

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

<hr/> <b>SECURITIES AND EXCHANGE</b>	§	
<b>COMMISSION,</b>	§	
	§	
<b>Plaintiff,</b>	§	<b>Civil Action No.</b>
	§	
<b>vs.</b>	§	
	§	
<b>BOBBY BENTON,</b>	§	
	§	
<b>Defendant.</b>	§	
<hr/>	§	

**COMPLAINT**

Plaintiff Securities and Exchange Commission (the “Commission”) alleges that:

**SUMMARY**

1. This case centers upon Bobby Benton’s violations of the U.S. Foreign Corrupt Practices Act (“FCPA”) while serving as Vice President, Western Hemisphere Operations for Pride International, Inc. (“Pride”), one of the world’s largest offshore drilling companies.

2. From approximately 2003 to 2005, another Pride employee, the manager of the Venezuelan branch of a French subsidiary of Pride, authorized payments totaling approximately \$384,000 to third-party companies believing that all or a portion of the funds would be given to an official of Venezuela’s state-owned oil company in order to secure extensions of three drilling contracts. Benton, in an effort to conceal the bribes from Pride’s internal and external auditors, redacted references to the Venezuelan payments in an action plan responding to an internal audit report.

3. In or about late 2004, Benton authorized the payment of \$10,000 to a third party, believing that all or a portion of the funds would be given by the third party to a Mexican

customs official in return for favorable treatment by the official regarding certain customs deficiencies identified during a customs inspection of a Pride supply boat.

4. Also in or about late 2004, Benton learned that a customs agent engaged by Pride's Mexican subsidiaries paid approximately \$15,000 to a Mexican customs official to ensure that the export of a rig would not be delayed due to customs violations.

5. Despite his knowledge, and in one instance authorization, of the Venezuelan and Mexican bribes, Benton signed two false certifications in connection with audits and reviews of Pride's financial statements denying any knowledge of bribery.

6. By engaging in the conduct described in this Complaint, Benton violated Sections 13(b)(5) and 30A of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78m(b)(5) and 78dd-1] and Exchange Act Rules 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2] and aided and abetted violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 30A of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(2)(B), and 78dd-1].

7. The Commission brings this action against Benton seeking a civil penalty, disgorgement, prejudgment interest, and injunctive relief to prevent future violations of the federal securities laws.

### **JURISDICTION**

8. This Court has jurisdiction over this action under Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. In connection with the conduct described herein, Benton, directly or indirectly, made use of means or instrumentalities of interstate commerce, of mails, or of facilities of a national securities exchange in connection with the transactions, practices, and courses of business alleged in this Complaint.

9. Venue in the Southern District of Texas is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain acts or transactions constituting the violations by Benton occurred in this district.

#### **DEFENDANT AND OTHER ENTITIES**

10. Defendant Benton is a U.S. citizen and resident of Houston, Texas, and was, at all relevant times, an officer and employee of Pride. Benton joined Pride as an Operations Manager for the Eastern Hemisphere in 2001 when Pride acquired Marine Drilling. Benton later served as Vice President, Western Hemisphere Operations until he separated from Pride in December 2006. Benton was responsible for, among other things, ensuring that Pride conducted its Western Hemisphere operations in compliance with the FCPA, that adequate controls were in place to prevent illegal payments, and that the company's books and records were accurate. When subpoenaed to testify by the Commission's staff during its investigation, Benton asserted his Fifth Amendment privilege against self-incrimination.

11. Pride is a Delaware corporation headquartered in Houston, Texas. Its common stock is registered under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange.

12. Pride Forasol S.A.S. ("Pride Forasol") is organized and has its principal place of business in France. Pride Forasol was acquired by Pride in 1997. As relevant to the conduct alleged, Pride Forasol operated through Pride Foramer de Venezuela S.A., a branch of Pride Forasol's wholly owned subsidiary Pride Foramer S.A.S., which operated in Venezuela (hereinafter "Pride Foramer Venezuela").

13. Mexico Drilling Limited LLC, Pride Central America LLC, and Pride Drilling LLC were wholly owned subsidiaries of Pride that were formed in Delaware and operated in Mexico (hereinafter collectively “Pride Mexico”).

14. At all times relevant to this Complaint, the financial results of the entities referenced in paragraphs 12 and 13 were consolidated into the financial results for Pride.

## **FACTUAL BACKGROUND**

### **Payments to Extend Contracts in Venezuela**

15. In early 2003, a Pride Foramer rig operated in Venezuela on a drilling contract with the Venezuelan state-owned oil company, *Petróleos de Venezuela S.A.* (“PDVSA”), that was coming up for renewal or termination in February 2003.

