

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

WILLBROS GROUP, INC.,

JASON STEPH,

GERALD JANSEN,

LLOYD BIGGERS,

CARLOS GALVEZ,

Defendants.

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Civil Action No.:

COMPLAINT

COMPLAINT

The United States Securities and Exchange Commission (“Commission”) files this suit against Defendants Willbros Group, Inc. (“Willbros Group”), Jason Steph (“Steph”), Gerald Jansen (“Jansen”), Lloyd Biggers (“Biggers”) and Carlos Galvez (“Galvez”) and would respectfully show the Court as follows:

SUMMARY

1. This action arises from multiple violations of the Foreign Corrupt Practices Act (“FCPA”) and the antifraud, books and records and internal control provisions of the federal securities laws by Willbros Group and certain of its former employees.

2. From at least 2003 through early 2005, Willbros Group, through acts taken by various employees and officers of certain of its affiliates, violated the FCPA by authorizing bribery schemes to make corrupt payments to foreign officials in Nigeria to assist in obtaining

and retaining business for Willbros Group and its subsidiaries. These employees and officers have since resigned or were terminated as employees and include the former President of the company's subsidiary Willbros International ("Former President of Willbros International") and Jason Steph, a former general manager of one of the company's Nigerian subsidiaries. In Nigeria, the scheme entailed authorizing the payment of over \$6 million in bribes to various officials to obtain at least two significant contracts. From these two contracts, Willbros Group realized approximately \$8.9 million in net profits.

3. Similarly, in Ecuador, the Former President of Willbros International orchestrated, in violation of the FCPA, a promise to pay \$300,000 in bribes to officials of PetroEcuador, an oil and gas company wholly-owned by the government of Ecuador, and its subsidiary, PetroComercial. The bribes were made to influence the awarding of a contract that ultimately generated total revenues exceeding \$3 million.

4. In addition, certain former employees of Willbros' subsidiaries employed a long-running fraudulent scheme to use the company's petty cash accounts in Nigeria to make a variety of corrupt payments to Nigerian tax and court officials. Through this scheme, the employees and officers caused Willbros Group to violate the FCPA, and the books and records and internal control provisions of the Securities Exchange Act of 1934 ("Exchange Act"). In turn, Steph and Jansen aided and abetted violations of the FCPA and the books and records and internal controls provisions of the Exchange Act. Biggers, through his part in the scheme, aided and abetted violations of the FCPA and the books and records provisions of the Exchange Act.

5. Separately, Willbros Group, through certain of its former employees, including the Former President of Willbros International and Galvez, engaged in a fraudulent scheme to minimize the tax obligations of its subsidiary operating in Bolivia. This scheme involved the

acquisition and use of falsified invoices that allowed the company to claim inflated offsets to its “value-added taxes” (“VAT”) obligation. This scheme resulted in material misstatements in the financial statements Willbros Group included within certain Commission filings. As a result of these material misrepresentations, Willbros Group violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, along with the books and records, internal controls and reporting provisions of the Exchange Act. Galvez, through his contributions to the scheme, illegally falsified books and records and aided and abetted Willbros Group’s violations of Section 10(b) of the Exchange Act and the books and records, internal controls and reporting provisions of the Exchange Act.

6. The Commission, in the interest of protecting the public from any further illegal activity, brings this action against the Defendants seeking permanent injunctive relief to prevent future violations of the federal securities laws and, with regard to Defendants Steph, Jansen and Galvez, civil monetary penalties.

JURISDICTION AND VENUE

7. This court has jurisdiction over this action pursuant to Exchange Act Sections 21(d)(3) and 27 [15 U.S.C. §§ 78u(d)(3) and 78aa]. Defendants, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this Complaint. Venue is proper because many of the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Southern District of Texas.

DEFENDANTS

8. **Willbros Group, Inc.**, an international oil and gas pipeline company, is a corporation organized under the laws of the Republic of Panama. Until 2000, it had its

administrative headquarters in Tulsa, Oklahoma; in 2000, it moved its administrative headquarters to its current location, Houston, Texas. Willbros Group, which became a public company in 1996, has a class of securities registered under Section 12(b) of the Exchange Act and its shares are traded on the New York Stock Exchange and is therefore an “issuer” as that term is used in the FCPA (15 U.S.C. Section 78dd-1(a)).

9. **Jason Edward Steph** is a citizen of the United States and a former employee of Willbros International, a wholly-owned subsidiary of Willbros Group. Steph was employed by Willbros International from approximately 1998 to April 2005, when he resigned. He served as the General Manager-Onshore in Nigeria for Willbros International from 2002 to April 2005.

