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UNITED STATES COURTS
SOUTHERN DISTRICT OF TEXAS
FILED

JUN 22 2004

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

MICHAEL N. MILBY, CLERK OF COURT

UNITED STATES OF AMERICA)	CRIMINAL NO. 4-04-CR-279
)	
v.)	15 U.S.C. §§ 78dd-2, 78dd-3
)	(Foreign Corrupt Practices Act)
ABB VETCO GRAY, INC.)	
and)	
ABB VETCO GRAY UK LTD.)	
)	
<i>Defendants.</i>)	
_____)	

INFORMATION

The United States Attorney alleges that:

GENERAL ALLEGATIONS

- At all times material to this Information, the Foreign Corrupt Practices Act of 1977 (FCPA), as amended, 15 U.S.C. §§78dd-1, *et seq.*, was enacted by Congress for the purpose of, among other things, making it unlawful to take any act in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign government official for the purpose of assisting in obtaining or retaining business for, or directing business to, any person.
- At all times material to this Information:

ABB Entities and Employees

- a. ABB Group was a group of over 500 companies owned, directly and indirectly, and in whole or in part, by ABB Ltd., a holding company incorporated and with its headquarters in Zurich, Switzerland. ABB Group does business through several operating divisions, including the Oil, Gas, & Petrochemicals Division. This Division, which is headquartered in Houston, Texas, Norway and Connecticut, is itself made up of three groups of companies - Vetco Gray, Offshore Systems, and Lummus Global-- and is responsible for the development of onshore and offshore exploration technologies and the design and supply of production facilities, refineries, and petrochemicals plants. ABB Oil, Gas and Petrochemicals Division serves a range of customers, including both state-owned and private oil companies, drilling contractors, engineering contractors, independent exploration and production companies, and petrochemical companies.
- b. Defendant ABB Vetco Gray Inc. ("Vetco Gray US") was a business incorporated under the laws of the State of Delaware and having its principal place of business in Houston, Texas. Vetco Gray US had general responsibility within the Vetco Gray group for business in the

“Western Region.” Vetco Gray US is a “domestic concern” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(1)(B).

- c. Defendant ABB Vetco Gray UK Ltd. (“Vetco Gray UK”) was a business incorporated under the laws of the England and having its principal place of business in Aberdeen, Scotland. Vetco Gray UK had general responsibility within the Vetco Gray group for business in the “Eastern Region,” which included, among other countries, Nigeria. Vetco Gray UK is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1).
- d. ABB Vetco Gray (Pte) Ltd. (“Vetco Gray Singapore”) is a company incorporated and with offices in Singapore. Vetco Gray Singapore has responsibility within the Vetco Gray group for business in the “Asia Pacific/Middle East Region.”
- e. Vetco Gray Nigeria Ltd (“Vetco Gray Nigeria”) was a company incorporated in Nigeria with offices in Lagos, Port Harcourt, and Warri, Nigeria. Vetco Gray UK owned 60% of Vetco Gray Nigeria and subcontracted work to it. In addition, other ABB entities that were not licensed to work in Nigeria would bid on projects through Vetco Gray

Nigeria. Vetco Gray UK exercised control over the operations of Vetco Gray Nigeria and some officials of Vetco Gray UK were also directors of Vetco Gray Nigeria.

- f. VG Employee A was an employee of Vetco Gray UK. VG Employee A served as Regional Sales Manager, West Africa until October 1, 2001, and thereafter as Manager, Aftermarket Operations until October 30, 2002. In addition, VG Employee A held a management position at Vetco Gray Nigeria from May until November 1999.
- g. VG Employee B was an employee of Vetco Gray UK. VG Employee B served as the Sales Vice President, Eastern Region, until October 1999. From October 1999 to October 2002, VG Employee B was Senior Vice President of Vetco Gray Singapore.
- h. VG Employee C was a United States citizen and an employee of Vetco Gray UK. From April 1999 until September 2002, VG Employee C also held a management position at Vetco Gray Nigeria. Thereafter and until October 2003, VG Employee C held various posts at Vetco Gray Singapore.
- i. VG Employee D was an employee of Vetco Gray UK. VG Employee D was vice president of finance for Vetco Gray UK until October 2002.

