

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81222 / July 27, 2017**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3884 / July 27, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18080**

**In the Matter of**

**Halliburton Company and  
Jeannot Lorenz,**

**Respondents.**

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

**I.**

The Securities and Exchange Commission (“SEC” or “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 Halliburton Company (“Halliburton”) and Jeannot Lorenz (collectively, the “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement 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 them and the subject matter of these proceedings, which are admitted, Respondents consent 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 Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers of Settlement, the Commission finds<sup>1</sup> that:

#### SUMMARY

1. This matter concerns violations of the books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act ("FCPA") by Halliburton, a global oilfield services company, headquartered in Houston, Texas, and its former Vice-President, Jeannot Lorenz, a citizen of France and permanent resident of the United States.

2. From April 2010 through April 2011, Halliburton paid \$3,705,000 to a local Angolan company that Halliburton had proposed to a Sonangol Official to fulfill local content obligations. The local Angolan company was owned by a former Halliburton employee and a friend and neighbor of the Sonangol government official and some of the payments were made in advance of Halliburton obtaining lucrative oilfield services contracts. The Sonangol official, who had authority to veto or reduce subcontracts awarded to Halliburton by large international oil companies, approved Halliburton's local content proposal.

3. The payments to the local Angolan company were made under two contracts arranged and negotiated by Lorenz and others: (i) a September 2009 Interim Consulting Agreement, and (ii) a May 2010 Real Estate Transaction Management Agreement. Halliburton entered into these contracts in violation of its own internal accounting controls and did not record the true nature of the transactions in its books and records. Specifically, the two contracts were entered into for the purpose of paying the local Angolan company to satisfy local content requirements, not for the stated scope of work set forth in each contract. In addition, Halliburton entered into the contracts without following all of the terms of its internal accounting controls governing such transactions.

4. Lorenz negotiated and entered into the agreements with the local Angolan company while knowingly circumventing certain Halliburton internal accounting controls. Also, Lorenz falsified books and records by knowingly providing inaccurate scopes of work and other information contained in the agreements. Lorenz, therefore, personally violated provisions that prohibit knowingly circumventing internal accounting controls and falsifying books and records, and also caused Halliburton's violations of the books and records and internal accounting controls provisions of the FCPA.

#### RESPONDENTS

5. **Halliburton Company** is a Delaware oilfield services corporation, headquartered in Houston, Texas. Its common stock is registered under Section 12(b) of the Exchange Act and trades on the NYSE. During the relevant time period, Halliburton had more than 70,000

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<sup>1</sup> The findings herein are made to pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

employees operating in over 70 countries with country managers that report to regional managers. In February 2009, Halliburton entered into a settlement with the Commission over a bribery scheme executed by Halliburton's former wholly-owned subsidiary, KBR, Inc. (by then a separate U.S. issuer), and KBR's former CEO, and consented to the entry of a final judgment enjoining it from violating the books and records and internal accounting controls provisions of the FCPA and, jointly and severally with KBR, disgorged \$177 million of ill-gotten gains. Separately, as a result of a parallel investigation with the Department of Justice, KBR paid a criminal fine of \$382 million.

6. **Jeannot C. Lorenz** (age 65) is a French citizen with permanent residence status in the United States who is currently residing in Angola. He is a former Halliburton Vice-President who had been the country manager in charge of Halliburton's operations in Angola from 1993 to 2002. He returned to Angola to serve as interim country manager from mid-2004 through early-2005. Beginning in April 2008, while officially working for Halliburton in Brazil, Lorenz was appointed to lead the company's local content efforts in Angola. Lorenz left the company in late 2013.

### **FACTS**

7. In early 2008, Sonangol officials told Halliburton management that Sonangol was considering vetoing further subcontract work for Halliburton in Angola because Halliburton had insufficient local content and was not compliant with Angola's local content regulations governing foreign companies operating in Angola. Sonangol officials made it clear that Halliburton needed to partner with more local Angolan-owned businesses in order to satisfy local content requirements. In response, starting in April 2008, Halliburton tasked Lorenz to spearhead efforts to find local content in Angola that would be acceptable to Sonangol. Lorenz previously worked for Halliburton in Angola where he had established relationships and networks with many Angolans, including Sonangol and other government officials. During 2008 and early 2009, Lorenz and Halliburton considered a variety of potential local content projects and kept Sonangol officials apprised of their progress. In 2008, Halliburton finalized and commenced one separate local content project not involving the local Angolan company. This separate project fulfilled Halliburton's local content obligations for contracts that were up for bid in 2008.

