

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION**

<hr/> <b>SECURITIES AND EXCHANGE COMMISSION,</b>	§	
	§	
<b>Plaintiff,</b>	§	<b>Civil Action No.</b>
	§	
<b>vs.</b>	§	
	§	
<b>PARKER DRILLING COMPANY,</b>	§	
	§	
<b>Defendant.</b>	§	
<hr/>	§	

**COMPLAINT**

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

**SUMMARY**

1. This matter involves violations of the Foreign Corrupt Practices Act (“FCPA”) by Defendant Parker Drilling Company (“Parker Drilling” or the “company”). In 2004, through its outside counsel, Parker Drilling retained a Nigerian agent to assist the company with customs disputes related to the importation of its drilling rigs into Nigeria. During the course of the agent’s work, two Parker Drilling executives knowingly paid the agent large sums of money through its outside counsel for, among other things, the “entertainment” of Nigerian foreign officials in an effort to obtain their influence in resolving the customs disputes.

2. As a result of this conduct, Parker Drilling violated Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78dd-1, 78(m)(b)(2)(A), and 78(m)(b)(2)(B)].

3. The Commission brings this action against Parker Drilling seeking disgorgement and injunctive relief to prevent future violations of the federal securities laws.

## JURISDICTION

4. 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].

5. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

## DEFENDANT

6. **Parker Drilling Company**, is a Delaware corporation, with its principal place of business located in Houston, Texas, that provides worldwide drilling services, rental tools, and project management. Parker Drilling had a class of securities registered under Section 12(b) of the Exchange Act during the relevant period of time. The company's shares trade on the New York Stock Exchange under the ticker symbol PKD.

## DEFENDANT'S EMPLOYEES AND AGENTS

7. **Executive A**, a United States citizen, was a Parker Drilling officer who performed financial and compliance functions for Parker Drilling from October 2002 to October 2005.

8. **Executive B**, a United States citizen, was a Parker Drilling legal officer during the relevant time period.

9. **Law Firm** is a United States limited liability partnership that served as outside counsel to Parker Drilling during the relevant time period.

10. **Outside Counsel**, a United States citizen, was a partner in Law Firm and represented Parker Drilling during the relevant time period.

11. **Panalpina World Transport (Nigeria) Limited** ("Panalpina") is a Nigerian

entity that provided logistics and customs services to Parker Drilling during the relevant time period.

12. **Nigeria Agent** is a Nigerian and British citizen hired by Parker Drilling through Law Firm to assist it in connection with Nigerian customs disputes during the relevant time period.

### **NIGERIAN OFFICIALS**

13. The **Ministry of Finance of the Federal Republic of Nigeria** was responsible for assessing and collecting duties and tariffs on goods imported into Nigeria and did so through through a government agency called the **Nigeria Customs Service** (“NCS”). The NCS was an agency and instrumentality of the Government of Nigeria and its employees were “foreign officials” as defined by Section 30A(f)(1)(A) of the Exchange Act [15 U.S.C. § 78dd-1(f)(1)(A)].

14. The **Panel of Inquiry for the Investigation of All Cases of Temporary Import Permits Issued Between 1984 to Year 2000** (the “TI Panel”) was a board empanelled for the purpose of examining certain duties and tariffs that the NCS collected or failed to collect between 1984 and 2000. The TI Panel was presidentially appointed, operated under the auspices of the Nigerian President’s office, and possessed the power to issue subpoenas and levy fines. The TI Panel was an agency and instrumentality of the Government of Nigeria and its employees were “foreign officials” as defined by Section 30A(f)(1)(A) of the Exchange Act [15 U.S.C. § 78dd-1(f)(1)(A)].

15. Nigeria’s **State Security Service** (“SSS”) was a Nigerian intelligence and law enforcement agency that operated as a department within the Nigerian government’s executive

branch. The SSS was a department, agency, and instrumentality of the Government of Nigeria and its employees were “foreign officials” as defined by Section 30A(f)(1)(A) of the Exchange Act [15 U.S.C. § 78dd-1(f)(1)(A)].

