

HP to pay \$16.25M to settle FCC, DOJ case

November 11 2010

(AP) -- Hewlett-Packard Co. has agreed to pay \$16.25 million to settle allegations that it showered Texas school officials with gifts to win contracts funded by a federal program that pays for Internet connections for schools and libraries.

The gifts included Super Bowl tickets and yacht trips for members of the Dallas Independent School District and Houston Independent School District.

An investigation by the [Federal Communications Commission](#) and the Department of Justice accused HP contractors of defrauded the government's E-rate program. The program is one of four that make up the Universal Service Fund, the \$8-billion-a-year government fund that subsidizes Internet access in poor and rural communities through a surcharge on phone bills.

The contracts involved some \$17 million in HP equipment. The government said the contractors were able to get inside information and gain an unfair advantage to win contracts that were supposed to be awarded through a competitive bidding process.

Most of HP's \$16.25 million fine will be returned to the E-rate program.

HP said that the incidents happened more than five years ago and that the employees involved are no longer at HP.

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Citation: HP to pay \$16.25M to settle FCC, DOJ case (2010, November 11) retrieved 11 May 2024 from <https://phys.org/news/2010-11-hp-1625m-fcc-doj-case.html>

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