10. **Gerald Jansen** is a Canadian national who formerly worked for Willbros International in Nigeria from approximately 1993 to 1995 and again from 1998 through May 2005, when his employment was terminated. His most recent position with the company was Administrator and General Manager – Finance for Willbros International.

11. **Lloyd Biggers** is a citizen of the United States who formerly worked for Willbros International. He was assigned to Nigeria from approximately 1995 through his termination as an employee in April 2005.

12. **Carlos Galvez** is a citizen of the United States who formerly worked in an accounting and administrative supervisory role for Willbros International in connection with the company’s operations in Bolivia. His employment terminated in 2005.

FACTUAL BACKGROUND

Willbros and Its Operation in Nigeria, Ecuador, and Bolivia

13. During the relevant time period, Willbros Group conducted its operations outside of North America through its wholly-owned subsidiary, Willbros International, Inc. Like Willbros Group, Willbros International is incorporated in Panama and maintained its administrative headquarters in Tulsa until 2000, when it moved to Houston.

14. Until it sold its Nigerian assets in February 2007, the company had conducted business in Nigeria for over 40 years – primarily through three affiliates: Willbros West Africa, Inc., a wholly-owned subsidiary of Willbros International; Willbros Nigeria, Ltd., a majority-owned subsidiary of Willbros West Africa; and Willbros Offshore Nigeria, Inc., a majority-owned subsidiary of Willbros West Africa. Before the sale of Nigerian assets in 2007, the company’s operations in Nigeria frequently represented a sizable percentage of the company’s global revenues. In 2004, for example, the Nigerian operations produced roughly 25% of the company’s global revenue.

15. During the relevant time period, Willbros Group conducted business in Ecuador through a subsidiary of Willbros International, known as Willbros Servicios Obras y Sistemas S.A. (“Willbros Ecuador”). In 2004, the company, through Willbros Ecuador, undertook a project called the Proyecto Santo Domingo. The client on this project was PetroComercial, a subsidiary of PetroEcuador. PetroEcuador is Ecuador’s state-owned oil and gas company.

16. During the relevant time period, Willbros Group conducted business in Bolivia through a subsidiary of Willbros International, known as Willbros Transandina. In late 2001, the company, through Willbros Transandina’s participation in a joint venture, obtained a 59 million dollar contract with a foreign consortium to construct a pipeline in Bolivia (the “Yacuiba-Rio Grande project”). Work on this project commenced in 2002 and was substantially complete by 2003. Contract resolution and settlement of contract variations were not finalized until 2004.

Bribery Scheme in Nigeria

17. Beginning in at least 2003, Willbros Group, acting through the Former President of Willbros International, Steph and others, designed and implemented schemes to help Willbros Group and its affiliates obtain at least two significant contracts in Nigeria: an onshore project

known as the the Eastern Gas Gathering Systems project (“EGGS” project) and a separate offshore contract (“the Nigerian Offshore Contract”). These projects were to be completed on behalf of two different joint ventures. Each joint venture was majority-owned by Nigerian National Petroleum Corporation (“NNPC”), an arm of the Nigerian government, and each had an operator that was a subsidiary of a major multi-national oil company.

18. The EGGS and Nigerian Offshore Contract projects generated cumulative revenue to Willbros Group of approximately 487 million dollars and net profits of approximately \$8,910,000.

19. To pursue certain projects in Nigeria, Willbros West Africa formed a joint venture consortium with a Nigerian subsidiary of a German engineering and construction company (“the Willbros Nigeria Consortium”). In December 2003, the Willbros Nigeria Consortium submitted a commercial proposal seeking to be awarded some or all of the EGGS project, a natural gas pipeline system. The project contemplated two primary phases, referred to as EGGS Phase 1 and EGGS Phase 2. EGGS Phase 1 involved engineering, procurement and construction (“EPC”) of a pipeline and included an optional scope of work for the application of a coating to the pipeline (“EGGS Coating”). EGGS Phase 2 was another optional scope of work within the EGGS Phase 1 proposal involving the construction of a second pipeline.

20. The commercial proposal was submitted to the operator of a joint venture that is controlled by NNPC, an arm of the Nigerian government, and its subsidiary, the National Petroleum Investment Management Services (“NAPIMS”). In this complaint, the joint venture client related to the EGGS project will be referred to as the “Nigeria Joint Venture;” the operator of Nigerian Joint Venture will be referred to as “Joint Venture Operator;” and the employees,

agents, and officials of the Joint Venture Operator, the Nigerian Joint Venture, NNPC, and NAPIMS will be referred to collectively as “Nigerian officials.”

