ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Hewlett-Packard Company (“HP Co.” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent consents to the Commission’s jurisdiction over it and the subject matter of these proceedings and to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”) as set forth below.
III.

On the basis of this Order and Respondent’s Offer, the Commission finds\(^1\) that:

**Summary**

1. From approximately 2003 to 2010 (the “relevant period”), HP Co.’s indirect, wholly-owned subsidiaries in Russia, Mexico and Poland, by and through their employees, agents and intermediaries, made unlawful payments to various foreign government officials to obtain business. These payments were also falsely recorded in the subsidiaries’ books and records and, ultimately, in HP Co.’s books and records. In Russia, HP Co.’s subsidiary (“HP Russia”) made payments through HP Russia’s agents to a Russian government official to retain a multi-million dollar contract with the federal prosecutor’s office. The payments were made through shell companies engaged by the agents to perform purported services under the contract. In Poland, certain agents or employees of HP Co.’s Polish subsidiary (“HP Poland”) provided gifts and cash bribes to a Polish government official to obtain contracts with Poland’s national police agency. In Mexico, HP Co.’s Mexican subsidiary (“HP Mexico”) made improper payments to a third party in connection with a sale of software to Mexico’s state-owned petroleum agency. HP Co. and its consolidated subsidiaries (collectively, “HP”) earned approximately $29 million in illicit profits as a result of this improper conduct.

2. The payments and improper gifts to government officials made directly or through intermediaries were falsely recorded in the relevant HP subsidiaries’ books and records as legitimate consulting and service contracts, commissions, or travel expenses. In fact, the true purpose of the payments and gifts was to make improper payments to foreign government officials to obtain lucrative government contracts for HP. During the relevant period, HP lacked sufficient internal controls to detect and prevent the improper payments and gifts made by executives and representatives of certain of its foreign subsidiaries.

**Respondent**

3. **Hewlett-Packard Company**, a Delaware corporation with its principal place of business in Palo Alto, California, manufactures personal computers, printers and software and provides related information technology services. HP Co.’s common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and trades on the New York Stock Exchange.

\(^1\) The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
Other Relevant Entities

4. **ZAO Hewlett-Packard A.O.** (“HP Russia”) is an indirect, wholly-owned subsidiary of HP Co. headquartered in Moscow, Russia. HP Russia’s books, records and accounts are consolidated into HP Co.’s books and records and reported by HP Co. in its financial statements.

5. **Hewlett-Packard Polska, Sp. z o.o.** (“HP Poland”) is an indirect, wholly-owned subsidiary of HP Co. headquartered in Warsaw, Poland. HP Poland’s books, records and accounts are consolidated into HP Co.’s books and records and reported by HP Co. in its financial statements.

6. **Hewlett-Packard México, S. de R.L. de C.V.** (“HP Mexico”) is an indirect, wholly-owned subsidiary of HP Co. headquartered in Mexico City, Mexico. HP Mexico’s books, records and accounts are consolidated into HP’s books and records and reported by HP in its financial statements.

Background

7. HP is a global provider of personal computers, printers, software and related information technology infrastructure and services. HP operates through wholly-owned or indirect subsidiaries. During the relevant period, HP sold its products and services through its subsidiaries and through distributors and re-sellers worldwide. The financial statements of each of HP’s subsidiaries are consolidated into HP Co.’s financial statements.

8. HP’s global operations are organized by geographic regions and sub-regions, as well as business units. Employees in HP’s foreign subsidiaries may report to a supervisor in both their geographic region and their business unit. During the relevant period, HP’s foreign subsidiaries operated pursuant to compliance policies and directives developed by HP and implemented at the local subsidiary level by the country or regional management. Although HP had certain anti-corruption policies and controls in place during the relevant period, those policies and controls were not adequate to prevent the conduct described herein and were insufficiently implemented on the regional or country level. Further, HP failed to devise and maintain an adequate system of internal accounting controls sufficient to provide reasonable assurance that: (1) access to assets was permitted only in accordance with management’s authorization; (2) transactions were recorded as necessary to maintain accountability for assets; and (3) transactions were executed in accordance with management’s authorization.

