



## U.S. Securities and Exchange Commission

### U.S. SECURITIES AND EXCHANGE COMMISSION

**Litigation Release No. 20296 / September 25, 2007**

**Accounting and Auditing Enforcement Release No. 2726 /  
September 25, 2007**

***SEC v. Chandramowli Srinivasan, Civil Action No. 1:07-CV-01699  
(RBW)(D.D.C.)***

**Former President of EDS's Indian Subsidiary Settles SEC Injunctive  
Action Relating to Violations of the Foreign Corrupt Practices Act**

**Chandramowli Srinivasan Agrees to Pay a \$70,000 Penalty**

In Separate Administrative Proceeding, EDS Agrees to Cease-and-Desist Order and to Pay \$490,902 in Disgorgement and Prejudgment Interest Relating to Issuer Reporting, Books-and-Records, and Regulation FD Violations

The Securities and Exchange Commission announced today that it filed a settled civil action in United States District Court for the District of Columbia against Chandramowli Srinivasan, the former president of A.T. Kearney India (ATKI), which was a subsidiary of Electronic Data Systems Corp. (EDS) at the time, relating to his role in a bribery scheme. The Commission's complaint against Srinivasan states that between early 2001 and September 2003, ATKI made at least \$720,000 in illicit payments to senior employees of Indian state-owned enterprises to retain its business with those enterprises. ATKI made these payments at the direction of Srinivasan after the senior employees threatened to cancel the contracts with ATKI. Srinivasan, on a neither admit nor deny basis, consented to the entry of a final judgment enjoining him from violating Sections 13(b)(5) and 30A of the Securities Exchange Act of 1934 (Exchange Act) and ordering him to pay a \$70,000 penalty.

In a separate but related action, the Commission today instituted administrative proceedings against EDS for various violations of the issuer reporting and books-and-records provisions of the federal securities laws. Simultaneously with the institution of the proceedings, EDS consented to the entry of an SEC cease-and-desist order that provides for disgorgement and prejudgment interest of \$490,902. The Commission order found that EDS engaged in the following misconduct:

- EDS failed to disclose the cost of certain derivatives contracts for the first and second quarters of 2002, and then selectively disclosed the cost and early settlement in the third quarter of 2002.
- EDS failed to adequately disclose in its Form 10-Q for the second quarter of 2002 an extraordinary transaction that comprised over 25 percent of EDS's operating cash flow in the first six months of 2002.
- EDS maintained inaccurate books and records by employing certain inaccurate assumptions in accounting models used to estimate

revenues and expenses for the company's multi-billion dollar Navy/Marine Corps Intranet contract.

- The improper payments made by Srinivasan caused EDS to maintain inaccurate books and records.

As a result of the above, the Commission found that EDS, which did not admit or deny the charges, violated Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Exchange Act Rules 12b-20, 13a-13, and Regulation FD. EDS was also ordered to pay \$358,800 in disgorgement and \$132,102 in prejudgment interest. See Administrative Proceeding No. 3-12825.

- ▶ [SEC Complaint in this matter](#)
- ▶ [Administrative Proceeding 34-56519](#)

<http://www.sec.gov/litigation/litreleases/2007/lr20296.htm>

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[Home](#) | [Previous Page](#)

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