



NEWS RELEASE

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American Living in Australia Charged in Securities Fraud Case Involving Scheme to Fraudulently Inflate by Nearly \$100 Million the Cost of Santa Monica Software Company Being Purchased by Computer Sciences Corp.

LOS ANGELES – A former executive at Commonwealth Bank of Australia (CBA) was charged today in federal court with participating in a scheme to fraudulently generate revenue for a software company that was being purchased by Computer Sciences Corporation (CSC), which was misled into paying a \$98 million incentive bonus as a result of the scheme.

Keith Hunter, 62, of Surrey Hills, Australia, a United States citizen who was the executive general manager in charge of infrastructure and operations at CBA, was named in a two-count criminal information filed this morning. The information charges Hunter with two counts – conspiracy to commit securities fraud and wire fraud, and wire fraud.

The information alleges a scheme in which Hunter and several co-conspirators in Australia and the United States developed a plan to defraud CSC by inflating revenues for a Santa Monica-based company that CSC was purchasing – ServiceMesh, Inc., which provided cloud computer management software. In the scheme, members of the conspiracy in late 2013 and early 2014 caused CBA to purchase \$10 million in goods and services from ServiceMesh. According to the court documents filed today, CBA employees, including Hunter, received undisclosed kickbacks from a senior executive of ServiceMesh in exchange for awarding the \$10 million in contracts to ServiceMesh.

“Schemes like the one charged today compromise the integrity of our financial system, and this defendant’s fraud caused significant harm to CSC and its shareholders, all for his own personal profit,” said United States Attorney Eileen M. Decker. “Everyone who invests in American companies, especially American workers investing their hard-earned money directly or through a retirement plan, deserves protection from this kind of fraud.”

Solely as a result of the scheme described in the information, ServiceMesh reached a performance goal that triggered CSC to pay a \$98 million “earnout payment” to ServiceMesh shareholders in March 2014. The information alleges that a portion of the “earnout payment” received by the senior executive of ServiceMesh who was

involved in the scheme funded the kickbacks paid to CBA employees, including payments to Hunter of approximately \$630,000.

"This scheme resulted in CSC, a publicly traded company, overpaying \$98 million dollars to purchase ServiceMesh. Today's announcement sends a clear message to executives that accepting bribes with the intent to inflate revenue and generate a business advantage is a crime with serious consequences," said Deirdre Fike, the Assistant Director in Charge of the FBI's Los Angeles Field Office. "International boundaries do not limit the FBI from working with our foreign and domestic partners to hold accountable individuals who engage in commercial bribery and securities fraud."

The scheme allegedly caused CSC to suffer nearly \$100 million in losses when it made the unwarranted earnout payment that followed a base payment of \$163 million for ServiceMesh.

Hunter has pleaded guilty and is currently pending sentencing on bribery charges in an Australian court. Authorities in the United States expect Hunter to face the charges filed today after he completes any sentence he receives in Australia.

An information contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until proven guilty in court.

The two counts in the information together carry a statutory maximum penalty of 45 years in federal prison.

The United States Securities and Exchange Commission today filed a civil complaint against Hunter charging him with securities fraud, along with a consent and proposed judgment.

The United States Attorney's Office would like to thank the New South Wales Police Force, Fraud and Cybercrime Squad, in Australia for its assistance in this investigation.

The case against Hunter is the product of an ongoing investigation by the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorneys Stephen A. Cazares and Ann C. Kim of the Major Frauds Section.