Unlawful Payments in Russia

9. Between approximately 2000 and 2007, HP Russia promised to pay and did pay bribes through a series of agents and consultants to foreign government officials in Russia in order to win a government tender for computer hardware and software worth more than €35
million. The contract was expected to be the first phase of a larger project that contemplated subsequent tenders with a total estimated value in excess of $100 million.

10. In or about December 2000, the Russian government announced a project to automate the telecommunications and computing infrastructure of the Office of the Prosecutor General of Russia (the “GPO Project”). The GPO Project represented an opportunity for HP Russia to become a more significant player in the Russian government sector. In addition to the GPO Project’s potential $100 million price tag, which would have been the largest transaction ever for HP in the region, HP Russia executives believed that the project was the “golden key” that could lead to substantial additional business with other Russian state entities.

11. The GPO utilized a state-owned entity organized within the Executive Branch of the Russian Government (“Russian SOE 1”) to manage the GPO Project tender and execution.

12. In order to win the GPO Project tender, HP Russia executives agreed to partner with a series of third party intermediaries who had close ties to Russian officials overseeing the tender. In December 2000, the principal of a small U.S. company with ties to the Russian government officials (the “U.S. Agent”) approached HP Russia executives and warned that the deal was in jeopardy but that he could assist HP Russia in winning the tender. HP Russia agreed to pay this agent as much as $1.2 million if the deal went forward. HP Russia also promised to use the U.S. Agent as the principal subcontractor on the deal responsible for, among other things, hiring the subcontractors to supply the hardware, software and installations services to the GPO.

13. In January 2001, HP Russia was awarded the GPO Project tender by Russian SOE 1. In June 2001, HP Russia’s Country Manager for the relevant business unit signed the GPO contract on behalf of HP pursuant to a power-of-attorney. In late 2002, the Russian Government switched the method of financing utilized for the GPO Project.

14. Because the Russian government initially sought to finance the project through a guarantee from a U.S. government-backed export bank, the deal had to meet certain U.S. content requirements. As a result, HP Co., the parent company in the U.S., agreed to serve as the contracting party on the deal.

15. HP’s International Business Center (“IBC”) in the U.S. typically handled the coordination and logistics for contracts that required exporting products from the U.S. to foreign countries. IBC’s role was, among other things, to ensure that the products were properly manufactured and shipped overseas, conduct due diligence on any subcontractors engaged on the project, and ensure that HP complied with U.S. content requirements. HP Russia, however, requested that the U.S. agent act as principal subcontractor on the deal.

16. During 2001 and 2002, IBC employees raised questions about the U.S. Agent’s size and capabilities to handle such a large, complex project, including its role on the project, the
services it was to perform, and the payments that HP Russia intended to make to it under the GPO contract. They told the HP Russia employees that they would not approve the transaction until these questions were answered. When the IBC employees conducted due diligence on the U.S. Agent, they learned from public records that the agent appeared to be in the medical supply business and had an annual income of only a few hundred thousand dollars. Before the HP Russia employees answered IBC’s questions, U.S. financing fell through and the deal moved to Europe.

17. After the GPO encountered problems securing financing with the U.S. bank, in 2003 a German bank agreed to guarantee financing on the GPO transaction. The general terms of the deal remained the same, except that the contract was now valued in euro and required German, not U.S., content. HP Russia also replaced the U.S. agent with a German company to satisfy German content requirements. A new Russian government agency (“Russian SOE 2”) also took over responsibility for managing the GPO tender, replacing Russian SOE 1. Oversight of the project moved to an HP subsidiary in Germany, Hewlett-Packard ISE GmbH (“HP ISE”), and employees at the parent company had no further role.

