

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60400 / July 30, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3026 / July 30, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13565

In the Matter of

**HELMERICH & PAYNE,
INC.,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT
TO SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND
IMPOSING A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Helmerich & Payne, Inc. (“H&P or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. This recommendation concerns violations of the books and records and internal controls provisions of the Foreign Corrupt Practices Act ("FCPA") by H&P, through two of its second-tier wholly-owned subsidiaries, Helmerich & Payne (Argentina) Drilling Company and Helmerich & Payne de Venezuela, C.A. From 2003 through 2008, H&P Argentina and H&P Venezuela made approximately \$185,673 in improper payments directly – or indirectly through third-party customs brokers – to foreign customs authorities in connection with the international passage of drilling equipment parts into and out of Latin American drilling sites. These payments were made with the purpose and effect of avoiding potential delays typically associated with the international transport of drilling parts. H&P avoided costs in the estimated amount of approximately \$320,604, as a direct result of the improper payments by its subsidiaries. None of the improper payments was accurately reflected in H&P's books and records, nor was H&P's system of internal accounting controls adequate at the time to prevent and detect the improper payments.

Respondent

2. H&P is a Delaware corporation headquartered in Tulsa, Oklahoma. H&P is the holding company for Helmerich & Payne International Drilling Co., an international drilling contractor with land and offshore operations primarily in the United States and South America. H&P's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and is listed on the New York Stock Exchange. H&P, through its subsidiaries, provided oil drilling rigs, equipment, and personnel on a contract basis to international and national oil companies, primarily in the United States and South America.

Other Relevant Entities

3. Helmerich & Payne (Argentina) Drilling Company ("H&P Argentina"), a wholly-owned second-tier subsidiary of H&P, was incorporated in Oklahoma and has its principal administrative office in Buenos Aires, Argentina. H&P Argentina operates drilling rigs in Argentina. H&P Argentina's financial results are components of the consolidated financial statements included in H&P's filings with the Commission.

¹ The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

4. Helmerich & Payne de Venezuela, C.A. (“H&P Venezuela”), a wholly-owned second-tier subsidiary of H&P, was incorporated in Venezuela and has its principal administrative office in Anaco, Venezuela. H&P Venezuela operates drilling rigs in Venezuela. H&P Venezuela’s financial results are components of the consolidated financial statements included in H&P’s filings with the Commission.

Facts

A. Payments to Argentine Customs Officials

5. In connection with the operation of its oil rigs in Argentina, H&P, through its operating subsidiaries, imported and exported equipment and materials related to the operation of the rigs. Such equipment and materials were inspected by the Argentine customs service and were subject to duties owed under the laws of Argentina. From 2004 through 2008, H&P Argentina paid Argentine customs officials approximately \$166,000 to permit the importation and exportation of equipment and materials without required certifications, to expedite the importation of equipment and materials, and to allow the importation of materials that could not be imported under Argentine law.

6. H&P Argentina made most of these improper payments indirectly through customs brokers. After having made the improper payments on behalf of H&P Argentina, the customs brokers invoiced H&P Argentina for their brokerage services, including as part of the invoiced amount the improper payments to the Argentine customs officials. The improper payments were falsely, or at least misleadingly, described as attributable to, for instance, “additional assessments,” “extra costs,” or “extraordinary expenses.” By making these improper payments to Argentine government officials, H&P, through H&P Argentina, avoided more than an estimated \$186,000 in expenses it would have otherwise incurred if it had properly imported and exported the equipment and materials.

B. Payments to Venezuelan Customs Officials

7. In connection with the operation of its oil rigs in Venezuela, H&P, through its operating subsidiaries, imported and exported equipment and materials related to the operation of the rigs and support of its personnel. Such equipment and materials were inspected by the Venezuelan customs service and were subject to duties owed under the laws of Venezuela. From 2003 through 2008, H&P Venezuela paid Venezuelan customs officials approximately \$19,673 either to permit the importation and exportation of equipment and materials that were not in compliance with Venezuelan importation and exportation regulations or to secure a partial inspection, rather than a full inspection, of the goods being imported.

8. H&P Venezuela made the improper payments indirectly through customs brokers. After having made the improper payments on behalf of H&P Venezuela, the customs brokers invoiced H&P Venezuela for their brokerage services, including as part of the invoiced amount the improper payments to the Venezuelan customs officials. The improper payments were falsely, or at least misleadingly, described as attributable to, for

instance, “urgent processing,” “urgent dispatch,” or “customs processing.” By making these improper payments to Venezuelan government officials, H&P, through H&P Venezuela, avoided more than an estimated \$134,000 in expenses it would have otherwise incurred if it had properly imported and exported the equipment and materials.

C. Discovery of Improper Payments and Internal Investigation

9. In early 2008, as part of an effort to improve compliance with the FCPA, H&P designed and implemented a stand-alone set of FCPA policies and procedures.² In conjunction with this effort, H&P also designed and conducted worldwide FCPA training for its key employees. At one such training session in May 2008, an employee voluntarily disclosed that potentially improper payments had been made by H&P Argentina, through a customs broker, to Argentine customs officials. This information was relayed to H&P’s corporate headquarters in Oklahoma, and came to the attention of H&P’s general counsel in July 2008. In response, H&P hired outside FCPA counsel and independent forensic accountants to conduct an internal investigation of its subsidiaries’ customs payment practices in a number of Latin American countries.

10. The internal investigation uncovered fifty improper payments to government customs officials in Argentina and Venezuela from 2003 through 2008, totaling approximately \$185,673. In Argentina, the nature of the improper payments was disguised in invoices by using vague-sounding line items such as “additional assessments,” “extra costs,” and “extraordinary expenses,” without any additional documentation to support the descriptions. Similarly, in Venezuela, the nature of the improper payments was disguised in invoices by using descriptions such as “urgent processing,” “urgent dispatch,” or “customs processing.” In October 2008, H&P voluntarily reported its initial findings to the staff.

Legal Analysis

11. The FCPA, enacted in 1977, added Exchange Act Section 13(b)(2)(A) to require public companies 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, and added Exchange Act Section 13(b)(2)(B) to require such companies to devise and maintain a system of internal accounting 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. 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B).

² H&P’s Corporate Code of Business Ethics historically had contained anti-bribery provisions, but H&P decided as part of its focus on FCPA compliance to draft and implement a stand-alone set of policies and procedures regarding the FCPA.

12. As detailed above, H&P's books, records, and accounts did not properly reflect the improper payments made by H&P Argentina and H&P Venezuela to customs officials. As a result, H&P violated Exchange Act Section 13(b)(2)(A).

13. H&P also failed to devise or maintain sufficient internal controls to ensure that H&P Argentina and H&P Venezuela complied with the FCPA and to ensure that the payments those subsidiaries made to foreign officials were accurately reflected on its books and records. As a result, H&P violated Exchange Act Section 13(b)(2)(B).

H&P's Remedial Efforts and Cooperation

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent, Respondent's voluntary disclosure of these matters to the Commission, and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent H&P's Offer.

Accordingly, it is hereby ORDERED that:

- (i) Pursuant to Section 21C of the Exchange Act, Respondent H&P cease and desist from committing or causing any violations and any future violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B);
- (ii) Respondent shall, within ten days of the entry of this Order, pay disgorgement of \$320,604 and prejudgment interest of \$55,077.22 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment shall be: (A) made by United States postal money order, certified check, bank cashier's check, or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover of a letter that identifies Helmerich & Payne, Inc. as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Cheryl J. Scarborough, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, D.C. 20549.

By the Commission.

Elizabeth M. Murphy
Secretary