16. In or around February 2003, an individual purporting to represent a PDVSA official (the “Venezuela Intermediary”) told Pride Foramer Venezuela’s country manager (the “Venezuela Country Manager”) that the PDVSA official could assist the company in obtaining an extension of the drilling contract in exchange for a payment of \$60,000 per month for each month that the contract was extended.

17. PDVSA extended the drilling contract from April 2003 to mid-July 2003. In or around mid-2003, the Venezuela Country Manager authorized payments totaling approximately \$120,000, through certain vendors of Pride Foramer Venezuela, to a Miami bank account in the name of the Venezuela Intermediary, believing that all or a portion of the funds would be given to the PDVSA official.

18. In or around April 2004, a Pride Foramer Venezuela operations employee believed that the same PDVSA official was blocking or planned to block contract extensions for two rig management contracts with PDVSA, at least in part because Pride Foramer Venezuela

had refused to make a third payment of \$60,000 for the 2003 drilling contract extension. In or around May 2004, the Venezuela Country Manager authorized additional payments to the Venezuela Intermediary of \$60,000 in connection with the 2003 drilling contract extension and \$12,000 per rig, per month for each month that the rig management contracts were extended, believing that all or a portion of the funds would be given by the Venezuela Intermediary to the PDVSA official.

19. From approximately mid-2004 to the end of 2004, Pride Foramer Venezuela made the payments to the Venezuela Intermediary through certain of its local vendors. In or around December 2004, Pride retained a marketing agent in Venezuela (the "Venezuela Agent"). From in or around January 2005 to in or around June 2005, Pride Foramer Venezuela made the payments to the Venezuela Intermediary through the Venezuela Agent. Pride Foramer Venezuela recorded the payments referenced above either as payments for goods and services received from the vendors or as marketing commission payments to the Venezuela Agent.

20. In or around February 2005, a new Pride Foramer Venezuela country manager prepared a draft action plan addressing internal control weaknesses uncovered by a Pride internal audit relating to vendor practices in Venezuela. The draft action plan contained information about the vendors' involvement in making payments for the benefit of the PDVSA official in connection with extensions for the 2003 drilling contract and the rig management contracts. The manager forwarded the draft document via e-mail to Benton on or about February 12, 2005. Benton, in turn, redacted all references to the Venezuelan bribes and attached his "cleaned up" version to an e-mail he sent to the new Venezuela country manager on or about February 14, 2005. On or about February 16, 2005, Benton, in response to comments from a Pride internal auditor regarding Benton's revised action plan, advised the new Venezuela country manager:

“As you continue to improve the Venezuela Vender [sic] Review audit, use the attached version to update. All other draft versions should be deleted.” Benton’s e-mail also confirmed that his revised action plan was the version submitted to Pride’s internal and external auditors.

### **Payments to Customs Officials in Mexico**

21. On or about December 13, 2004, Mexican customs officials inspected port facilities leased by Pride Mexico. During the inspection, the officials claimed that there were customs violations related to the importation status of certain equipment on board a Pride Mexico supply boat.

22. After the inspection, a Pride Mexico manager reported to Benton that a Mexican customs official had solicited a payment of \$10,000 for what the official stated was lenient treatment by customs officials related to the claimed violations found during the inspection. On or about December 15, 2004, Benton authorized a payment of \$10,000 to the customs official.

23. In or around December 2004, a representative of Pride Mexico paid \$10,000 in cash to a person purportedly representing a customs official. Pride Mexico’s books and records falsely documented the improper payment as an electricity maintenance expense.

24. Also in or around December 2004, a Pride Mexico manager learned that a customs agent engaged by Pride Mexico to manage the export of a mat-supported jackup rig from Mexico (the “Mexico Customs Agent”) informed certain Pride Mexico logistics employees that he had made a payment of approximately \$15,000 to a Mexican customs official during the course of the export to ensure that the export of the rig would not be delayed due to claimed violations related to non-conforming equipment on board the rig.

25. The Mexico Customs Agent submitted invoices to Pride Mexico, seeking payment for “extra work” performed during the export. Pride Mexico paid the invoices and,

notwithstanding the statements of the Mexico Customs Agent, falsely recorded all the payments to the Mexico Customs Agent in its local books as payments for customs agency services.

26. Benton, on or about December 21, 2004, received an e-mail from the Pride Mexico manager detailing the facts surrounding the bribe and stating, “Now we need to find out a way to justify the extra payment to customs.” Despite his knowledge of the bribe, Benton did not inform Pride’s management, legal department, or internal auditors of the matter and allowed the false record to remain in Pride Mexico’s books and records.