21. In July 2004, after approval by NNPC and NAPIMS, the Willbros Nigeria Consortium and the Joint Venture Operator (acting on behalf of the Nigeria Joint Venture) executed the EGGS Phase 1 contract. The contract included the consortium’s offer to perform the EGGS Coating and EGGS Phase 2 optional scopes of work. In August 2004, again after approval from NAPIMS and NNPC, the Nigeria Joint Venture awarded the EGGS Coating work to the Willbros Nigeria Consortium. The Willbros Nigeria Consortium, ultimately, did not obtain the EGGS Phase 2 optional scope of work, despite efforts in late 2004 and early 2005 to procure it.

22. In roughly late 2003, prior to and during the EGGS project bidding process, the Former President of Willbros International and Steph, acting on behalf of Willbros Group, plotted with certain employees of Willbros West Africa’s joint venture partner in the Willbros Nigerian Consortium, to make more than \$6 million in payments to Nigerian officials, a Nigerian political party and an official in the executive branch of Nigeria’s federal government. These payments were intended to help the Willbros Nigeria Consortium obtain some or all of the EGGS business.

23. To implement this scheme, the former President of Willbros International caused Willbros West Africa to enter into sham “consultancy agreements” with an outside consultant in Nigeria (“Consultant #1), whose company invoiced Willbros West Africa for purported “consulting” services. The “consultancy agreements” called for the payment, in exchange for purportedly legitimate consulting services, of 3% of the contract revenue for certain projects, including the EGGS project. The invoices were submitted by Jansen and others to the

company's administrative office in Houston for payment by wire transfer to a foreign bank, as directed by the invoices.

24. The wired money was purportedly for the legitimate consulting services provided to Willbros affiliates, but, in fact, some or all of that money was intended for corrupt payments. Steph and Willbros Group, through the conduct of the Former President of Willbros International, Steph and others, knew that Consultant #1, and others working with him, were engaged, on behalf of the consortium, in corrupt negotiations with Nigerian officials who had influence over the EGGS business. They further knew that that Consultant #1, and others working with him, were using and intended to use some or all of the funds paid, out of a Willbros Group bank account in Houston, to Consultant #1 to make corrupt payments to Nigerian officials to cause those officials to award the EGGS project and its optional scopes of work to the Willbros Nigeria Consortium.

25. The money disbursed to the Consultant #1 was improperly recorded in Willbros Group's books and records as legitimate consulting expenses or other business expenses. Through this scheme, a portion of these so-called "commitments" had been paid by late 2004. Additional "commitments" of millions of dollars remained to be paid later. These payments would be funded as the consortium received future EGGS contract revenue, with 3% of that revenue going to Consultant #1 or those working with him and with subsequent transfer of some or all of that money to the Nigerian officials.

26. In January 2005, Willbros Group announced that the Former President of Willbros International had resigned and that the company's audit committee had commenced an internal investigation into allegations of tax improprieties concerning Willbros Transandina, a

subsidiary operating in Bolivia under the management of the Former President of Willbros International. The internal investigation expanded in scope to include activities in Nigeria.

27. As a result of the company's internal investigation, the "consulting" agreements with Consultant #1's companies were terminated and further payments to Consultant #1 ceased. During this time, Steph and other Willbros personnel in Nigeria, including former Willbros employee J.B. Brown ("Brown"), learned of demands from Nigerian officials for continued payment of the "commitments" related to the EGGS project. As a result, they became concerned that failure to pay the "commitments" would result in, among other consequences, interference with Willbros International's business operations and the potential loss of the EGGS Phase 2 contract (which had not yet been awarded).

28. In or around February 2005, Brown and Steph, in concert with employees of their joint venture partner, met with a Nigerian consultant ("Consultant #2") and determined to resume the payments. At that meeting, Brown and Steph agreed to pay \$1,850,000 toward the outstanding "commitments." Because they could no longer generate money by submitting invoices from Consultant #1's companies, Steph and others engaged in the scheme sought alternative sources. They agreed on several potential funding sources: (1) a loan from principals of a Nigerian oil and gas company ("Company 1") to one of Willbros's Nigerian subsidiaries; (2) a loan from the company's Willbros Nigeria Consortium partner to one of Willbros's Nigerian subsidiaries; and (3) petty cash from a local account maintained by one of Willbros's Nigerian subsidiaries.

