

## **Bribery by Oil Services and Freight Forwarding Companies / Pride International, Inc.**

**Case ID:**

ST-94

**Case Cluster :**

Bribery by Oil Services and Freight Forwarding Companies

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

**Jurisdiction of Foreign Public Official(s) :**

Nigeria, Venezuela, India, Mexico, Kazakhstan, Saudi Arabia, the Republic of the Congo, and Libya

**Year of Settlement:**

2010

**Month/Day of Settlement (or Notes):**

11/04

**Other Jurisdictions of Settlement:**

Unknown

**Settlement with Individual or Legal Person?:**

Legal Person

**Type of Settlement:**

Civil

**Legal Form of Settlement:**

Consent to Final Judgment

**Monetary Sanctions (Types):**

Disgorgement of Profits, Prejudgment Interest

**Total Monetary Sanctions (US\$):**

\$23,529,718.00

**Civil Disgorgement of Profits (US\$) :**

\$19,341,870

**Civil Prejudgment Interest (US\$) :**

\$4,187,848

**Civil Fine / Penalty (US\$):**

\$0

**Monetary Sanctions Returned / Ordered Returned (US\$):**

\$0

**UNCAC Articles(s) Implicated:**

Art.16

Art.26

**OECD Anti-Bribery Convention Articles Implicated:**

Art. 1, Art. 2, Art. 8

**Offenses - Alleged:**

Bribery of foreign officials, Falsification of books and records, Internal controls violations

**Offenses - Settled:**

No admission or denial of alleged offenses

**Public Procurement Contract / SOE Involved?:**

No (Customs)

**Summary:**

According to the US Securities and Exchange Commission Litigation Release, on November 4, 2010, the Commission "charged one of the world's largest offshore drilling companies with violating the Foreign Corrupt Practices Act (FCPA) by paying approximately \$2 million to foreign officials in eight countries. The SEC's complaint, filed in federal district court in Houston, alleges that from 2001 through 2006 Pride International, Inc. and its subsidiaries bribed government officials in Venezuela, India, Mexico, Kazakhstan, Nigeria, Saudi Arabia, the Republic of the Congo, and Libya. The bribery schemes allowed Pride and its subsidiaries to extend drilling contracts, obtain the release of drilling rigs and other equipment from customs officials, reduce customs duties, extend the temporary importation status of drilling rigs, lower various tax assessments, and obtain other improper benefits. [ ] According to the SEC's complaint, from 2003 through 2005, Pride's former Venezuela country manager authorized bribes totaling approximately \$384,000 to an official of Venezuela's state-owned oil company to secure extensions of three drilling contracts. In addition, the country manager authorized a bribe of approximately \$30,000 to an employee of Venezuela's state-owned oil company to secure the payment of receivables. The SEC alleges that in 2003 a French subsidiary of Pride paid three bribes totaling approximately \$500,000, believing that the funds would be given to an Indian judge to influence customs litigation relating to the importation of a drilling rig. According to the complaint, a Pride employee in the U.S. had knowledge of the payments at the time they were made. The complaint alleges that in 2004 a former Pride vice president authorized a \$10,000 bribe to a Mexican customs official in return for favorable treatment regarding customs deficiencies identified during an inspection of a supply boat. The SEC's complaint also alleges that from 2001 through 2006 numerous improper payments made by Pride subsidiaries operating in Mexico, Kazakhstan, Nigeria, Saudi Arabia, the Republic of the Congo, and Libya were not correctly recorded in those subsidiaries' books and records. As a result, the complaint alleges that Pride failed to make and keep accurate books and records and failed to devise and maintain appropriate internal controls." (Source: US Securities and Exchange Commission, Litigation Release No. 21726 / November 4, 2010, SEC v. Pride International, Inc., Civil Action No. 4:10-cv-4335 (S.D. Texas, November 4, 2010), "SEC Charges Pride International with Violating the Foreign Corrupt Practices Act.")

**Sources :**

Report by the United States to the OECD, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (June 2011), Bribery by Oil Services and Freight Forwarding Companies Case Summary at 32-37, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, Litigation Release No. 21726 / November 4, 2010, SEC v. Pride International, Inc., Civil Action No. 4:10-cv-4335 (S.D. Texas, November 4, 2010), "SEC Charges Pride International with Violating the Foreign Corrupt Practices Act," accessed at [www.sec.gov/litigation/litreleases/2010/lr21726.htm](http://www.sec.gov/litigation/litreleases/2010/lr21726.htm); Complaint accessed at [www.sec.gov/litigation/complaints/2010/comp21726.pdf](http://www.sec.gov/litigation/complaints/2010/comp21726.pdf).