- j. VG Employee E was a United States citizen and an employee of Vetco Gray US. VG Employee E served as Vice President of Sales, Western Region, until March 2002.
- k. VG Employee F was a United States citizen and an employee of Vetco Gray US. VG Employee F was a Regional Sales Manager based in New Orleans, Louisiana, until November 2002, when he transferred to Vetco Gray UK.

Nigerian Entities and Officials

- l. The government of Nigeria oversaw its investment in petroleum exploration and production through a governmental entity called the National Petroleum Investment Management Services (NAPIMS). NAPIMS evaluated and approved potential bidders for contract work on oil exploration projects in Nigeria that were undertaken as joint ventures with foreign oil exploration companies. NAPIMS is a government instrumentality and its employees are foreign government officials within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(2)(A).
- m. Nigerian Official A was the NAPIMS official responsible for evaluating the bids for the Bonga project.

- n. Nigerian Official B was a member of the NAPIMS evaluation team for the Bonga project.
- o. Nigerian Officials C, D, E, F, and G were other NAPIMS officials whose responsibilities included evaluation of Vetco Gray bids.

ABB Agents and Intermediaries

- p. Nigerian Agent had a consultancy agreement with Vetco Gray UK under which he was responsible for providing marketing and goodwill services. In addition, Nigerian Agent was the owner of various companies that served as a conduit for payments by Vetco Gray companies to public officials.

The Bribery Scheme

- 3. Defendants Vetco Gray US and Vetco Gray UK often operated jointly with respect to marketing Vetco Gray's services in Nigeria. Beginning in or about 1998 and continuing to in or about 2001, defendants Vetco Gray US and Vetco Gray UK, through their officers and employees, paid bribes and authorized the payment of bribes to officials of NAPIMS. The bribes were intended to (1) induce NAPIMS officials to provide confidential and proprietary information regarding its evaluations of competing bids and thereby provide a competitive advantage to the defendants in bidding for projects; and (2) to secure favorable

consideration on Vetco Gray bids from NAPIMS, whose approval was required to receive contract awards. The bribes were paid both directly to certain NAPIMS officials and indirectly through the Nigerian Agent.

Shell Bonga Wellhead Equipment bid:

4. Beginning in 1998, the Vetco Gray companies began preparing a bid on a contract to provide wellhead equipment for a Nigerian oil exploration project known as the Bonga project, operated by Shell Nigeria Exploration and Production Company. Vetco Gray was awarded the Bonga wellhead contract in or about May 2000. As of March 31, 2004, Vetco Gray anticipated obtaining gross revenues from this contract of approximately US\$2,700,000.
5. During the bid evaluation process, in or about 1998, Nigerian Official A met with VG Employee A. Official A told VG Employee A that Vetco Gray should establish relationships and extend "appreciation" to NAPIMS officials to improve its chances in obtaining the Bonga wellhead contract.
6. In or about September 1998, Nigerian Official B contacted VG Employee A and requested payments and gifts in exchange for directing contracts to the Vetco Gray companies. Thereafter, VG Employee A, with approval from VG Employee B, arranged for Vetco Gray Nigeria to give Nigerian Official B an

automobile valued at approximately US\$20,000 and an ABB electric generator valued at approximately US\$6,700.

7. In or about November 1998, Nigerian Official B provided VG Employee A with confidential information concerning Vetco Gray's competitors for contracts in the Bonga project. VG Employee A provided this information to VG Employee B and stated that they needed to meet with Nigerian Official B to discuss what Vetco Gray expected from the Nigerian Officials A and B and "what we would do in return."
8. In addition, in or about November 1998, VG Employee B instructed VG Employee F to take Nigerian Official B on a shopping excursion in New Orleans, Louisiana. Subsequently, VG Employee F submitted an expense report seeking reimbursement for Nigerian Official B's purchase of merchandise worth approximately US\$1,500, which VG Employee B approved.

Second Shell Bonga bid (Bonga Subsea Systems):

9. Beginning in or about 1998, the Vetco Gray companies began preparing a bid for a contract relating to subsea systems work on the Shell Bonga project. Vetco Gray was awarded the Bonga subsea systems contract in or about January 2001. At the time of the contract, Vetco Gray anticipated obtaining

gross revenues from this contract of US\$167,000,000 with an anticipated profit of approximately US\$6,785,000.