8. By April 2009, another round of contracts for other joint Sonangol/international oil company projects was coming up for bid. Halliburton understood that the 2008 local content efforts would not count for this new round of contract bids. Halliburton also learned from a variety of sources, including the head of an international oil company's operations in Angola, that Sonangol remained extremely dissatisfied with Halliburton's local content efforts and that Sonangol might veto the international oil company's recommendations that Halliburton be awarded certain contracts in Angola. In response, Lorenz proposed that Halliburton offer to outsource approximately \$15 million of unspecified services to a local Angolan company that was owned by a former Halliburton employee who was a friend and neighbor of the government official who would on Sonangol's behalf approve the award of the contracts in question to Halliburton. Lorenz knew of the relationship between the owner of the local Angolan company and the Sonangol government official. On April 29, 2009, Halliburton senior executives met

with the Sonangol government official at Sonangol's headquarters in Luanda and discussed Lorenz's proposal for local content. Thereafter, Lorenz began a lengthy effort to retain this local Angolan company in order to fulfill Halliburton's proposal, making three attempts to do so.

9. Lorenz first proposed retaining the local Angolan company as a commercial agent and paying a fee equal to 2% of Halliburton's existing revenue earned in Angola. Lorenz projected that Halliburton would pay a fee of approximately \$4 million for the remaining 6 months in 2009 which would rise to \$15 million by 2013. However, Lorenz's proposal to pay a fee on existing revenues (as opposed to newly obtained business) was rejected by Lorenz's direct management because (i) Halliburton declined to add any agents in Africa during that time period, and (ii) Halliburton generally retained commercial agents to obtain new business for Halliburton and paid the agent a percentage of the new business as a commission or fee. As outlined by Halliburton's legal department, to retain the local Angolan company as a commercial agent, it would be required to undergo a lengthy due diligence and review process that included retaining outside U.S. legal counsel experienced in FCPA compliance to conduct interviews. Halliburton's in-house counsel noted that "[t]his is undoubtedly a tortuous, painful administrative process, but given our company's recent US Department of Justice/SEC settlement, the board of directors has mandated this high level of review." As a result of the internal disapproval, Lorenz abandoned the idea of retaining the local Angolan company as a commercial agent.

10. Lorenz then proposed to directly outsource some of Halliburton's in-house functions to the local Angolan company without competitive bidding. However, in order to comply with the company's internal accounting controls, Halliburton's procurement personnel required a competitive bidding process to outsource real estate maintenance, travel and ground transportation services in which the preferred local Angolan company would compete. Halliburton personnel in Angola and procurement specialists from Houston conducted the competitive bidding. As the bidding process would take several months to complete, Lorenz considered it imperative to show "good faith" by beginning to engage and pay the local Angolan company some money. Accordingly, in July 2009 – before the initial request for quotes in the bidding process was issued in October 2009 – Lorenz began negotiating a "bridge agreement." The initial draft was a six-month "consulting agreement" beginning in September 2009 for \$30,000 per month. By late October 2009, after further negotiations, the amount was increased to \$45,000 per month. The effective date of the agreement remained September 2009, despite that November was about to begin and the contract had not been signed.

11. The real reason for the interim consulting agreement – to provide bridge payments as a show of good faith to the Sonangol government official and the local Angolan company until the latter successfully emerged from the bidding process – did not appear in the agreement. Rather, the scope of work falsely stated that the local Angolan company would be "developing reports with respect to findings and recommendations" addressing local content requirements and how Halliburton could meet those requirements with respect to areas of travel, local logistics, and real estate. In order to secure approval for the draft agreement in the fall of 2009, Lorenz made false statements that led other Halliburton employees to believe that the local Angolan company had already provided and would continue to provide actual services under the

consulting agreement. However, the agreement was not executed and payments under the agreement were not made until beginning in February 2010.