29. Shortly thereafter, Brown, on behalf of Willbros West Africa, agreed to borrow, pursuant to a written loan agreement, \$1 million from the company's partner in the Willbros Nigeria Consortium. He then "loaned" the money to Consultant #2, for delivery to Nigerian

officials. Steph participated in the plan to fund the “commitments” and knew of Brown’s actions.

30. To further help procure the \$1,850,000, Steph borrowed, in Nigerian currency, the equivalent of roughly \$500,000 from another individual, working through a Nigerian oil and gas company. He then delivered that money to Consultant #2 to be transferred to Nigerian officials.

31. In February or March 2005, Steph directed that the equivalent of approximately \$350,000 be procured from a Willbros cash account in Nigeria; Steph requested this money to transfer it to Consultant #2 for delivery to Nigerian officials. This money was accumulated using fictitious invoices to falsely inflate weekly funding requests transmitted to Willbros Group’s Houston administrative headquarters. Once he obtained the \$350,000, Steph transferred it to Consultant #2 for delivery to the Nigerian officials.

32. In or around August 2004, Willbros West Africa executed contracts for an offshore Nigerian project that involved offshore pipeline work in Nigeria and which the company expected to generate substantial revenue.

33. As with the scheme associated with the EGGS project described above, Willbros Group, again through the conduct of the Former President of Willbros International and others, agreed to make improper payments in excess of \$5 million to, among others, officials of NNPC, NAPIMS, a senior official in the executive branch of the Nigerian federal government, and a Nigerian political party to assist in obtaining the offshore Nigeria contract business. At least some of these payments had been made by the end of October 2004.

34. Further, from at least the early 1990's through 2005, employees of Willbros Group or its affiliates in Nigeria abused petty cash accounts to, among other things, make repeated bribes to Nigerian tax and court officials.

35. For example, Willbros Group's affiliates, in order to maintain operations in Nigeria, must pay taxes administered by various Nigerian states, including a Pay-As-You-Earn ("PAYE") tax, based on employee earnings, which Willbros deducts from its workers' salaries. In order to reduce this tax obligation, employees of Willbros affiliates bribed auditors responsible for determining the amount of tax owed.

36. During this same time period, Willbros International employees in Nigeria paid clerks and other officials within the Nigerian judicial system in exchange for favorable treatment in pending cases. These payments to court and tax officials were disguised within the company's petty cash processes in Nigeria. Certain employees of Willbros Group's subsidiaries requisitioned excess petty cash funds by submitting fictitious invoices from non-existent vendors. For example, Jansen and Biggers inflated the cash needed by obtaining fictitious invoices, typically for fuel, freight or catering expenses, from non-existent vendors. Jansen used these fictitious invoices to inflate the anticipated expenditures that he projected in weekly forecasts that he prepared or that were created under his direction. These artificially inflated

reports were used to obtain cash (ultimately over \$6 million) from the company's offices in Houston. At least \$300,000 of this money was used to make payments to Nigerian tax and court officials. The Former President of Willbros International knew of these schemes and approved them, either explicitly or implicitly.

37. As part of this scheme, Jansen routinely approved for payment invoices he knew were false. He also knowingly submitted false cash requests and forecasts, knowing that those false reports would generate funds that would at least in part be used to bribe Nigerian court and tax officials. Biggers knowingly procured invoices he knew to be false and that he knew would be used to procure funds that would be used to bribe Nigerian court and tax officials. Finally, Steph knew about this conduct and approved it, both tacitly and on some occasions explicitly.

Bribery Scheme in Ecuador

38. In late 2003, the Former President of Willbros International instructed an Ecuador-based, individual ("the Ecuador employee") to pursue business prospects in Ecuador on behalf of Willbros Group and Willbros Ecuador. During this time period, Brown was helping supervise the company's business in Ecuador. The Ecuador employee telephoned Brown and informed him that the company could obtain a \$3 million contract to modify a pipeline running from Santo Domingo to El Beaterio, Ecuador ("the Santa Domingo Project"), if the company would agree to pay \$300,000 (10% of the contract value) to certain officials of PetroEcuador, an oil-and-gas company wholly-owned by the government of Ecuador, and its subsidiary, PetroComercial (collectively, "PetroEcuador"). The scheme called for \$150,000 to be paid up front, with the remaining \$150,000 to be paid upon completion of the project. With approval from the Former President of Willbros International, Brown and the Ecuador employee agreed to