10. In or about late 1998, VG Employee B informed officers of Vetco Gray UK that there would be “commission payments” associated with the Bonga contract and that the payments would be made through Nigerian Agent.
11. Between approximately February 1999 and 2001, Nigerian Official B provided officers and employees of Vetco Gray with confidential information relating to the bid evaluation process for the Bonga Subsea Systems project that enabled the Vetco Gray companies to gain a competitive advantage in the bidding process. On some occasions, this information was forwarded via facsimile by Nigerian Official B to VG Employee A in Aberdeen, Scotland, who in turn forwarded it via facsimile to, among others, Vetco Gray US officers and employees in Houston, Texas. The Vetco Gray employees used the information to strengthen the competitiveness of the Vetco Gray bid.
12. Between approximately June 1999 and May 2000, VG Employee A directed VG Employee C to pay certain expenses for Nigerian Official B in Lagos, Nigeria. These expenses included a country club membership fee, household maintenance expenses, cell phone bills, and limousine service, as well as cash payments totaling \$5,000.

13. In or about July 1999, VG Employee B and VG Employee E again directed VG Employee F to entertain Nigerian Official B while Nigerian Official B was in New Orleans. Accordingly, VG Employee F paid for approximately US\$2,000 in merchandise for Nigerian Official B.
14. In or about January 2000, the Vetco Gray companies submitted a bid for the Bonga subsea systems project. Thereafter, VG Employee A, Nigerian Agent, and other Vetco Gray employees discussed ways of making payments to various NAPIMS officials to influence NAPIMS' evaluation of the bid.
15. In or about early January 2000, Vetco Gray employees became concerned that the evaluation team for the Bonga subsea systems contract would not include Nigerian Official B. Nigerian Official B asked if Vetco Gray had "done anything" for Nigerian Official A, her superior. In addition, Nigerian Official A suggested to a Vetco Gray Nigeria employee that Vetco Gray "had forgotten about him." Subsequently, VG Employee A authorized VG Employee C to make a payment to Nigerian Official A, after which Nigerian Official B confirmed that "everything was back on track" with respect to support of Vetco Gray's bid.
16. In or about January 2000, Nigerian Officials A and B visited New Orleans and Houston in connection with the Bonga project. VG Employee A arranged

through VG Employee E for Vetco Gray US to secure an apartment and rental car for them. VG Employee A told an employee of Vetco Gray UK that it was important that “secrecy and confidentiality is maintained through this period” and in an email sent from Aberdeen to Houston told VG Employee E that he hoped he “understand[s] the importance of keeping these people happy.” On another occasion VG Employee A told another Vetco Gray US employee to inform VG Employee E that “[Nigerian Official A] is a key player in our business.” Subsequently, VG Employee E directly and through other employees used Vetco Gray US funds to pay for the officials’ accommodations and gave US\$4,000 in cash to Nigerian Official A.

17. On or about March 7, 2000, VG Employee B wrote to VG Employee A stating he had talked to VG Employee E concerning the payments to Nigerian Officials A and B. He stated:

“I will support you all the way on the issue with [Nigerian Official B] and the others. The commitments we have made to [Nigerian Official A] and [Nigerian Official B] should be honored if we have another player in the picture than we need to take care of them as well. Even if this is at the same level as [Nigerian Official B] we need to do this. . . . [W]e have come too far on this to back off now.

18. In or about March 2000, Nigerian Official B requested that payments be made to Nigerian Official C, Nigerian Official B’s direct supervisor. Subsequently,

VG Employee E made payments to Nigerian Official C of approximately \$12,500 between March and June 2000.

19. Beginning in March 2000, VG Employee A, VG Employee E, and other employees of the Vetco Gray companies developed and implemented a scheme to conceal the payments to the NAPIMS officials by paying false invoices submitted by Nigerian Agent's companies that purported to be for "consulting services." Under this new procedure, VG Employee E would submit the expenses incurred for the officials to Nigerian Agent, who would, in turn, submit an invoice from one of his companies to Vetco Gray UK. VG Employee A would then approve payment of these invoices, and Vetco Gray UK would then wire funds to the London bank account of another of Nigerian Agent's companies. One of Nigerian Agent's companies would then reimburse VG Employee E either by check or by transferring the funds to VG Employee E's bank account in Houston.
20. Pursuant to this procedure, in 2000 and 2001, VG Employee E paid approximately US\$140,000 in expenses related to the NAPIMS officials, cash payments, pedicures, and medical appointments for the officials and their children, which amount was in turn reimbursed by Vetco Gray UK through Nigerian Agent's company.