12. Halliburton's internal accounting controls required that the supplier qualification process begin with an assessment of the criticality or risk of a material or service, not with a particular supplier. Instead, Lorenz started with a particular supplier (the local Angolan company) and then backed into a list of services it could provide. Lorenz also violated Halliburton internal accounting controls by entering into the interim consulting agreement without either seeking competitive bids or providing an adequate single source justification. Lorenz failed to comply with an internal accounting control that required contracts over \$10,000 in countries with a high risk of corruption, such as Angola, to be reviewed and approved by a Tender Review Committee.

13. By January 2010, nine months had passed since Halliburton had proposed to Sonangol that it would use the local Angolan company to satisfy local content requirements. Both Sonangol and the proposed local Angolan company believed that Halliburton was failing to comply with local content requirements, thus risking the award of significant contracts scheduled for mid-2010. At this moment of crisis, Lorenz asked a Halliburton senior executive to meet with the Sonangol government official as soon as possible to renew Halliburton's local content commitment and the April 2009 proposal. On January 13, 2010, in the middle of an unrelated trip through the Middle East, the Halliburton senior executive flew to Portugal to meet the Sonangol government official at the vacation home of the Sonangol government official's friend, the owner of the local Angolan company. Both Lorenz and the friend were present. The Halliburton senior executive explained to the Sonangol government official the delays associated with a large company's procurement processes and affirmed that Halliburton was negotiating a deal with the local Angolan company to satisfy local content requirements. The Halliburton senior executive also asked the Sonangol government official for his support for the international oil company's award of an upcoming contract to Halliburton, in light of progress Halliburton was making to satisfy Halliburton's local content requirements.

14. In February 2010, Halliburton's procurement personnel reviewed the bids for real estate maintenance, travel and ground transportation services, and the preferred local Angolan company was the least successful of the bidders. The local Angolan company did not submit a bid for the travel portion but submitted bids for real estate maintenance and ground transportation. The local Angolan company's bid was 90% to 447% higher than the next highest bid for the property maintenance and was 42% to 126% higher in ground transportation. As noted by a Halliburton employee in a February 9, 2010 email evaluating the bids, the local Angolan company "is a very expensive solution (non-competitive and not justified based on their proposal) . . . ." Nonetheless – and notwithstanding the apparent availability of other Angolan bidders to satisfy local content requirements -- Halliburton officials believed that they needed to use the preferred local Angolan company as their local content because they had committed they would do so. According to the February 9, 2010 email, Lorenz was "scrambling to find [a] justification" to award the business to the local Angolan company.

15. Lorenz and others unsuccessfully attempted to negotiate with the local Angolan company for an acceptable price for the services based on the bids received from others. The

owner of the local Angolan company, however, insisted on an unexplained, non-negotiable monthly “fixed cost” of no less than \$250,000 above his costs. On February 22, 2010, the local Angolan company refused to negotiate further. Desperate for a solution, and feeling intense pressure to get the deal with the local Angolan company done, Lorenz and others pivoted from the outsourced services contemplated under the bidding process to a new proposal where the local Angolan company would lease commercial and residential real estate and then sublease the properties to Halliburton at a substantial markup, and also provide real estate transaction management consulting services. The preferred local Angolan company had minimal experience in these areas and the services could have been provided more cheaply if done internally by Halliburton personnel. Nonetheless, on February 23, 2010, Halliburton issued a letter of intent to enter into contracts with the local Angolan company for real estate transaction management consulting services and subleases for office and residential space. The local Angolan company owner accepted the letter of intent and contacted the Sonangol official to inform him of the agreement in principle.

16. By again selecting a particular supplier – rather than determining the critical services and then selecting the appropriate supplier – and doing so without competitive bidding or substantiating the need for a single source, Lorenz violated Halliburton’s internal accounting controls. Also, another Halliburton internal accounting control required its Real Estate Services department to manage the process of subleasing real property and initiating contracts for professional services related to the acquisition or disposition of property. Initially, no one from Real Estate Services was consulted about the need for these services, let alone managed the process. Ultimately, although employees from Halliburton’s Real Estate Services Department assisted in drafting the contract, Lorenz and others outside of Real Estate Services managed and executed the agreement.

