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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

EJD

CR 14 202

UNITED STATES OF AMERICA,

Plaintiff,

v.

HEWLETT-PACKARD POLSKA, SP. Z O.O.

Defendant.

) Case No.

) 15 U.S.C. §§ 78m and 78ff: Internal
) Controls and Books and Records
) 18 U.S.C. § 2

INFORMATION

The United States charges that, at all times relevant to this Information, unless otherwise stated:

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1 **GENERAL ALLEGATIONS**

2 ***The Foreign Corrupt Practices Act***

3 1. The Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United
4 States Code, Sections 78dd-1, *et seq.*, prohibited certain classes of persons and entities from corruptly
5 offering, paying, promising to pay, or authorizing the payment of any money or anything of value,
6 directly or indirectly, to a foreign government official for the purposes of obtaining or retaining business
7 for, or directing business to, any person. The FCPA also required certain entities to maintain accurate
8 books and records and adequate internal accounting controls.

10 2. Pertinent to the charges herein, the FCPA required any issuer of publicly traded securities
11 registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("the Exchange Act"), 15
12 U.S.C. § 78l, or required to file periodic reports with the United States Securities and Exchange
13 Commission ("SEC") under Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d) (hereinafter
14 "issuer"), to make and keep books, records, and accounts that accurately and fairly reflected the
15 transactions and disposition of the company's assets and prohibited the knowing falsification of an
16 issuer's books, records, or accounts. 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a). The FCPA's
17 accounting provisions also required that issuers maintain a system of internal accounting controls
18 sufficient to provide reasonable assurances that: (i) transactions were executed in accordance with
19 management's general or specific authorization; (ii) transactions were recorded as necessary to (I)
20 permit preparation of financial statements in conformity with generally accepted accounting principles
21 or any other criteria applicable to such statements, and (II) maintain accountability for assets; (iii) access
22 to assets was permitted only in accordance with management's general or specific authorization; and (iv)
23 the recorded accountability for assets was compared with the existing assets at reasonable intervals, and
24 appropriate action was taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B). The FCPA also
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1 prohibited the knowing circumvention of, or knowing failure to implement, such a system of internal
2 accounting controls. 15 U.S.C. §§ 78m(b)(5) and 78ff(a).

3
4 *Relevant Entities and Individuals*

5 3. At all times relevant to this Information, Hewlett-Packard Company ("HP Co.") was a
6 technology company headquartered in Palo Alto, California, and incorporated in Delaware. HP Co. and
7 all of its direct or indirect affiliates or subsidiaries (collectively, "HP"), was a global provider of
8 personal computing devices, information technology infrastructure, and imaging and printing products
9 and services. HP employed more than 300,000 employees worldwide.

10 4. From at least in or around 2000 until the filing of this Information, HP Co. issued and
11 maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Exchange Act
12 (15 U.S.C. § 78l) and was required to file periodic reports with the SEC under the Exchange Act (15
13 U.S.C. § 78m). Accordingly, HP Co. was an issuer within the meaning of the FCPA, Title 15, United
14 States Code, Section 78dd-1. From at least 2006 to the filing of this Information, HP Co.'s shares traded
15 on the New York Stock Exchange under the symbol "HPQ."

17 5. The defendant, HEWLETT-PACKARD POLSKA, SP. Z O.O. ("HP POLAND"), was a
18 wholly owned subsidiary of HP Co. operating and incorporated in Poland. Among other functional
19 responsibilities, HP POLAND managed most of HP's activities in Poland, and had more than 200
20 employees during the relevant period. HP POLAND was subject to HP Co.'s internal accounting
21 controls, and HP POLAND's financial results were included in the consolidated financial statements that
22 HP Co. filed with the SEC.

24 6. "HP POLAND Executive," a citizen of Poland, held various positions at HP POLAND,
25 including District Manager of Public Sector Sales and Public Sector Sales Lead, from in or around July
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1 2005 to in or around January 2010. From 2006 through 2010, public sector sales at HP POLAND
2 accounted for approximately 50% of HP POLAND's gross revenue.

