SEC Charges Seven Oil Services and Freight Forwarding Companies for Widespread Bribery of Customs Officials

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Washington, D.C., Nov. 4, 2010 — The Securities and Exchange Commission today announced sweeping settlements with global freight forwarding company Panalpina, Inc. and six other companies in the oil services industry that violated the Foreign Corrupt Practices Act (FCPA) by paying millions of dollars in bribes to foreign officials to receive preferential treatment and improper benefits during the customs process.

SEC Complaints:
- Panalpina, Inc.
- Pride International, Inc.
- Tidewater Inc.
- Transocean, Inc.
- GlobalSantaFe Corp.
- Noble Corporation

SEC Administrative Proceeding:
- Royal Dutch Shell plc

The SEC alleges that the companies bribed customs officials in more than 10 countries in exchange for such perks as avoiding applicable customs duties on imported goods, expediting the importation of goods and equipment, extending drilling contracts, and lowering tax assessments. The companies also paid bribes to obtain false documentation related to temporary import permits for oil drilling rigs, and enable the release of drilling rigs and other equipment from customs officials.

The SEC's cases were coordinated with the U.S. Department of Justice's Fraud Section, and the sanctions to be paid by the companies under the settlements total $236.5 million. This is the first sweep of a particular industrial sector in order to crack down on public companies and third parties who are paying bribes abroad.

"Bribing customs officials is not only illegal but also bad for business, as the coordinated efforts of law enforcement increase the risk of detection every day," said Robert Khuzami, Director of the SEC's Division of Enforcement. "These companies resorted to lucrative arrangements behind the scenes to obtain phony paperwork and special favors, and they landed themselves squarely in investigators' crosshairs."

Cheryl J. Scarboro, Chief of the SEC's Foreign Corrupt Practices Act Unit, added, "This investigation was the culmination of proactive work by the SEC and DOJ after detecting widespread corruption in the oil services industry. The FCPA Unit will continue to focus on industry-wide sweeps, and no industry is immune from investigation."
Without admitting or denying the allegations, the companies agreed to settle the SEC’s charges against them by paying approximately $80 million in disgorgement, interest, and penalties. The companies agreed to pay fines of $156.5 million to settle the criminal proceedings with DOJ.

SEC charges against six companies were filed in federal court, and one company was charged in an SEC administrative proceeding. Among the SEC's allegations:

**Panalpina, Inc.** — A U.S. subsidiary of the Swiss freight forwarding giant Panalpina World Transport (Holding) Ltd. (PWT), Panalpina is charged with paying bribes to customs officials around the world from 2002 to 2007 on behalf of its customers, some of whom are included in these settlements. Panalpina bribed customs officials in Nigeria, Angola, Brazil, Russia and Kazakhstan to enable importation of goods into those countries and the provision of logistics services. The bribes were often authorized by Panalpina's customers and then inaccurately described in customer invoices as "local processing" or "special intervention" or "special handling" fees.

- Panalpina agreed to an injunction and will pay disgorgement of $11,329,369 in the SEC case.
- PWT and Panalpina agreed to pay a criminal fine of $70.56 million.

**Pride International, Inc.** — One of the world's largest offshore drilling companies, Pride and its subsidiaries paid approximately $2 million to foreign officials in eight countries from 2001 to 2006 in exchange for various benefits related to oil services. For example, Pride's former country manager in Venezuela authorized bribes of approximately $384,000 to a state-owned oil company official to secure extensions of drilling contracts, and a French subsidiary of Pride paid $500,000 in bribes intended for a judge to influence customs litigation relating to the importation of a drilling rig.

- Pride agreed to an injunction and will pay disgorgement and prejudgment interest of $23,529,718 in the SEC case.
- Pride and subsidiary Pride Forasol agreed to pay a criminal fine of $32.625 million.

**Tidewater Inc.** — The New Orleans-based shipping company through a subsidiary reimbursed approximately $1.6 million to its customs broker in Nigeria from 2002 to 2007 so the broker could make improper payments to Nigerian customs officials and induce them to disregard regulatory requirements related to the importation of Tidewater's vessels.

- Tidewater agreed to an injunction and will pay $8,104,362 in disgorgement and a $217,000 penalty.
- Tidewater Marine International agreed to pay a criminal fine of $7.35 million.

**Transocean, Inc.** — An international provider of offshore drilling services to oil companies throughout the world, Transocean made illicit payments from at least 2002 to 2007 through its customs agents to Nigerian government officials in order to extend the temporary importation status of its drilling rigs. Bribes also were paid to obtain false paperwork associated with its drilling rigs and obtain inward clearance authorizations for its rigs and a bond registration.

- Transocean agreed to an injunction and will pay disgorgement and prejudgment interest of $7,265,080.
- Transocean Ltd. and Transocean Inc. agreed to pay a criminal fine of
GlobalSantaFe Corp. (GSF) A provider of offshore drilling services GSF made illegal payments through its customs brokers from approximately 2002 to 2007 to officials of the Nigerian Customs Service (NCS) to secure documentation showing that its rigs had left Nigerian waters. The rigs had in fact never moved. GSF also made other payments to government officials in Gabon, Angola, and Equatorial Guinea.

- GSF agreed to an injunction and will pay disgorgement of $3,758,165 and a penalty of $2.1 million.

Noble Corporation — An offshore drilling services provider, Noble authorized payments by its Nigerian subsidiary to its custom agent to obtain false documentation from NCS officials to show export and re-import of its drilling rigs into Nigerian waters. From 2003 to 2007, Noble obtained eight temporary import permits with false documentation.

- Noble agreed to an injunction and will pay disgorgement and prejudgment interest of $5,576,998.
- Noble agreed to pay a criminal fine of $2.59 million.

Royal Dutch Shell plc — An oil company headquartered in the Netherlands, Shell and its indirect subsidiary called Shell International Exploration and Production, Inc. (SIEP) violated the FCPA by using a customs broker to make payments from 2002 to 2005 to officials at NCS to obtain preferential customs treatment related to a project in Nigeria.

- SIEP and Shell agreed to a cease-and-desist order and will pay disgorgement and prejudgment interest of $18,149,459.
- Shell Nigerian Exploration and Production Co. Ltd. will pay a criminal fine of $30 million.

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The SEC's investigations were conducted by Jason Rose, Michael King, Tracy L. Price, Denise Hansberry, Laura Josephs, Linda Moran, Amy Friedman, Mathew Hefferan, Moira T. Roberts, Sharan K.S. Custer, Ernesto Palacios and Chedly Dumornay. The Commission acknowledges the assistance of the Department of Justice's Criminal Division-Fraud Section and the Federal Bureau of Investigation.

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For more information about this enforcement action, contact:

Cheryl J. Scarboro
Chief, Foreign Corrupt Practices Act Unit, Division of Enforcement
202-551-4403