17. Near contemporaneously with the signing of the letter of intent, Lorenz and the local Angolan company finally executed the Interim Consulting Agreement in February 2010. That agreement remained backdated to September 2009 and Halliburton paid the local Angolan company \$405,000 for the period of September 2009 through May 2010 even though the local Angolan company never provided the services enumerated in the agreement.

18. In late March 2010, as part of review processes required by Halliburton’s internal accounting controls in approving contracts over a certain value threshold high risk countries like Angola, personnel from the Finance & Accounting department, both at the region and headquarters, raised concerns about the proposed Real Estate Transaction Management Agreement. Specifically, they questioned the use of single source procurement, the upfront payment terms, the high costs, and the rationale for entering into subleases for properties that would cost less if leased directly from the landlord. One Finance & Accounting reviewer at headquarters noted that he could not think of any legitimate reason to pay the local Angolan company over \$13 million under the Real Estate Transaction Management Agreement and that it would not have cost that much to run Halliburton’s entire real estate department in Angola. These concerns were raised with and vetted within the Finance & Accounting supervisory chain, and with Halliburton senior corporate executives. The senior executives understood that the commercial terms were onerous but allowed the contract reviews to proceed because they

believed that by this time only this agreement with the local Angolan company would satisfy Sonangol as to Halliburton's local content commitments.

19. On May 1, 2010, Lorenz signed the Real Estate Transaction Management Agreement with the local Angolan company. Halliburton agreed to pay the local Angolan company \$275,000 per month for four years to purportedly (i) manage real estate transactions in and around Luanda, Angola, (ii) develop a strategy for Halliburton's staff housing, (iii) develop a strategy for "off base" leasing of commercial space, (iv) streamline the leasing process, and (v) produce quarterly reports relating to planning, costs and market conditions. Halliburton did not receive any meaningful services under this agreement and the local Angolan company failed to produce the required reports except for one unfinished report that was found in Lorenz's house in Angola in 2011 that appeared to be plagiarized wholly from internet sources. Halliburton terminated payments to the local Angolan company in April 2011 after receiving an anonymous email in December 2010 alleging possible misconduct surrounding the transactions with the local Angolan company.

20. According to Halliburton's internal accounting controls, using a single source is justified when "there is a significant advantage to the Company in soliciting a bid from only one supplier, although more than one supplier may be capable of supplying the product or service." Halliburton's internal accounting controls indicated that using a single source "typically occurs when a supplier is clearly preferred for quality, technical, execution or other reasons." In this case, the supplier was not preferred for quality or technical reasons or its ability to execute. Instead it was chosen to fulfill Halliburton's local content commitment to Sonangol. Halliburton internal accounting controls also mandated that when using a single source vendor without competitive bidding, the underlying reasons "should be clearly identified and justified by referencing an existing approved Single Source justification." The purpose of this control is to provide needed information to company auditors in their effort to test whether transactions were undertaken for legitimate reasons and not due to improper considerations.

21. Although possible justifications for selecting the local Angolan company may have been discussed in some company emails, the documentation entered into Halliburton's accounting system in May 2010 provided no justification for choosing the local Angolan company as a single source provider. The purported justifications merely described in summary form the terms of the agreements. As a consequence, internal audit was kept in the dark about the transactions and its late 2010 yearly review did not examine them. While internal audit did not examine the agreements with the local Angolan company in its late 2010 yearly review in Angola, it did note, from the transactions it did examine, that most of the filed single source justifications contained "inadequate information on the SSJ [Single Source Justification] to support why sole sourcing was necessary."

22. From April 2010 through April 2011, when Halliburton terminated payments to the local Angolan company because of the allegations of misconduct, Halliburton paid the local Angolan company \$3,705,000 under the interim consulting agreement and the Real Estate Transaction Management Agreement. Between May and December 2010, Sonangol approved the award of seven lucrative subcontracts to Halliburton and Halliburton profited by approximately \$14 million.