18. Following the change in financing and management, Russian officials considered issuing a new tender and re-opening the bidding. Afraid that they might lose the deal, in April 2003, certain HP Russia executives and representatives promised to make improper payments of approximately €2.8 million to a government official at Russian SOE 2 who was responsible for managing the project on behalf of the GPO. HP Russia executives agreed to make the payments through a German agent who would act as the pass-through for the bribes. The German agent was purportedly responsible for, among other things, hiring other subcontractors to supply the hardware, software and installation services to the GPO. The promise to make the improper payments to the Russian government official through the German agent was approved by HP Russia’s country manager for the relevant business group. Approximately €8 million was passed through the German agent to various shell companies, at least one of which was associated with a senior official of Russian SOE 2.

19. Due to the German content requirements, when the contract was reissued, HP ISE replaced HP Co. as the contracting entity on the deal and HP Russia employees continued to manage the project.

20. On August 1, 2003, HP Russia’s country manager for the relevant business unit signed the contract on behalf of HP ISE with no authorization and no power of attorney. The country manager also bypassed an internal HP approval process for large projects which was supposed to provide HP with visibility into pricing, discounts, and profit margins for transactions. When HP ISE’s management learned three months later that the country manager had already signed the contract without the appropriate review or authorization, they ratified the contract through a retroactive power of attorney.
21. In order to hide the improper payments, the HP Russia employees maintained two sets of project pricing records: (i) an internal set of documents that identified the recipients of the improper payments, and (ii) a sanitized version of the same documents that were provided to management in the credit, finance, and legal offices outside of HP Russia. One example of this was a password-protected spreadsheet maintained by the HP Russia employees. The HP Russia internal version of the spreadsheet included a column labeled “Other Costs” which broke out the €8 million being passed through the German agent, including €2.8 million to be paid to a shell company associated with an employee of Russian SOE 2, and another €2 million labeled “Gosorgony” (the Russian term for state agencies). The spreadsheet circulated to management and other employees had no references to either the shell company or “Gosorgony.” A second document used to track the payments was a financial spreadsheet template designed to identify transaction revenues and costs for HP. The internal HP Russia version of the financial spreadsheet included a page titled “Passthrough Activity,” which reflected the same breakout of the €8 million being passed through the agent and indicated that the payments would be hidden by including them in the hardware costs of the contract. The version of the financial spreadsheet provided to management outside Russia omitted all references to the “Passthrough Activity” and instead reflected only the inflated hardware prices.

22. HP Russia’s credit officer assigned to conduct the approval review for the GPO deal initially denied credit approval for the German agent in October 2003. HP Russia’s credit officer questioned the purpose of the €8 million markup being paid to the German agent. She also questioned the role of the subcontractors on the deal. A member of the HP Russia deal team falsely responded that the entire €8 million was for services that the German agent or its subcontractors would perform, including “organization of work in Germany,” “processing,” “consolidation of equipment,” “dispatch of goods to Russia” and “performance of work to install the equipment.” The credit officer asked the HP Russia deal team to provide, among other things, “exact names of all [subcontractors],” their “roles in the project,” and “payment terms.” In response, a member of the HP Russia deal team provided a list of purported subcontractors, including the German agent. However, the list did not identify the payment entities that were included on the internal documents maintained by HP Russia sales employees. Despite the questions raised about the subcontractors and the €8 million markup being paid to the German agent, the deal went forward without any meaningful due diligence on the German agent.

23. Over the course of the GPO Project, more than €21 million flowed through the German agent. The German agent kept less than €200,000 of that amount, passing the rest on to other parties. Although some of the funds went to pay for goods and services actually provided under the contract, a portion of the €8 million paid to the German agent went to shell companies that performed no services. Over the course of the GPO Project, the German agent funneled more than €311,000 to bank accounts associated with the Russian government official. Another
€2.2 million was wired to the Latvian and Lithuanian accounts of other shell companies and used to purchase expensive jewelry, luxury automobiles, travel, and other items.

24. The payments to the agent were falsely recorded in HP Russia’s books and records as hardware costs or payments to subcontractors for legitimate services under the GPO Project. HP earned approximately $10.4 million in illicit profits on the GPO Project.

