

Lawsuit claims Hewlett-Packard has lied about Autonomy write-off

December 21 2012, by Steve Johnson

Countering Hewlett-Packard Co.'s claim that it wrote off \$8.8 billion of its purchase of Autonomy after discovering it had been misled about the British firm's finances, a shareholder lawsuit claims the real reason was that HP failed to develop a product it had promised from the deal.

Accusing HP's leadership of corporate waste and breaching their fiduciary duty to investors, the suit filed late Wednesday in U.S. District Court in San Jose, Calif., seeks unspecified damages and the removal of the Palo Alto, Calif., company's board.

"HP continues to misrepresent the truth about what is really happening at HP and what the real issues with the Autonomy acquisition are," according to the suit by Stanley Morrical, who owns 1,200 HP shares. "In an effort to conceal their own gross mismanagement, fraudulent conduct and potential exposure to securities claims, HP's officers and directors have blamed the entirety of the \$8.8 billion write-down on accounting issues."

Asked about the [allegations](#), HP spokesman Michael Thacker said, "We are reviewing the complaint and have no further comment at this time."

The lawsuit is the latest of several filed by shareholders after HP's announcement Nov. 20 that it was tricked into grossly overpaying for Autonomy, which it bought for \$11 billion last year.

HP contends that more than \$5 billion of its \$8.8 billion write-down was

due to "serious accounting improprieties, [misrepresentation](#) and disclosure failures" by Autonomy's former managers, which HP said it discovered only this year. It has asked U.S. and British regulators to investigate the matter for possible criminal violations.

But Morriscal's suit claims HP leveled the accounting allegation merely to cover-up its inability to upgrade [Autonomy](#)'s Idol 7 software, which companies use to sort through mountains of data. In a November 2011 news release, HP had promised to offer a much-improved version of the software, Idol 10, the following month. But the suit claims that upgrade still isn't being offered to HP's customers.

[HP](#)'s spokesman Thacker declined to comment on the status of Idol 10.

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