23. In determining to accept the Offer, the Commission considered remedial acts undertaken by Respondent and cooperation afforded the Commission staff, including making foreign witnesses available, compiling financial data and analysis relating to the transactions at issue, and making substantive presentations on key topics at the staff's request.

### **LEGAL STANDARDS AND VIOLATIONS**

24. As a result of the conduct described above, Halliburton violated Section 13(b)(2)(A) of the Exchange Act, which requires issuers that have a class of securities registered pursuant to Section 12 of the Exchange Act and issuers with reporting obligations pursuant to Section 15(d) of the Exchange Act to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

25. As a result of the conduct described above, Halliburton also violated Section 13(b)(2)(B) of the Exchange Act, which requires issuers that have a class of securities registered pursuant to Section 12 of the Exchange Act and issuers with reporting obligations pursuant to Section 15(d) of the Exchange Act 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; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. As a result of the prior settlement, Halliburton had clearly defined internal accounting controls governing, among other things, the selection and approval of vendors in high risk countries, commercial agents and single source suppliers. However, Halliburton failed to maintain these controls. Indeed, as there was a business need, the company failed to comply with controls that were supposed to prevent further violations of the FCPA.

26. As a result of his conduct described above, Jeannot Lorenz caused Halliburton's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

27. As a result of his conduct described above, Jeannot Lorenz violated Section 13(b)(5) of the Exchange Act, which prohibits persons from knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or knowingly falsifying any book, record or account, and Exchange Act Rule 13b2-1, which prohibits persons from directly or indirectly falsifying or causing to be falsified any book, record, or account.

### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Halliburton cease-and-desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Pursuant to Section 21C of the Exchange Act, Respondent Jeannot Lorenz cease-and-desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder.

C. Respondent Halliburton shall, within 14 days of the entry of this Order, disgorge ill-gotten gains of \$14,000,000 along with prejudgment interest of \$1.2 million, and pay a civil penalty of \$14,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. § 3717.

D. Respondent Jeannot Lorenz shall pay a civil penalty of \$75,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: Lorenz shall pay (i) \$20,000 within 14 days of the entry of this Order, and (ii) an additional \$55,000 within 364 days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of the civil penalty, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application.

E. For both Respondents, payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Halliburton or Jeannot Lorenz as a Respondent in these proceedings, as appropriate, and the file number of these proceedings; a copy of the cover letter

and check or money order must be sent to Ansu Banerjee, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

F. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent Jeannot Lorenz agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent Jeannot Lorenz agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

G. Respondent Halliburton shall comply with the following undertakings:

1. Retain an independent consultant (the "Independent Consultant") not unacceptable to the Staff within ninety (90) calendar days after the issuance of this Order. Within sixty (60) calendar days after the issuance of this Order, Respondent shall recommend to the Staff a qualified candidate to serve as the Independent Consultant. The Staff shall provide feedback to Respondent within fifteen (15) calendar days of receiving Respondent's recommendations.
2. The Independent Consultant candidate shall have, at a minimum, the following qualifications: demonstrated expertise with respect to the FCPA, including experience counseling on FCPA issues; experience designing and/or reviewing corporate compliance policies, procedures, and internal controls, including FCPA-specific policies, procedures, and internal controls; ability to access and deploy resources as necessary to discharge the Independent Consultant's duties as described herein; and independence from Respondent to ensure effective and impartial performance of the Independent Consultant's duties.
3. The Independent Consultant should not have provided legal, auditing, or other services to, or have had any affiliations with, the Respondent during the two years prior to the issuance of this Order.
4. Respondent shall retain the Independent Consultant for a period of eighteen (18) months from the date of the engagement. Respondent shall exclusively bear all costs, including compensation and expenses, associated with the retention of the

Independent Consultant.

