government contracts, it said at the time.

Microsoft Corp. was named a whistleblower lawsuit but the government

declined to join the lawsuit and the case was dismissed.

Last week, the Justice Department said it was joining a fraud lawsuit against [Oracle Corp.](#) related to software contracts worth hundreds of millions of dollars.

The agency said Oracle failed to offer government customers the same discounts on its software that it offered commercial customers. As a result, the lawsuit alleges, Oracle overcharged the government on a contract that ran from 1998 to 2006.

HP shares rose 10 cents to \$47.66 in after-hours trading. The stock finished regular trading up \$1.52, or 3.3 percent, at \$47.56.

(This version CORRECTS that Sun Microsystems was among companies in lawsuits joined by government. Clarifies [Microsoft](#) background)

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