21. Beginning in early 2001, shortly before the Bonga subsea systems contract was due to be awarded, Vetco Gray UK arranged to pay lump sum cash payments totaling approximately US\$800,000 to Nigerian Officials A, B, C, D, and E through Nigerian Agent's companies. To provide a contractual justification for the payments to Nigerian Agent's companies, VG Employee A, VG Employee B, and VG Employee D arranged for consultancy agreements to be executed between one of Nigerian Agent's companies and Vetco Gray Singapore and Vetco Gray UK. Pursuant to these agreements, the Vetco Gray companies transferred \$845,300 to Nigerian Agent's companies between March 2001 and July 2001. Nigerian Agent's companies, in turn paid the following amounts to NAPIMS officials:

Nigerian Official A	\$ 50,000
Nigerian Official B	\$ 250,000
Nigerian Official C	\$ 150,000
Nigerian Official D	\$ 150,000
Nigerian Official E	\$ 100,000
Nigerian Official F	\$ 150,000

Erha Project

22. Beginning in early 2001, the Vetco Gray companies began preparing a bid to obtain two contracts in connection with a Nigerian oil exploration project known as the Erha project, operated by Esso Exploration and Production Nigeria Limited and Shell Nigeria Exploration and Production Company. The Vetco Gray companies anticipated that these contracts would be “break-even” contracts from which no net profit would be derived. Vetco Gray was ultimately not awarded the main Erha contract.
23. Beginning in or about February 1, 2001, VG Employee E made weekly payments totaling tens of thousands of dollars to Nigerian Official B, during which time Vetco Gray was preparing its bid for the Erha contracts.
24. Beginning in or about February 1, 2001, VG Employee E obtained advances of approximately \$37,500 from Vetco Gray US to make payments to NAPIMS officials, including Nigerian Official B, to obtain their support for the Erha bids. VG Employee E’s invoices for these expenses were approved by VG Employee A or another Vetco Gray UK employee.
25. In or about March 2001, Vetco Gray US sought reimbursement from Vetco Gray UK for amounts advanced to VG Employee E. However, senior Vetco

Gray UK management questioned the expenses and refused to reimburse Vetco Gray US.

26. Between July 2001 and September 2001, VG Employee E received additional cash advances from Vetco Gray US, as well as payment of expenses charged to VG Employee E's corporate credit card, totaling approximately US\$41,000 in connection with payments made to NAPIMS officials.

Abo Project

27. Beginning in or about 2000, the Vetco Gray companies began preparing a bid to obtain a contract in connection with a Nigerian oil exploration project known as the Abo project, operated by Nigerian Agip Exploration Ltd. Vetco Gray was awarded the contract. At the time the contract was awarded, Vetco Gray anticipated obtaining gross revenues from this contract of approximately US\$44,271,728 with a profit of approximately \$3,206,030.
28. In or about the summer of 2001, VG Employee A promised payments on behalf of Vetco Gray of US\$100,000 to three NAPIMS officials. Subsequently, Nigerian Agent persuaded the officials to accept US\$75,000.
29. In or about December 2001, Vetco Gray received a letter of intent awarding it the contract for the Abo project.

30. In or about August 2002, Nigerian Agent sought payment of the amounts promised to the NAPIMS officials. However, senior Vetco Gray management refused to make the payments.

Amenam Project

31. Beginning in or about 1999, the Vetco Gray companies began preparing a bid to obtain a contract in connection with a Nigerian oil exploration project known as the Amenam project, operated by TotalFinaELF. On or about November 30, 2000, Vetco Gray UK was awarded the contract for the Amenam project. Vetco Gray has realized gross revenues of approximately \$9,600,000 and profits of \$900,000.

32. In or about the Fall of 2000, VG Employee A and an employee of Vetco Gray Nigeria promised Nigerian Official G \$250,000 in exchange for his support for the Vetco Gray bid and to obtain confidential bid evaluation information.