## **FACTUAL BACKGROUND**

### **A. Parker Drilling’s Nigerian Customs Issues**

16. During the relevant time period, Nigerian law imposed customs duties for certain goods imported into Nigeria. With regard to the permanent import of an oil and gas drilling rig into Nigerian waters, these duties ranged between 10-20% of the total value of the rig. Alternatively, companies could import rigs and other items on a temporary basis by obtaining a temporary import permit (“TIP”) pursuant to which no customs duties would be assessed. The TIP could be extended twice in six-month increments. Rigs imported under a TIP could not remain in Nigeria longer than the period allowed for by the TIP and any extensions. Upon the TIP’s expiration, the owner could either permanently import the rig (known as “nationalizing” or converting to “home use”) or export the rig and re-import it and obtain a new TIP.

17. In late 2001, Parker Drilling retained Panalpina to obtain new TIPs for its Nigerian rigs. Between late 2001 and April 2002, in an effort to secure new TIPs for Parker Drilling’s rigs, Panalpina submitted paperwork to the Nigerian Customs Service falsely reflecting that the rigs had left Nigeria. Panalpina referred to this procedure as the “paper process” or “recycling.” The paper process allowed Parker Drilling to eliminate the time, cost, and risk associated with exporting and re-importing its rigs. On November 4, 2010, Panalpina’s parent and U.S. affiliate admitted, in a deferred prosecution agreement and a plea agreement with the Department of Justice, Panalpina employees bribed Nigerian Customs Service officials to insure the success of the recyclings.

18. In late 2002, the Nigerian government formed the TI Panel to investigate and resolve violations of Nigerian law related to TIPs. The TI Panel summonsed Parker Drilling in December 2002. In response to this summons, Panalpina informed local Nigeria personnel that TIP recycling violated Nigerian law and that, if the TI Panel were to find out about it, “both Panalpina and Parker will be in trouble.” Executive A and Executive B were eventually informed of the problem. Executive A and Executive B also became concerned about Parker Drilling’s liability related to gaps in the TIPs obtained by Panalpina’s predecessor.

**B. Parker Drilling Hires Nigeria Agent Through Law Firm to Resolve its Customs Problems**

19. By December 2003, Parker Drilling wanted to resolve the TI Panel dispute and convert its rigs to home use in order to sell them and exit Nigeria. Parker Drilling retained Law Firm and Outside Counsel to represent it in the contemplated asset sale. Outside Counsel, through a client that had contacts in Nigeria, introduced Parker Drilling to Nigeria Agent. Nigeria Agent was a Nigerian and British citizen living in the United Kingdom whom Outside Counsel’s client knew to be politically influential in Nigeria. Executive A and Executive B met Nigeria Agent in London and retained him through Law Firm, without conducting any additional due diligence, despite the fact that his resume, which was provided to Parker Drilling by Outside Counsel, did not indicate any experience handling customs issues. Executive A and Executive B supervised Nigeria Agent’s work on behalf of Parker Drilling and authorized all direct and indirect payments to him.

20. According to the terms of Nigeria Agent’s initial engagement, Executive A and Executive B authorized funds to be sent to Law Firm, which then forwarded those funds to Nigeria Agent. The engagement letter did not specify the amount or basis for calculating Nigeria

Agent's fees and expenses, other than requiring an initial retainer of \$50,000 and an unexplained "success fee."

21. Between January 9, 2004 and May 21, 2004, Executive A and Executive B authorized payments to Nigeria Agent totaling \$600,000, despite several highly suspicious requests. For example, on January 26, 2004, Outside Counsel wrote to Executive B: "we need to wire [Nigeria Agent] an additional \$50,000. The first tranch [sic] went in retainer fees and the entertainment of the [Nigerian presidential] delegation."

22. On February 24, 2004, Nigeria Agent sent an email to Outside Counsel and Executive B explaining his need for more money stating that the he was "spending on average about US\$3,000 a day for hotel accommodation, transport, food, entertainment, communication and office work." This email further stated, "I need to spend another US\$60,000 on public relations for the intelligence work and this will be paid when the [home use] concession is given. We will need SSS in the future. It will help me if US\$100,000 is sent to my account...."

23. On April 13, 2004, Nigeria Agent, emailed Outside Counsel and Executive B: "There is nothing more serious than landing in Nigeria without money to resolve the problems.... I have [a] meeting tomorrow in Abuja to discuss the drilling contracts. This is my reason for making sure that I can entertain my hosts because of their promises. Therefore, please make sure that you transfer the funds today so that my Bank Officer can send it to Nigeria tomorrow."

24. Outside Counsel emailed Executive B on May 4, 2004: "[Nigeria Agent] may have some higher expenses this trip, especially if he stays as long as he thinks it may take to finish all the projects. He says he can account for expenses and that they run about 4000 a day per person because of the entourage entertainment."