### **False Representations to Accountants**

27. Benton, an officer of Pride, on or about March 3, 2005 and May 5, 2006, signed false certifications in connection with the company’s 2004 and 2005 annual reports. The March 3, 2005 certification—executed less than three weeks after Benton redacted all references to bribery from the internal audit action plan—represented that he knew of no bribes paid to government officials to obtain or retain business. Benton’s May 5, 2006 certification also stated that he was not aware of any bribes or other violations of the FCPA. Both certifications were false due to Benton’s knowledge, and in one instance authorization, of the Venezuelan and Mexican bribes described above. But for Benton’s false statements, Pride’s management and internal and external auditors would have discovered the bribery schemes and the corresponding false books and records.

### **FIRST CLAIM** **Violations of Section 30A of the Exchange Act** **(Anti-Bribery)**

28. Paragraphs 1 through 27 above are realleged and incorporated by reference herein.

29. As described above, Benton, an “officer” and “employee” of “issuer” Pride acting on behalf of Pride and certain of its subsidiaries, made use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, to foreign officials for the purposes of influencing their acts or decisions, securing an improper advantage, or inducing them to use their influence, to assist Pride or its subsidiaries in obtaining or retaining business.

30. In addition, Benton corruptly committed acts outside the United States in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, to foreign officials for the purposes of influencing their acts or decisions, securing an improper advantage, or inducing them to use their influence, to assist Pride or its subsidiaries in obtaining or retaining business.

31. By reason of the foregoing, Benton violated, and unless restrained and enjoined may continue to violate, Section 30A of the Exchange Act [15 U.S.C. § 78dd-1].

### **SECOND CLAIM**

#### **Violations of Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1 (Circumvention of Internal Controls and Falsification of Books and Records)**

32. Paragraphs 1 through 27 above are realleged and incorporated by reference herein.

33. Section 13(b)(5) of the Exchange Act prohibits any person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account described in Section 13(b)(2) of the Exchange Act. Exchange Act Rule 13b2-1 likewise prohibits any person from directly or indirectly

falsifying, or causing to be falsified, any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act.

34. By reason of the foregoing, Benton violated, and unless restrained and enjoined may continue to violate, Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1].

**THIRD CLAIM**  
**Violations of Exchange Act Rule 13b2-2**  
**(False Representations to Accountants)**

35. Paragraphs 1 through 27 above are realleged and incorporated by reference herein.

36. Exchange Act Rule 13b2-2 prohibits officers and directors of issuers from making, or causing to be made, materially false or misleading statements, or omitting, or causing to be omitted, any material fact necessary to make the statement made not misleading in light of the circumstances, to an accountant in connection with (i) any audit, review, or examination of the financial statements of an issuer or (ii) the preparation or filing of any document or report required to be filed with the Commission.

37. By reason of the foregoing, Benton violated, and unless restrained and enjoined may continue to violate, Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

**FOURTH CLAIM**  
**Aiding and Abetting Violations of Section 30A of the Exchange Act**  
**(Anti-Bribery)**

38. Paragraphs 1 through 27 above are realleged and incorporated by reference herein.

39. As described above, Benton knowingly provided substantial assistance to others who, acting on behalf of Pride, made use of the mails or any means or instrumentality of

interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, to foreign officials for the purposes of influencing their acts or decisions, securing an improper advantage, or inducing them to use their influence, to assist Pride or its subsidiaries in obtaining or retaining business.

40. By reason of the foregoing, Benton aided and abetted, and unless restrained and enjoined may continue to aid and abet, violations of Section 30A of the Exchange Act [15 U.S.C. § 78dd-1].

#### **FIFTH CLAIM**

#### **Aiding and Abetting Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act (Books and Records and Internal Controls)**

41. Paragraphs 1 through 27 above are realleged and incorporated by reference herein.

42. Certain of Pride's subsidiaries operating in Venezuela and Mexico inaccurately recorded bribes as legitimate business expenses, causing inaccuracies in Pride's consolidated books and records in violation of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)]. Through his participation in the bribery schemes as described above, Benton knowingly provided substantial assistance to Pride in its violations.

43. By reason of the foregoing, Benton aided and abetted, and unless restrained and enjoined may continue to aid and abet, violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

**RELIEF REQUESTED**

The Commission respectfully requests that this Court:

- (1) enter an order permanently enjoining Defendant Benton from violating Sections 13(b)(5) and 30A [15 U.S.C. §§ 78m(b)(5) and 78dd-1] of the Exchange Act and Exchange Act Rules 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2] and from aiding and abetting violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 30A of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(2)(B), and 78dd-1];
- (2) order Defendant Benton to pay a civil penalty pursuant to Sections 21(d)(3) and 32(c) of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78ff(c)];
- (3) order Defendant Benton to pay disgorgement and prejudgment interest; and
- (4) grant the Commission such other and further relief as is just and appropriate.

DATED: December 10, 2009

Respectfully submitted,

**s/ J. Kevin Edmundson**  
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