SEC To Investigate Hurd's Devastating Ouster From HP

Jordan Robertson, AP Technology Writer

SAN FRANCISCO (AP) — Mark Hurd is facing more fallout from his ouster five months ago as CEO of Hewlett-Packard Co., the world's biggest personal computer and printer maker.

The Securities and Exchange Commission is investigating the circumstances of Hurd's forced resignation in August, a surprising exit that triggered an immediate $9 billion drop in HP's market value and involved allegations of sexual harassment and inappropriate sharing of inside information.

HP said Monday it is cooperating with the investigation, which was reported earlier by the Wall Street Journal. The SEC declined to comment.

"Mark acted properly in all respects," David Satterfield, a spokesman for Hurd, said in a statement. "It is understandable that the SEC is looking into the events surrounding Mark's departure, which was followed by a precipitous drop in the value of HP's stock."

Hurd's five-year reign at HP, which was hailed by Wall Street but reviled by many HP employees because of deep job and cost cuts, came to an abrupt end after a former HP marketing contractor, Jodie Fisher, accused him of sexual harassment.

HP's board said it didn't find evidence to support the harassment claim, but did find inaccuracies in Hurd's expense reports for his outings with Fisher, who helped organize and host HP networking events that Hurd attended.

The Journal, citing anonymous sources, reported that the SEC's investigation is looking at the expense reports, as well as another of Fisher's allegations — that Hurd told her in advance about HP's $13.9 billion acquisition of Electronic Data Systems in 2008 — and the possibility that Hurd destroyed computer evidence related to the case.

Hurd has argued that he didn't prepare his own expense reports, and that the omission of Fisher's name from some reports wasn't intentional.

Fisher later appeared to recant her claim that Hurd disclosed sensitive information, saying in a letter when she and Hurd settled their case that there were "many inaccuracies" in her original story. Fisher received an undisclosed amount as part of the settlement.

On Monday a person familiar with the matter told The Associated Press that the computer issue involved information the SEC requested concerning an HP computer

that Hurd kept at home and had digitally cleaned before returning it to the company. This person said the cleaning was done to protect the privacy of Hurd's family, which used the computer for things such as photos and music. The person requested anonymity because of not being authorized to speak publicly about the matter.

One aspect of Hurd's ouster that angered many critics was the size of his severance package.

Hurd got a $12.2 million cash payout and, soon after his exit, exercised options on some $30 million worth of HP stock, and filed papers to sell the stock.

His payday from HP would have been even higher had he not agreed to give back restricted stock worth about $14 million as part of a settlement with HP to allow him to work at Oracle Corp., an HP rival run by Hurd's friend Larry Ellison.

HP shareholders still haven't recovered.

HP's market value, which stood at around $108 billion before Hurd's exit, dropped about $9 billion in the stocks' first day of trading after the Aug. 6 resignation. The stock fell further as the wait for a replacement dragged on.

Hurd's replacement, Leo Apotheker, the former CEO of business software maker SAP AG, pleased many HP employees by rescinding pay cuts imposed under Hurd, and appears to have calmed investors' nerves by promising to focus on software and research to help close gaps with archrival IBM Corp.

HP's market value stood at $94 billion on Monday, before news of the SEC investigation was published.

The stock fell 7 cents, or 0.2 percent, to $41.68 in extended trading Monday. Shares of Oracle, where Hurd works as a co-president, fell 3 cents, or 0.1 percent, to $31.65 in extended trading.

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