Unlawful Payments in Poland

25. From approximately 2006 through at least 2010, HP Poland, acting through certain of its agents or employees, made improper payments to one or more public officials in order to secure and maintain lucrative government contracts. These contracts were with the Komenda Główna Policji (“KGP”), the Polish national police agency.

26. Prior to 2006, the KGP had awarded a number of public tenders to HP Poland and its local partners. In or around 2006, a new KGP official – the Director of Information and Communications Technology (the “Polish IT Official”) – assumed responsibility for reviewing previously-awarded technology contracts and awarding future contracts.

27. In or around October 2006, HP Poland invited the Polish IT Official to a technology industry conference in San Francisco, California. Certain HP Poland employees, including HP Poland’s District Manager of Public Sector Sales and Public Sector Sales Lead (the “HP Poland Executive”), attended as well. Over the course of the trip, the HP Poland employees circumvented HP’s internal controls in several respects to develop an improper relationship with the Polish IT Official.

28. The weekend before the conference, HP Poland employees paid for dinners, gifts and sightseeing by the Polish IT Official in San Francisco. On the third day of the conference, they took the Polish IT Official on a sightseeing trip to Las Vegas, Nevada, with no legitimate business purpose. The HP Poland employees paid for various of the Polish IT Official’s expenses, including drinks, dining, and a private tour flight over the Grand Canyon. In circumvention of HP’s internal controls, the HP Poland employees paid for many of these expenses in cash, without authorization, and failed to document them in HP’s books and records accurately.

29. Upon returning to Poland, the HP Poland Executive and the Polish IT official met frequently to discuss HP Poland’s existing and future business opportunities with the KGP. Beginning in late 2006, one or more HP Poland employees began giving technology products to the Polish IT official for personal use. Early gifts included HP products, such as desktop and laptop computers, and over time expanded to include, among other things, additional HP computers and devices, iPods, flat screen televisions, cameras, and a home theater system.
These gifts violated HP internal controls relating to gift-giving, and expenses associated with these gifts were not accurately recorded in HP Poland’s books and records.

30. In or about January 2007, shortly after receiving the first gifts, the Polish IT Official signed a contract on behalf of the Polish government with HP Poland valued at approximately $4.3 million. The next month, the Polish IT Official signed another contract with HP Poland valued at approximately $5.8 million. The KGP awarded both contracts, which were for technology services and HP products, using “single source” bidding procedures.

31. Around the date of the second contract award, one or more HP Poland employees and agents expanded the bribes to include large cash payments from off-the-books accounts and agreed to pay the Polish IT Official 1.2% of HP Poland’s net revenue on any contract awarded by the KGP.

32. In or about March 2007, the Polish IT Official signed a KGP contract with HP Poland valued at approximately $15.8 million. Around this date, the HP Poland Executive left a bag containing $150,000 in cash at the Polish IT Official’s home. On another occasion in 2007, the HP Poland Executive gave the Polish IT Official $100,000 in cash in a Warsaw parking lot.

33. In 2008, the HP Poland Executive gave the Polish IT Official bags of cash on at least four occasions totaling approximately $360,000. That year the Polish IT Official signed three contracts on behalf of the Polish government with HP Poland. These agreements, executed in or about January, April and May 2008, were valued at approximately $32 million in total.

34. One or more HP Poland employees facilitated the corrupt relationship with the Polish IT Official through covert means. In one method, the HP Poland Executive established multiple anonymous e-mail accounts and shared the passwords with the Polish IT Official so that he could write and save messages as “drafts” within the account. The HP Poland Executive also provided the Polish IT Official with pre-paid mobile telephones. The HP Poland Executive and the Poland IT Official also met in remote locations where they would communicate silently by typing on a laptop computer. These messages addressed, among other topics, information about upcoming tenders and bribe amounts.

35. In mid-2008, the Polish IT Official was promoted to a new position within the Polish Interior Ministry, where he was responsible for information technology projects. In mid-2009, the HP Poland Executive paid the Polish IT Official approximately $6,000 in cash.

