

ADMINISTRATIVE PROCEEDING

File No. 3-17678

SEC Charges CEO of U.S.-based Subsidiary for Role in Financial Fraud at UK Software Company

November 15, 2016 – The Securities and Exchange Commission today announced that a software executive has agreed to pay more than \$923,000 to settle charges in connection with a fraud at Autonomy Corporation plc (“Autonomy”), an England-based software company since acquired by Hewlett-Packard Company.

An SEC investigation found that Christopher Egan, the former CEO of Autonomy’s U.S.-based subsidiary in San Francisco, Calif., participated in an accounting scheme orchestrated by Autonomy’s UK-based senior-most executives to meet internal sales targets and analyst revenue expectations. Autonomy issued materially false and misleading financial reports that overstated revenues in 10 consecutive quarters. Autonomy’s executives also directed HP’s due diligence team to rely on these false filings in connection with HP’s acquisition.

According to the SEC’s order, Egan aided in the scheme when, at the direction of Autonomy’s senior-most finance executive, he placed sales to particular resellers that allowed Autonomy to prematurely recognize revenue, backdated purchase orders, and helped to facilitate round trip transactions between Autonomy and its resellers. In 2012, HP announced that it was recording an \$8.8 billion impairment charge due to accounting improprieties, misrepresentation and disclosure failures at Autonomy. HP’s stock declined by 12 percent upon the announcement, and the company suffered a market capitalization loss of \$78 billion.

The SEC’s order instituting settled cease and desist proceedings finds that Egan violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933. Without admitting or denying the findings, Egan agreed to pay \$800,669 in disgorgement, with prejudgment interest of \$122,722. Egan is ordered to cease and desist from future violations.

The SEC’s investigation was conducted by Jason M. Habermeyer, Samantha J. Choe, Rebecca Lubens, and Michael D. Foley in the San Francisco Regional Office’s Division of Enforcement. The SEC appreciates the assistance of the Federal Bureau of Investigation and the United States Attorney’s Office for the Northern District of California.

See also:

- [Order – Christopher Egan](#)