



U.S. Securities and Exchange Commission

SEC Charges Italian Company and Dutch Subsidiary in Scheme Bribing Nigerian Officials With Carloads of Cash

ENI and Snamprogetti to Pay \$365 Million to Settle FCPA Violations

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Washington, D.C., July 7, 2010 — The Securities and Exchange Commission today charged Italian company ENI, S.p.A. and its former Dutch subsidiary Snamprogetti Netherlands B.V. with multiple violations of the Foreign Corrupt Practices Act (FCPA) in a bribery scheme that included deliveries of cash-filled briefcases and vehicles to Nigerian government officials to win construction contracts.

Snamprogetti and ENI will jointly pay \$125 million to settle the SEC's charges, and Snamprogetti will pay an additional \$240 million penalty to settle separate criminal proceedings announced today by the U.S. Department of Justice.

Additional Materials

- ▶ [Litigation Release No. 21588](#)
 - ▶ [SEC Complaint](#)
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ENI and Snamprogetti are the latest to be charged in the decade-long Nigerian bribery scheme conducted by a joint venture of companies that also included [Technip](#) and [KBR, Inc.](#), both named in previous SEC enforcement actions. Technip, KBR and its former parent Halliburton Company paid a combined \$917 million to settle FCPA charges. The \$365 million to be paid by ENI and Snamprogetti brings the total sanctions against the companies involved in the scheme to more than \$1.28 billion.

According to the SEC's complaint against ENI and Snamprogetti, filed today in federal district court in Houston, senior executives at Snamprogetti and the other joint venture companies authorized the hiring of two agents, a U.K. solicitor and a Japanese trading company, through which more than \$180 million in bribes were funneled to Nigerian government officials to obtain several contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria. The Nigerian government exercised majority control over the company that awarded the contracts — Nigeria LNG Ltd.

"This elaborate bribery scheme featured sham intermediaries, Swiss bank accounts, and carloads of cash as everyone involved made a concerted effort to cover their tracks," said Robert Khuzami, Director of the SEC's Division of Enforcement. "But the billion-plus dollars in sanctions paid by

these companies show that ultimately there is no hiding or profiting from bribery."

Antonia Chion, Associate Director of the SEC's Division of Enforcement, added, "In the three settlements, the joint venture companies disgorge their \$400 million in profits from the illicit contracts, the largest combined disgorgement amount ever in an FCPA violation."

The SEC's complaint alleges that senior sales executives at the joint venture companies formed a "cultural committee" to consider how to implement and hide the bribery scheme through sham consulting and services contracts with subcontractors or vendors. After Nigeria LNG awarded the joint venture companies a \$2.2 billion LNG-related construction contract in December 1995, the companies sent a total of \$60 million to the U.K. agent's Swiss bank account over the next 52 months. The U.K. agent transferred the money to accounts owned or controlled by high-ranking Nigerian government officials.

The SEC alleges that following a change in Nigerian government in 1999, representatives from the joint venture companies traveled to Nigeria to meet a high-ranking government official to continue the scheme. The official confirmed that the U.K. agent was the correct intermediary, and also appointed his own representative to negotiate the bribe amount. A senior officer from Snamprogetti and others from the joint venture met with the Nigerian official's representative in London and negotiated an amount of \$32.5 million to be delivered through the U.K. agent. Days after the London meeting, Nigeria LNG awarded a contract to the joint venture companies for \$1.2 billion.

The SEC alleges that in 2002 and 2003, the U.K. agent used a subcontractor on the Nigeria LNG project to transfer millions of dollars to a Nigerian government official for the benefit of a Nigerian political party. The subcontractor personally hand-delivered U.S. cash in briefcases to the Nigerian official in a hotel room in Abuja, Nigeria. The subcontractor also delivered the bribes to the Nigerian official in local Nigerian currency, the Naira. In these instances, because the Naira was too bulky to deliver by hand, the cash was loaded into a vehicle for delivery to the Nigerian official.

The SEC's complaint also alleges that ENI failed to ensure that its former subsidiary, Snamprogetti, complied with ENI's internal controls concerning the use of agents, and that the books and records of both companies were falsified as a result of the bribery scheme. After ENI became a U.S. issuer in 1995, it became subject to the FCPA, including the requirement to create and maintain adequate internal controls.

Without admitting or denying the SEC's allegations, Snamprogetti has consented to the entry of a court order permanently enjoining it from violating the anti-bribery and recordkeeping and internal controls provisions in Sections 30A and 13(b)(5) of the Securities Exchange Act of 1934 and Rule 13b2-1, and ENI has consented to the entry of a court order permanently enjoining it from violating the recordkeeping and internal controls provisions in Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act. Snamprogetti and ENI also consented to the entry of court orders that require them, jointly and severally, to pay \$125 million in disgorgement. The proposed settlements are subject to court approval.

In the related criminal proceeding announced today, the U.S. Department of Justice filed a criminal action against Snamprogetti, charging one count of conspiring to violate the FCPA and one count of aiding and abetting violations of the anti-bribery provisions of the FCPA. Snamprogetti has entered into a deferred prosecution agreement with the DOJ and agreed to pay a criminal penalty of \$240 million.

The SEC's investigation was conducted by Kara Brockmeyer, Robert Wilson, Ansu Banerjee, and Stanley Cichinski. The SEC acknowledges the assistance of the U.S. Department of Justice, Fraud Section; the Federal Bureau of Investigation; and foreign authorities in Europe, Asia, Africa and the Americas.

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<http://www.sec.gov/news/press/2010/2010-119.htm>

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