36. Sometime thereafter, the HP Poland Executive offered to pay the Polish IT Official to help secure a new contract with the KGP. The contract was ultimately awarded to HP Poland in or about April 2010, and was valued at approximately $4 million. The contract was signed by two of the Polish IT Official’s former subordinates. Despite the prior agreement, no
employee or agent of HP Poland ultimately paid the Polish IT Official any money related to this award.

37. In total, between approximately 2006 and 2010, HP Poland employees and agents provided the Polish IT Official at least $600,000 in cash, gifts worth more than $30,000, and several thousand dollars in travel and entertainment benefits. During this same period, the Polish government directly awarded HP Poland at least seven contracts for KPG-related information-technology products and services, with an overall value of approximately $60 million.

38. HP’s internal controls were inadequate to, and did not, detect or prevent improper payments to the Polish IT Official over the course of almost four years. HP Poland’s books and records also falsely recorded the payments in its books and records during this period. HP earned approximately $16.1 million in illicit profits on the KGP contracts.

**Unlawful Payments in Mexico**

39. In 2009, HP Mexico paid a commission to an entity with ties to Mexican public officials in connection with HP’s bid to obtain lucrative government contracts.

40. Beginning in mid-2008, the HP Mexico sales team began pre-sales activities and discussions with Petroleos Mexicanos, Mexico’s state-owned petroleum company better known as Pemex, for the sale of a suite of business technology optimization software, hardware, services and licenses. The software and licensing contracts (collectively, the “BTO Deal”) were worth approximately $6 million.

41. HP Mexico sales managers on the BTO Deal knew that they could not win the business without working with, and making payments to, a Mexican information-technology and consulting company that was closely affiliated with senior Pemex officials (the “Mexican Consultant”). As the HP Mexico sales managers knew, Pemex’s Chief Operating Officer was a former principal of the Mexican Consultant. HP Mexico’s sales managers also knew that the Pemex Chief Operating Officer supervised the Pemex Chief Information Officer, who was a key signatory on behalf of Pemex for the BTO Deal.

42. Although the Mexican Consultant had prior technical experience with Pemex’s IT systems, HP Mexico ultimately selected the Mexican Consultant as a channel partner on the BTO Deal primarily because of the Mexican Consultant’s connections to Pemex officials. As part of its agreement with the Mexican Consultant, HP Mexico agreed to pay the Mexican Consultant a “commission,” which HP Mexico also called an “influencer fee,” equal to 25% of the licensing and support components of the BTO Deal.

43. HP Mexico understood from early in the negotiation with Pemex that it had to retain the Mexican Consultant in order to win the Pemex contracts. In one instance, an agent of the Mexican Consultant threatened to take the BTO Deal to one of HP Mexico’s competitors if
the Mexican Consultant was not paid its full requested commission. That same agent was a former HP Mexico manager who, several months before, had supervised HP Mexico’s sales managers on the BTO Deal team.

44. HP policy governing the payment of commissions to third parties required that the recipients of such payments enter into a written channel partner contract with an addendum permitting the payment of commissions, be pre-approved, subjected to due diligence, and registered in HP’s partner system. HP policy also required that channel partner commissions be approved through an approval matrix, with commissions exceeding a particular percentage of the transaction’s value requiring additional approvals.

45. The Mexican Consultant was not a pre-approved channel partner of HP Mexico and had not entered into a written channel partner agreement as required by HP’s internal controls and policies. Faced with HP’s channel partner policy, but needing to pay the Mexican Consultant to win the Pemex business, HP Mexico sales managers arranged for another entity (the “Pass-Through”), which had been previously approved as an HP Mexico channel partner, to step into the transaction. Although the Pass-Through played no role in negotiating or assisting with the BTO Deal, HP Mexico recorded it as the deal partner in its internal tracking system. HP Mexico’s sales managers arranged for the Pass-Through to receive the commission from HP Mexico and pass it on to the Mexican Consultant, keeping a percentage as a fee for its own role.