33. On or about October 10, 2000, Nigerian Official D provided an employee of Vetco Gray Nigeria with confidential bid evaluation information, which the employee forwarded to VG Employee A.

34. In March 2001, VG Employee A informed Nigerian Official G that senior Vetco Gray officials would not approve the payment of \$250,000.

OCTG Contract

35. Beginning in or about 2000, the Vetco Gray companies sought a renewable four-year pipe supply contract for the OCTG, a project operated by ExxonMobil.
36. In or about 2000, VG Employee A agreed to pay Nigerian Official A \$75,000 in exchange for his approval of Vetco Gray UK's bid. This payment was to be made through Nigerian Agent. This payment was ultimately not made.
37. In or about February 2002, Vetco Gray received an letter of intent awarding it the OCTG contract. Vetco Gray has realized gross revenues from this project of \$4,800,000 and profits of approximately \$600,000.

COUNT ONE

FOREIGN CORRUPT PRACTICES ACT

38. The allegations set forth in paragraphs 1- 37 above are incorporated by reference.
39. It is further alleged that in or about April 11, 2000, in the Southern District of Texas and elsewhere, defendant

ABB VETCO GRAY INC.

a “domestic concern” within the meaning of the meaning of the Foreign Corrupt Practices Act, and defendant

ABB VETCO GRAY UK LTD.

a “person” within the meaning of the Foreign Corrupt Practices Act did use and caused to be used instrumentalities of interstate and foreign commerce corruptly in furtherance of an offer, payment, promise to pay and authorization of the payment of money to foreign officials, directly and through third persons, for purposes of influencing acts and decisions of such foreign officials in their official capacities, inducing such foreign officials to do and omit to do certain acts in violation of their lawful duty, to obtain an improper advantage, and to induce such officials to use their influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such

government or instrumentality in order to assist the defendants in obtaining and retaining business for, and directing business to, themselves and other Vetco Gray companies, to wit, on that date an employee of defendant ABB VETCO GRAY INC. sent an electronic mail message from Houston, Texas, to Aberdeen, Scotland, containing a spreadsheet accounting for \$41,627.58 in payments to and on behalf of officials of NAPIMS, an instrumentality of the Government of Nigeria, and seeking reimbursement from defendant ABB VETCO GRAY UK LTD.

(In violation of Title 15, United States Code, Sections 78dd-2 and 78dd-3, and Title 18, United States Code, Section 2.)

COUNT TWO

FOREIGN CORRUPT PRACTICES ACT

40. The allegations set forth in paragraphs 1- 37 above are incorporated by reference.

41. It is further alleged that in or about January 9, 2001, in the Southern District of Texas and elsewhere, defendant

ABB VETCO GRAY INC.

a “domestic concern” within the meaning of the meaning of the Foreign Corrupt Practices Act, and defendant

ABB VETCO GRAY UK LTD.

a “person” within the meaning of the Foreign Corrupt Practices Act did use and caused to be used instrumentalities of interstate and foreign commerce corruptly in furtherance of an offer, payment, promise to pay and authorization of the payment of money to foreign officials, directly and through third persons, for purposes of influencing acts and decisions of such foreign officials in their official capacities, inducing such foreign officials to do and omit to do certain acts in violation of their lawful duty, to obtain an improper advantage, and to induce such officials to use their influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such

government or instrumentality in order to assist the defendants in obtaining and retaining business for, and directing business to, themselves and other Vetco Gray companies, to wit, on that date, defendant VETCO GRAY UK LTD., in Aberdeen, Scotland, caused a wire transfer of \$10,300 to be made by Nigerian Agent from a bank account in London, England, to a bank account in Houston, Texas, held in the name of an employee of defendant VETCO GRAY INC., to reimburse that employee for payments made to or on behalf of officials of NAPIMS, an instrumentality of the Government of Nigeria, on behalf of the defendants.

(In violation of Title 15, United States Code, Sections 78dd-2 and 78dd-3, and Title 18, United States Code, Section 2.)

Date: Houston, TX

June 22, 2004

MICHAEL T. SHELBY
United States Attorney
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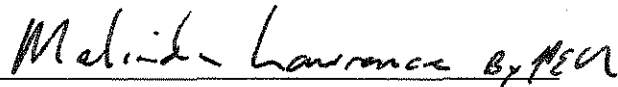
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