

Federal judge pushes Hewlett-Packard to resolve Autonomy lawsuit

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In the end, the individual most responsible for making Hewlett-Packard a better-run company was not CEO Meg Whitman or anyone on the board of directors.

Instead, we can thank U.S. District Judge Charles Breyer.

Late last week, Breyer granted preliminary approval to a settlement over a shareholder lawsuit over HP's botched \$11.7 billion acquisition of British software maker Autonomy.

Judges routinely sign off on such agreements. What makes Breyer's actions so extraordinary is that he took a bad deal that originally offered nothing to investors and forced the Palo Alto computing giant to enact corporate governance reforms that will benefit shareholders long after we (hopefully) forget about the Autonomy acquisition.

"We are pleased with the Court's decision to grant preliminary approval and look forward to the final hearing on July 24," an HP spokeswoman said via e-mail.

First, some quick background. Under then-CEO Léo Apotheker, the company purchased Autonomy in 2011, but later wrote off \$8.8 billion of the acquisition, accusing Autonomy executives, including ex-CEO Michael Lynch, of accounting fraud. Lynch denies the allegations and says HP mismanaged his company.

Shareholders sued HP, including a "derivative action" that would force the company to sue its own officers and directors for breaching their fiduciary duty.

HP and shareholder lawyers crafted a controversial settlement. After its "independent" investigation not surprisingly cleared directors and officers of wrongdoing, HP agreed to sue Autonomy's former officers,

Attorneys

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Practice Areas

Securities / Financial Fraud

FEDERAL JUDGE PUSHES HEWLETT-PACKARD TO RESOLVE AUTONOMY LAWSUIT

hiring the very lawyers that filed the derivative lawsuit.

The deal provided nothing for shareholders. But it did offer those lawyers a potentially lucrative payday: a guaranteed \$562,000 retainer for 32 months, plus millions of dollars if HP successfully recouped money from the former Autonomy executives, according to court documents.

In an interview, attorney Mark Molumphy said the original settlement was “misrepresented” to the public.

HP investor Stanley Morrical did hire Molumphy and colleague Joseph Cotchett to sue the company. But unlike a class-action lawsuit, the lawyers didn’t seek financial damages for shareholders... *(To read the entire article, please click **HERE**)*