46. Although the introduction of the Pass-Through allowed HP Mexico to pay the Mexican Consultant, it created another problem. Because HP Mexico had committed to paying the Mexican Consultant a commission equal to 25% of the BTO Deal, the maximum permissible without seeking additional approvals under the applicable approval matrix, there was no margin available to compensate the Pass-Through for its role in the deal. As a result, HP Mexico sales managers sought permission from HP regional officials to increase the authorized deal commission by 1.5% to 26.5%. In support of their request, an HP Mexico sales manager sent an email claiming that the Mexican Consultant deserved an increased commission primarily because it had put in extra work and successfully managed discounts with Pemex. The justification omitted any reference to the role of, or payments to, the Pass-Through. The 1.5% increase in the commission was approved by the regional officials on that same day with little or no additional review.

47. On or about December 22, 2008, HP Mexico signed the contracts with Pemex for the BTO Deal. In February 2009, HP Mexico wired approximately $1.66 million to the Pass-Through pursuant to invoices referencing the Pemex BTO contract. The Pass-Through then transferred approximately $1.41 million to the Mexican Consultant. The Pass-Through kept the difference as a fee.
48. At least some of this money went to benefit a government official. In March 2009, the Mexican Consultant made cash payments totaling approximately $125,000 to an entity controlled by Pemex’s Chief Information Officer, the public official who had signed the BTO contract.

49. Simply by injecting the Pass-Through in the transaction, HP Mexico sales managers were able to evade HP’s policies requiring pre-approval of channel partners and written agreements for third-party payments. In addition, HP Co.’s books and records falsely reflected that the Pass-Through was the deal partner, when in fact the true deal partner was the Mexican Consultant. Moreover, HP Mexico sales managers were able to obtain authorization from HP regional management to pay an additional 1.5% commission payment to the Mexican Consultant without describing the true reason for the increase, which was to pay the Pass-Through for its role in the transaction, further highlighting the lax internal control environment within HP Co. Finally, these various payments to the Mexican Consultant were falsely recorded in HP Mexico’s books and records as legitimate commission payments.

50. HP earned approximately $2.5 million in illicit profits on the BTO Deal.

Additional Conduct

51. In June and July 2006, several European HP subsidiaries, including HP Russia, arranged for a high-profile customer marketing event in connection with the FIFA World Cup soccer tournament in Germany. Despite managerial directives not to invite representatives of government customers, certain HP sales employees arranged for a number of government or state-owned customers to attend the event. In all, HP Russia and other European subsidiaries of HP paid tens of thousands of dollars in travel and entertainment expenses for these government customers, and HP Co.’s internal controls failed to detect or prevent the conduct.

52. Finally, in June 2005, HP Russia paid more than $2.5 million to a third party distributor for the supply of software and implementation services to a Russian state-owned enterprise. HP Russia’s records do not reflect what, if any, work was actually performed by the distributor for these payments, and communications among HP Russia employees suggest that the distributor may have played an influential role in connection with obtaining the contract. The payments to the distributor were recorded in HP Russia’s books and records as a payment for providing software and services, even though there was minimal evidence concerning what was actually provided for these payments.

Legal Standards and Violations

A. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was,
or would be a cause of the violation, due to an act of omission the person knew or should have known would contribute to such violation.

**FCPA Violations**

B. Under Section 13(b)(2)(A) of the Exchange Act issuers are required to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer. [15 U.S.C. § 78m(b)(2)(A)].

C. Under Section 13(b)(2)(B) of the Exchange Act issuers are required to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. [15 U.S.C. § 78m(b)(2)(B)].

D. As described above, HP Co. violated Section 13(b)(2)(A) of the Exchange Act. Its subsidiaries in Russia, Poland and Mexico falsely recorded the payments made to agents as payments for legitimate services or commissions, when the true purpose of these payments was to make corrupt payments to government officials to obtain business. The false entries were then consolidated and reported by HP in its consolidated financial statements. HP Co. also violated Section 13(b)(2)(B) by failing to devise and maintain sufficient accounting controls to detect and prevent the making of improper payments to foreign officials and ensure that payments were made only to approved channel partners.

