



# Department of Justice

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## **FORMER HEWLETT PACKARD VICE PRESIDENT PLEADS GUILTY TO THEFT OF IBM TRADE SECRETS**

WASHINGTON - A former vice president of imaging and printing services at the Hewlett Packard Company (HP) pleaded guilty today to stealing trade secrets, announced Acting Assistant Attorney General Matthew Friedrich of the Criminal Division and U.S. Attorney Joseph P. Russoniello for the Northern District of California.

Atul Malhotra, 42, of Santa Barbara, Calif., was charged on June 27, 2007, in a one count information with theft of trade secrets. According to court documents, from Nov. 17, 1997, to April 28, 2006, Malhotra was employed by International Business Machines Corporation (IBM) as director of sales and business development in output management services for IBM Global Services. In pleading guilty, Malhotra admitted that on March 15, 2006, while employed at IBM, he requested and received confidential information concerning IBM Global Services, CC Calibration Metrics. The trade secret information, marked confidential on each page, included data concerning product costs and materials that IBM used to compete in the marketplace. In providing the requested information, a pricing coordinator at IBM Global Services directed Malhotra not to distribute the information due to its sensitive nature.

In May 2006, Malhotra became a vice president of imaging and printing services for HP. According to plea documents, shortly after starting in his new position at HP, Malhotra shared IBM trade secrets with his superiors. On July 25, 2006, Malhotra sent an e-mail to an HP senior vice president with the subject, "For Your Eyes Only," and attached the trade secret information for which he is charged with sharing. Two days later, on July 27, 2006, he sent an e-mail to another HP senior vice president with the subject, "For Your Eyes Only - confidential," and attached the same trade secret information. The court documents also reveal that in the email message, Malhotra noted that knowledge of this information would help specific HP sales teams better understand their competitors' goals as the teams determined pricing for prospective deals.

Sentencing in this case was set for Oct. 29, 2008, by U.S. District Court Judge Jeremy Fogel, who accepted the plea at the federal courthouse in San Jose, Calif. At sentencing, Malhotra faces a maximum of 10 years in prison, a fine of \$250,000 and a three-year term of supervised release.

IBM and HP fully cooperated in the investigation of this case.

The case is being prosecuted by Assistant U.S. Attorneys Mark L. Krotoski, presently at the Criminal Division's Computer Crime and Intellectual Property Section, and Susan Knight of the Computer Hacking and Intellectual Property Unit in the U.S. Attorney's Office for the Northern District of California, with the assistance of Paralegals Glenn Gordon and Tracey Andersen. The investigation in this case was conducted by the FBI. The California Attorney General's Office also assisted on the case.

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