25. Despite the suspicious nature of Nigeria Agent's requests, Executive A and Executive B authorized, between January 9, 2004 and May 4, 2004, six payments to Nigeria Agent, totaling \$350,000, without receiving any invoices. At the instruction of Executive A and Executive B, Parker Drilling recorded the payments in its books and records with vague expenditure descriptions. Parker Drilling's books and records did not reflect the fact that Nigeria Agent used Parker Drilling's funds to "entertain" Nigerian officials.

26. On May 4, 2004, Parker Drilling's treasurer emailed Executive B concerning the lack of an invoice for the latest Nigeria Agent payment. This prompted Executive B to request an invoice from Nigeria Agent through Outside Counsel. Executive B first received invoices related to the payments referenced above on May 10, 2004. None of the invoices included descriptions of Nigeria Agent's "entertainment" expenses or supporting documentation.

27. During the time period that Executive A and Executive B authorized the payments to Nigeria Agent, they believed that Nigeria Agent had attended numerous meetings with Nigerian officials, including the president, the finance minister, and members of the TI Panel, in an effort to resolve Parker Drilling's customs problems.

**C. Nigeria Agent Obtains a Reduction in Parker Drilling's Fine**

28. On or about May 12, 2004, the TI Panel assessed a fine of \$3.8 million against Parker Drilling relating to gaps in its TIPs. On May 26, 2004, the TI Panel reduced the fine to \$750,000 without a factual basis for doing so. Immediately following the TI Panel's decision to reduce the fine to \$750,000, Nigeria Agent sought additional compensation from Parker Drilling. After negotiations, Parker Drilling agreed to pay Nigeria Agent a total of \$750,000 in fees and \$500,000 in expenses for his work resolving the TI Panel issues. Based on this agreement, Parker Drilling owed Nigeria Agent an additional \$650,000. Parker Drilling paid him that

amount in June 2004.

29. The resolution of the TI Panel dispute allowed Parker Drilling to nationalize, and ultimately sell, its Nigerian rigs and exit Nigeria.

**D. Remedial Efforts**

30. Parker Drilling demonstrated significant cooperation and conducted an extensive internal investigation. Since the time of the conduct noted in this Complaint, Parker Drilling has made significant enhancements to its global anti-corruption compliance program, including: retaining a full-time Chief Compliance Officer and Counsel who reports to the Chief Executive Officer and Audit Committee and full-time staff to assist him; enhancing anti-corruption due diligence requirements for relationships with third parties; increasing compliance monitoring and corporate auditing specifically tailored to anti-corruption; implementing a compliance awareness initiative that includes issuance of periodic anti-bribery compliance alerts; enhancing financial controls and governance; and expanding anti-corruption training throughout the organization.

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

31. Paragraphs 1 through 30 are realleged and incorporated herein by reference.

32. As described above, Parker Drilling Company, an issuer organized under the laws of the United States, made use of the mails or other means or instrumentalities 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 any person, while knowing that all or a portion of such money or thing of value would be or had been offered, given, or promised, directly or indirectly, to any foreign official, for purposes of: (i) influencing acts or decisions of such foreign officials in their official



capacities; (ii) inducing such foreign officials to do and omit to do acts in violation of the lawful duties of such officials; (iii) securing an improper advantage; or (iv) inducing such foreign officials to use their influence with a foreign government or instrumentalities thereof to affect or influence acts or decisions of such government or instrumentalities, in order to assist the company in obtaining or retaining business.

33. By reason of the foregoing, Parker Drilling Company violated Section 30A of the Exchange Act [15 U.S.C. § 78dd-1].

**SECOND CLAIM**  
**Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act**  
**(Books and Records and Internal Controls)**

34. Paragraphs 1 through 30 above are realleged and incorporated by reference herein.

35. Section 13(b)(2)(A) of the Exchange Act requires issuers to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

36. Section 13(b)(2)(B) of the Exchange Act requires issuers to devise and maintain a system of internal controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

37. By reason of the foregoing, Parker Drilling Company violated 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 Parker Drilling Company from violating Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)];
- (2) enter a final judgment ordering Defendant Parker Drilling Company to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct; and
- (3) grant the Commission such other and further relief as is just and appropriate.

DATED: April 16, 2013

Respectfully submitted,



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