**HP’s Remedial Efforts**

E. In response to the Commission’s investigation, HP retained outside counsel to assist it in conducting an internal investigation into improper conduct in the jurisdictions that were the subject of the staff’s inquiry, as well as in other jurisdictions where HP identified additional issues. HP cooperated with the Commission’s investigation by voluntarily producing reports and other materials to the Commission staff summarizing the findings of its internal investigation. HP also cooperated by, among other things, voluntarily producing translations of numerous documents, providing timely reports on witness interviews, and by making foreign employees available to the Commission staff to interview.

F. HP has also undertaken significant remedial actions over the course of the Commission’s investigation, including by implementing a firm-wide screening process for its channel partners, training its public sector sales staff on its policies for dealing with business
intermediaries, increasing compliance-related training for its global work force, and implementing additional enhancements to its internal controls and compliance functions. In addition, HP took disciplinary actions against certain of its employees in response to the conduct identified by the Commission staff and by the company through its internal investigation.

**Criminal Disposition**

G. HP’s indirect, wholly-owned subsidiaries have entered into dispositions with the United States Department of Justice to resolve potential criminal liability for conduct relating to certain of the findings in the Order, namely a Plea Agreement by HP Russia, a Deferred Prosecution Agreement involving HP Poland, and a Non-Prosecution Agreement involving HP Mexico.

**IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent HP Co.’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent HP Co. cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of $29,000,000 and prejudgment interest of $5,000,000 to the United States Treasury. $2,527,750 of Respondent’s disgorgement obligation will be satisfied by Respondent’s payment of $2,527,750 in forfeiture as part of HP Mexico’s resolution with the United States Department of Justice. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

3) Respondent may pay by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:
Payments by check or money order must be accompanied by a cover letter identifying Hewlett-Packard Company as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Tracy L. Davis, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, CA 94104.

C. Respondent shall report to the Commission staff periodically, at no less than twelve-month intervals during a three-year term, the status of its remediation and implementation of compliance measures. Should Respondent discover credible evidence, not already reported to the Commission staff, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by Respondent entity or person, or any entity or person while working directly for Respondent, or that related false books and records have been maintained, Respondent shall promptly report such conduct to the Commission staff. During this three-year period, Respondent shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

1) Respondent shall submit to the Commission staff a written report within one (1) year of the entry of this Order setting forth a complete description of its Foreign Corrupt Practices Act (“FCPA”) and anti-corruption related remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of Respondent for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the parameters of the subsequent reviews (the “Initial Report”). The Initial Report shall be transmitted to Tracy L. Davis, Assistant Director, Division of Enforcement, United States Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, CA 94104. Respondent may extend the time period for issuance of the Initial Report with prior written approval of the Commission staff.

2) Respondent shall undertake at least two (2) follow-up reviews, incorporating any comments provided by the Commission staff on the previous report, to further monitor and assess whether the policies and procedures of Respondent are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws (the “Follow-up Reports”).

3) The first Follow-up Report shall be completed by no later than one (1) year after the Initial Report. The second Follow-up Report shall be completed by no later than one
(1) year after the completion of the first Follow-up Report. Respondent may extend the time period for issuance of the Follow-up Reports with prior written approval of the Commission staff.

4) Respondent’s reporting obligations pursuant to the Order, and its concurrent reporting obligations pursuant to the resolutions of certain of its subsidiaries with the U.S. Department of Justice, shall each be satisfied by the simultaneous submission of the same reports to both the Commission staff and the Department of Justice.

5) The periodic reviews and reports submitted by Respondent will likely include proprietary, financial, confidential, and competitive business information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed by the parties in writing, (3) to the extent that the Commission staff determines in its sole discretion that disclosure would be in furtherance of the Commission’s discharge of its duties and responsibilities, or (4) is otherwise required by law.

By the Commission.

                      Jill M. Peterson  
                      Assistant Secretary