3 7. *Komenda Główna Policji* ("KGP") was the Polish National Police agency, headquartered
4 in Warsaw, Poland. From at least in or around 2006 through at least in or around 2010, KGP was part of
5 the Polish Ministry of the Interior and Administration ("Interior Ministry"). The KGP and the Interior
6 Ministry were each an "agency" and "instrumentality" of a foreign government, and their respective
7 employees were "foreign officials," as those terms are used in the FCPA, Title 15, United States Code,
8 Section 78dd-3(f)(2).
9

10 8. "Polish Official" was the Director of Information and Communications Technology
11 ("ICT") within the KGP, and later a senior official within the Interior Ministry, from in or around 2005
12 to in or around 2011.
13

14 *HP Co.'s Internal Controls*

15 9. At all times relevant to this Information, HP policies prohibited corruption, self-dealing,
16 and other misconduct. HP's Standards of Business Conduct ("SBC") in effect during the relevant time
17 specified company rules and regulations governing legal and ethical practices, preparation of accurate
18 books and records, contracting, and approvals and engagement of third parties. The SBC applied to all
19 HP Co. business divisions and subsidiaries, including HP POLAND. HP POLAND employees,
20 including HP POLAND Executive, received mandatory SBC training annually, among other training.
21 The SBC was promulgated at HP Co.'s headquarters in the Northern District of California.
22

23 10. The SBC manuals specifically referenced the FCPA, and prohibited, among other items,
24 bribes, corrupt practices, "side letters," "off-the-books" arrangements, and "other express or implied
25 agreements outside standard HP contracting processes." The SBC manuals in effect during this period
26 further instructed employees of HP that they were not to "commit [the relevant HP business] to
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1 undertake any performance, payment or other obligation unless [the employee was] authorized under the
2 appropriate HP [business] delegation of authority policies,” and further required accurate accounting
3 records and proper finance practices.

4 11. Although HP Co. had certain anti-corruption policies and controls in place during the
5 relevant period, those policies and controls were not adequate to prevent the conduct described herein
6 and were insufficiently implemented at HP POLAND. This allowed HP POLAND to circumvent HP
7 Co.’s internal accounting controls and falsify its books and records.
8

9 *Overview of Criminal Conduct*

10 12. From in or around 2006 through at least in or around 2010, HP POLAND, acting through
11 certain of its agents and employees, together with others, (i) caused the falsification of HP Co.’s books
12 and records, and (ii) circumvented HP Co.’s existing internal controls, in connection with a scheme to
13 make corrupt payments to one or more foreign officials in Poland, including the Polish Official. The
14 conduct was related to HP POLAND’s efforts to secure and maintain millions of dollars in technology
15 contracts with the Polish government.
16

17 13. Prior to 2006, the KGP had awarded a number of public tenders to HP POLAND and its
18 local partners. In or around 2006, Polish Official, as director of ICT for the KGP, assumed
19 responsibility for reviewing previously-awarded technology contracts and awarding future contracts.
20 HP POLAND, which had no prior relationship with Polish Official and was concerned about
21 maintaining existing contracts and securing new ones in the future, resorted to corruption to foster a
22 relationship with Polish Official.
23

24 14. In or around October 2006, HP POLAND and another global technology company
25 (“Company A”) invited Polish Official to attend a technology-industry conference in San Francisco,
26 California. Certain HP POLAND employees, including HP POLAND Executive, attended as well.
27

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1 Over the course of the trip, HP POLAND circumvented HP Co.'s internal controls in several respects to
2 develop an improper relationship with Polish Official.

