

## Barbs fly between HP and former exec on probe

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Hewlett-Packard and the former head of British software firm Autonomy, Mike Lynch, pictured in 2011, traded barbs Tuesday over the US firm's allegations of deliberate accounting tricks ahead of a massive writedown.

Hewlett-Packard and the former head of a British software firm it acquired traded barbs Tuesday over the US firm's allegations of deliberate accounting tricks ahead of a massive writedown.

Mike Lynch, founder of the [software group Autonomy](#), said in an open letter to HP that members of his [management team](#) are being unjustly blamed for the huge writedown in the value of the unit which prompted a big quarterly HP loss.

Lynch said he found it "shocking" that HP made the [allegations](#) without offering any specifics.

"I utterly reject all allegations of impropriety," he said. "Autonomy's accounts were overseen by independent auditors Deloitte LLC, who have confirmed the application of all appropriate procedures."

HP last week reported a writedown of \$8.8 billion including more than \$5 billion it attributed to inflated data from Autonomy, acquired by HP in 2011 for more than \$10 billion.

Lynch said HP should be asked to show "that no part of the \$5 billion write down was, or should be, attributed to HP's operational and financial mismanagement of Autonomy since the acquisition."

HP issued its own statement, repeating its claim to have "uncovered extensive evidence of a willful effort on behalf of certain former Autonomy employees to inflate the underlying financial metrics of the company in order to mislead investors and potential buyers."

"The matter is in the hands of the authorities, including the UK Serious Fraud Office, the US [Securities and Exchange Commission](#)'s Enforcement Division and the US [Department of Justice](#), and we will defer to them as to how they wish to engage with Dr. Lynch," HP said.

"While Dr. Lynch is eager for a debate, we believe the legal process is the correct method in which to bring out the facts and take action on behalf of our shareholders. In that setting, we look forward to hearing

Dr. Lynch and other former Autonomy employees answer questions under penalty of perjury."

HP said last week it launched an internal investigation "after a senior member of Autonomy's leadership team came forward," prompting a fresh review of the finances by PricewaterhouseCoopers.

As a result, HP said it "now believes that Autonomy was substantially overvalued at the time of its acquisition."

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