

Client Alert

November 25, 2008

FCPA Watch: \$4.2 Million Criminal Fine Levied as Part of Yet Another Guilty Plea by an Oil and Gas-Related Company**Areas of Interest****White Collar Defense & Compliance****Securities Enforcement & Investigations****United States**

Aibel Group Ltd. (Aibel Group), a UK corporation, pleaded guilty on November 21, 2008, to violating the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) and agreed to pay a \$4.2 million fine. [\[View Criminal Information here\]](#) The guilty plea represents the third time since July 2004 that companies affiliated with the Aibel Group have pleaded guilty to violating the FCPA by paying bribes to governmental agencies in Nigeria.

The first time occurred in July 2004, when Vetco Gray UK Ltd., a company affiliated with the Aibel Group, pleaded guilty to violating the FCPA in connection with the payment of bribes to the National Petroleum Investment Management Services (NAPIMS), a governmental agency in Nigeria that evaluates and approves potential bidders seeking to work on oil exploration projects. Next, in February 2007, Vetco Gray UK Ltd. (along with other Vetco Gray entities) again pleaded guilty to violating the anti-bribery provisions of the FCPA by paying bribes to a Nigerian governmental agency. As part of the 2007 plea agreement, the Vetco entities agreed to pay a \$26 million criminal fine. Aibel Group, then wholly owned by Vetco Gray, was not responsible under the 2007 plea agreement for paying a fine, but it was required to enter into the deferred prosecution agreement established as a result of the 2004 guilty plea, thus accepting responsibility for similar conduct by its employees.

In the latest [plea agreement](#), Aibel Group admitted to violating the deferred prosecution agreement it entered into in 2007. According to court documents, Aibel previously failed to report to the US Department of Justice (DOJ) at least 378 corrupt payments, totaling more than \$2 million, made through an international freight forwarding and customs clearance company between 2002 and 2005 to Nigerian customs officials for the purpose of obtaining preferential treatment. The bribes were paid in connection with Nigeria's first deepwater oil drilling operation for which Aibel Group provided engineering, procurement, and construction services and equipment. The bribes were coordinated largely through an affiliated company's offices in Houston.

As part of this 2008 guilty plea, Aibel Group has been ordered to serve a two year term of probation, during which the company must submit periodic reports to the DOJ regarding its progress in implementing anti-bribery compliance measures.

Court documents from the February 2007 and November 2008 guilty pleas do not name the "major international freight forwarding and customs clearance company" through which the Aibel Group provided the bribes to Nigerian customs officials. It is speculated, however, that the company is Panalpina, a Swiss logistics company. Since February 2007, numerous oil and gas companies have received letters from the DOJ and Securities and Exchange Commission (SEC) asking for details about their relationship with Panalpina. Panalpina has announced that it is cooperating with a DOJ and SEC investigation and has been ordered to produce documents related to services it provided certain customers in Nigeria, Saudi Arabia, and Kazakhstan.

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