3 15. The weekend before the conference, HP POLAND employees, and Polish executives
4 from Company A, paid for dinners, gifts, and sightseeing by the Polish Official in San Francisco. On
5 the third day of the conference, they took Polish Official on a side trip to Las Vegas, Nevada, with no
6 legitimate business purpose. The HP POLAND employees, together with Company A's employees,
7 paid Polish Official's transportation and expenses during the trip to Las Vegas, including lodging,
8 drinks, dining, shows, other events on or near the Las Vegas Strip, and a private tour flight over the
9 Grand Canyon. In circumvention of HP Co.'s internal controls, the HP POLAND employees paid for
10 many of these expenses in cash, without authorization, and failed to document them in HP Co.'s books
11 and records accurately.
12

13
14 16. Upon returning to Poland, HP POLAND Executive and Polish Official met frequently to
15 discuss HP POLAND's existing and future business opportunities with the KGP. Beginning in late
16 2006, HP POLAND started providing technology products to Polish Official for personal use. Early
17 gifts included HP products, such as desktop and laptop computers, and later expanded to include
18 additional HP computers, HP-branded mobile devices, an HP printer, iPods, flat screen televisions,
19 cameras, a home theater system, and other items. These gifts violated HP Co. internal controls relating
20 to gift-giving, and were not properly reflected in HP Co.'s books and records.
21

22 17. In or about January 2007, shortly after receiving the first of these gifts, Polish Official
23 signed a contract with HP POLAND on behalf of the Polish government, valued at approximately \$4.3
24 million.¹ A month later, the Polish Official signed another contract with HP POLAND, valued at
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26
27 ¹ All contracts and payments discussed herein were denominated in the Polish zloty ("PLN")
currency. The amounts have been converted into an approximate U.S. dollar equivalent.

1 approximately \$5.8 million. The KGP awarded both contracts, which were for technology services and
2 HP products, using "single source" bidding procedures.

3 18. Around the date of the second contract award, HP POLAND expanded the bribes to
4 include large cash payments to Polish Official from off-the-books accounts. HP POLAND agreed to
5 pay Polish Official 1.2% of HP POLAND's net revenue on any contract awarded by KGP. As part of
6 this arrangement, Polish Official agreed not to have existing contracts with HP POLAND and select
7 local partners examined for irregularities and potentially re-bid.

9 19. In or about March 2007, Polish Official signed a KGP contract with HP POLAND valued
10 at approximately \$15.8 million. Around this date, HP POLAND Executive delivered to Polish Official's
11 personal residence a bag filled with approximately \$150,000 in cash. On another occasion in 2007, HP
12 POLAND Executive met Polish Official in a Warsaw parking lot and gave Polish Official another bag
13 filled with approximately \$100,000 in cash.

15 20. In 2008, on at least four separate occasions, HP POLAND Executive gave Polish Official
16 bags filled with cash totaling at least \$360,000: one with approximately \$130,000 – \$140,000; another
17 with approximately \$110,000; a third with approximately \$90,000; and a fourth with approximately
18 \$30,000. That year, Polish Official signed three contracts on behalf of KGP with HP POLAND. These
19 agreements, executed in or about January, April, and May 2008, totaled approximately \$32 million. HP
20 POLAND willfully circumvented HP Co.'s internal controls, and falsified corporate books and records
21 relied on by HP Co.'s officers and external auditors to authorize transactions and prepare HP Co.'s
22 consolidated financial statements.

24 21. HP POLAND facilitated the corrupt relationship with Polish Official through covert
25 means. In addition to communicating through anonymous e-mail accounts and prepaid mobile
26 telephones, HP POLAND Executive would sometimes drive Polish Official in an HP POLAND-

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1 provided vehicle to remote locations, and the two would type messages in a text file, passing the
2 computer between themselves. Communications were made in this fashion to avoid possible audio
3 recording of the discussions by hidden devices, and to circumvent HP Co.'s internal controls. These
4 messages addressed, among other topics, information about upcoming tenders and bribe amounts. In
5 one text file about a particular tender, for example, Polish Official wrote that the information was
6 difficult to obtain, and if anyone were to discover that Polish Official had given the materials to HP
7 POLAND, Polish Official and HP POLAND would have a "BIG PROBLEM!!" In another message,
8 Polish Official detailed amounts HP POLAND's involved employees and agents had paid to him to date,
9 and stated that "THERE IS STILL 760K" in Polish currency that was owed him. Polish Official added
10 that "SOON" HP POLAND would need to pay Polish Official "1.2% from 22M + 1.2% with 5M."
11 These statements were in reference to forthcoming contract awards to HP POLAND by the Polish
12 government, for which Polish Official sought 1.2% of HP POLAND's net revenue.
13

