

## THE TRIALS OF HP

company's otherwise brilliant business comeback. It's a story of intrigue, duplicity, and vindictive rage inside one of the world's largest and most respected corporations, with a central figure, Kamb, who is portrayed in opposing legal filings as a charlatan and a victim—and may be both. Once again HP is accused of using shady and aggressive investigative tactics, including a high-pressure interrogation that reduced one of its own executives to tears. There's even an allegation—or more than an allegation, as we'll soon see—of corporate espionage.

How did it unfold? Just 20 months after Fiorina's CES presentation, Kamb was fired. Then, along with six associates, all of whom had worked or consulted for HP, he was sued for \$100 million by the tech giant. HP claimed that Kamb had betrayed the company and appropriated its trade secrets—and its money—to launch his own flat-panel-TV company, even as he was working on the TV project for HP.

From its opening words the lawsuit seethed: "HP brings this action to redress a multimillion-dollar swindle perpetrated by several of its once-trusted high-level employees." The lengthy list of allegations included some that were straightforward—conspiracy and fraud—and others that seemed more a product of emotion than of reason: The \$90 billion behemoth sued the 19-person startup for "unfair competition" and for racketeering, a charge originally designed for Mafia kingpins. The company even got personal, dredging up an adultery charge lodged against Kamb in his divorce.

But that was nothing compared to the bombs Kamb dropped in a countersuit in January 2007. Kamb not only denied stealing trade secrets but also insisted that HP knew exactly what he had done with its money: He had used it in an operation that gathered "confidential information" on Dell, whose entry into printers had threatened HP's most lucrative line of business.

As if that weren't enough, Kamb's suit accused HP of using fraudulent means to get his private phone records, the tactic known as pretexting. Kamb first accused

HP of the misbehavior in August 2005, a year before the emergence of HP's high-profile scandal last year, in which investigators pretexted directors, employees, and reporters in an effort to smoke out a boardroom leaker.

HP's legal papers flatly deny that the company pretexted Kamb. So incensed was HP by Kamb's counterclaim that it roared back into federal court and persuaded Judge Michael Schneider to issue an unusual ruling. He forced Kamb to withdraw his countersuit and refile it with the Dell-related allegations henceforth kept under seal, and he prohibited all parties from discussing any of that material with the press. The judge hasn't explained his rationale. But it seems reasonable to assume he wasn't going to countenance Kamb—a fired former employee accused of serious wrongdoing and desperate to save his own skin—using the media to even the odds against his better-armed opponent.

As outlandish as Kamb's charges seem, however, independent evidence suggests that the wildest of his accusations—that HP sleuths obtained confidential information about Dell and that HP pretexted him—are true. Says Dell spokesman Bob Pearson, referring to the charges that HP spied on his company: "The more we look into it, the more concerned we become."

HP's once pristine reputation was deeply tarnished by its pretexting scandal. But even at the darkest moments, CEO Mark Hurd, Fiorina's replacement, insisted that the sleazy machinations in the boardroom

investigation were an anomaly. HP "has consistently earned recognition for our adherence to standards of ethics, privacy, and corporate responsibility," Hurd told Congress in sworn testimony in September 2006. He explained how a "proper" inquiry into boardroom leaks had "become a rogue investigation that violates our principles and values." The word he used to describe the fiasco was "aberration."

That was the very term recently employed by Jon Hoak, the man hired by Hurd as chief ethics and compliance officer after the scandal. The imbroglio, Hoak told Bloomberg.com in April, was "an aberration rather than an indication of a culture problem." Hoak has been overhauling HP's

**BOXED IN** Kamb inside the Las Vegas office of TV startup byd:sign, which is defending a \$100 million suit by HP



**"IF THEY'RE TRYING TO SEND A MESSAGE, I'VE GOTTEN IT," SAYS KAMB OF HIS FORMER EMPLOYERS AT HEWLETT-PACKARD. HE SAYS HE'S DEEPLY DEPRESSED. "I'M DOWN ON MY KNEES, GASPING FOR BREATH."**