

Former HP Executive Pleads Guilty In Trade Secrets Case

Note. This article speaks to the high quality of HP's management.

Associated Press Article Launched: 07/11/2008 02:31:38 PM PDT An executive who worked at IBM for nearly a decade pleaded guilty today to stealing trade secrets about the company's pricing and trying to pass them off to his superiors at rival Hewlett-Packard when he took a job there.

Atul Malhotra, 42, faces up to 10 years in prison and a \$250,000 fine on the single count of theft of trade secrets, prosecutors said today. Malhotra entered his plea to the charge in U.S. District Court in San Jose, where sentencing is scheduled for Oct. 29.

Malhotra worked from 1997 to 2006 as a director of sales and business development in the Armonk, N.Y.-based IBM's global services division. The division is one of IBM's most lucrative, typically making up more than half of IBM's total sales and a third of its pretax profit.

Investigators say two months before Malhotra took a job as a vice president in HP's imaging and printing services division, he asked for confidential IBM data about product costs and materials. Shortly after he arrived at Palo Alto-based HP in 2006, prosecutors say, Malhotra sent e-mails to two of his superiors with the confidential data attached.

Prosecutors said Malhotra claimed in the e-mails that the data would give HP's sales teams an edge over IBM in determining pricing on prospective deals.

HP and IBM cooperated with the investigation, prosecutors said.

HP said it detected the activity, fired Malhotra and turned the information over to law enforcement. His employment at HP lasted five months. IBM declined to comment on the case.

Malhotra's defense lawyer, John Vandeveld, didn't immediately return a call today.