14
15 22. In mid-2008, Polish Official was promoted to a new position within the Interior Ministry,
16 responsible for Ministry-wide information-technology projects. While the corrupt relationship
17 continued, both the amount of bribes paid and the contracts HP POLAND received decreased because
18 Polish Official focused his corrupt dealings on other technology firms that had existing business
19 relationships with his new department. In mid-2009, HP POLAND Executive paid Polish Official cash
20 totaling approximately \$6,000.
21

22 23. Sometime thereafter, HP POLAND offered to pay Polish Official to help secure a new
23 contract with the KGP. The contract was ultimately awarded to HP POLAND in or about April 2010,
24 valued at approximately \$4 million. The contract was signed by two of Polish Official's former
25 subordinates. Despite the prior agreement, no employee or agent of HP POLAND ultimately paid
26 Polish Official any money related to this award.
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24. In total, between in or about 2006 and in or about 2010, HP POLAND's agents provided Polish Official cash worth the equivalent of approximately \$600,000, gifts valued in excess of \$30,000, and several thousand dollars in improper travel and entertainment benefits. During this same time span, the Polish government awarded to HP POLAND at least seven contracts for KGP-related information-technology products and services, with a total value of approximately \$60 million. To make these corrupt payments, HP POLAND willfully circumvented HP Co.'s existing internal controls, and falsely recorded the payments in HP Co.'s books and records.

COUNT ONE
(FCPA – Internal Controls –
15 U.S.C. §§ 78m(b)(2)(B), 78m(b)(5), and 78ff(a))

25. Paragraphs 1 through 24 are realleged and incorporated by reference as though fully set forth herein.

26. From on or about October 2006 to in or about at least April 2010, in the Northern District of California and elsewhere, the defendant, HP POLAND, knowingly circumvented a system of internal accounting controls designed to provide reasonable assurances that: (i) transactions were executed in accordance with management's general and specific authorization; (ii) transactions were recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles and any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets was permitted only in accordance with management's general and specific authorization; and (iv) the recorded accountability for assets was compared with the existing assets at reasonable intervals and appropriate action was taken with respect to any differences, to wit: HP POLAND knowingly: (a) provided improper gifts, travel, and entertainment to a foreign official; (b) avoided controls designed to detect and prevent cash payments and bribes; and (c) created

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1 and used certain mechanisms for making and concealing cash payments to a foreign government official
2 through its agents.

3 All in violation of Title 15, United States Code, Sections 78m(b)(2)(B), 78m(b)(5), and 78ff(a).

4 **COUNT TWO**

5 **(FCPA – Books and Records –**

6 **15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a), and 18 U.S.C. § 2)**

7 27. Paragraphs 1 through 24 are realleged and incorporated by reference as though fully set
8 forth herein.

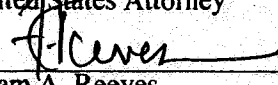
9 28. From in or about October 2006 to in or about at least April 2010, in the Northern District
10 of California and elsewhere, HP POLAND knowingly and willfully falsified and caused to be falsified
11 books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the
12 transactions and dispositions of assets of HP Co., to wit: HP POLAND (a) improperly accounted for
13 gifts, travel, and entertainment expenses provided to a foreign government official; (b) caused execution
14 of off-the-books agreements with third parties as a way to conceal corrupt payments; and (c)
15 mischaracterized corrupt payments in the corporate books and records as seemingly legitimate expenses.
16

17 All in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a),
18 and Title 18, United States Code, Section 2.

19 DATED: April 9, 2014

20 Respectfully submitted,

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