5. To ensure the independence of the Independent Consultant, Respondent shall not have the authority to terminate the Independent Consultant without the prior written approval of the Staff.
6. The Independent Consultant's responsibility is to review and evaluate Respondent's anti-corruption policies and procedures, including policies and procedures related to retaining local content and the use of single source justifications, for Respondent's business operations in Africa ("the Policies and Procedures") and to make recommendations designed to reasonably improve the Policies and Procedures. This review and evaluation shall include an assessment of the Policies and Procedures as actually implemented in Africa and how such Policies and Procedures fit within Respondent's ethics and compliance function. The Independent Consultant shall consider whether the ethics and compliance function has sufficient resources, authority, and independence, and provides sufficient training and guidance to the business operations in Africa regarding the Policies and Procedures described above.
7. Respondent and the Independent Consultant shall agree that the Independent Consultant is an independent third-party and not an employee or agent of the Respondent. In addition, Respondent and the Independent Consultant agree that no attorney-client relationship shall be formed between them.
8. Respondent shall require the Independent Consultant to enter in an agreement with Respondent providing that, for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondent, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the Independent Consultant is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Staff enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondent, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.
9. Respondent shall require the Independent Consultant to prepare a written work plan and submit it to Respondent and the Staff for comment within thirty (30) calendar days of commencing the engagement. The Respondent's comments shall be provided to the Independent Consultant no more than thirty (30) calendar days after receipt of the written work plan. In order to conduct an effective initial review and to understand fully any deficiencies in the Policies and Procedures, including how they fit within Respondent's ethics and compliance function, the

Independent Consultant's initial work plan shall include such steps as are reasonably necessary to develop an understanding of the facts and circumstances surrounding any violations that may have occurred as reflected in this matter and to assess the effectiveness of Respondent's existing Policies and Procedures, and of Respondent's ethics and compliance program as they pertain to its business operations in Africa. Any dispute between Respondent and the Independent Consultant with respect to the work plan shall be decided by the Staff.

10. Respondent shall cooperate fully with the Independent Consultant, and the Independent Consultant shall have the authority to take such reasonable steps as, in his or her view, may be necessary to be fully informed about Respondent's Policies and Procedures in accordance with the principles set forth herein and applicable law, including data protection, blocking statutes, and labor laws and regulations applicable to Respondent. To that end Respondent shall provide the Independent Consultant with access to all non-privileged information, documents, records, facilities and/or employees, as requested by the Independent Consultant, that fall within the scope of the Independent Consultant's responsibility, except as provided in this paragraph; and provide guidance on applicable laws (such as relevant data protection, blocking statutes, and labor laws).
11. In the event the Respondent seeks to withhold from the Independent Consultant access to information, documents, records, facilities and/or employees of Respondent that may be subject to a claim of attorney-client privilege or to the attorney work product doctrine, or where Respondent reasonably believes production would otherwise be inconsistent with applicable law or beyond the scope of these undertakings, Respondent shall work cooperatively with the Independent Consultant. If the matter cannot be resolved, at the request of the Independent Consultant, Respondent shall promptly provide written notice to the Independent Consultant and the Staff. Such notice shall include a general description of the nature of the information, documents, records, facilities and/or employees that are being withheld, as well as the basis for the claim. To the extent Respondent has provided information to the Staff in the course of the investigation leading to this action pursuant to a non-waiver of privilege agreement, Respondent and the Independent Consultant may agree to production of such information to the Independent Consultant pursuant to a similar non-waiver agreement.
12. Respondent shall require the Independent Consultant to issue a written report ("Report"), within six (6) months after being retained to review Respondent's Policies and Procedures: (a) summarizing its review and evaluation, and (b) if necessary, making recommendations based on its review and evaluation that are reasonably designed to improve Respondent's Policies and Procedures. Respondent shall require that the Independent Consultant provide the Report to the Board of Directors of Respondent and simultaneously transmit a copy to the Staff at the following address: Ansu N. Banerjee, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 South

Flower Street, Suite 900, Los Angeles, California 90071.

13. Respondent shall adopt all recommendations in the Report within ninety (90) days of the issuance of the Report; provided, however, that, as to any recommendations that Respondent considers to be unduly burdensome, impractical, or costly, Respondent need not adopt the recommendations at that time, but may submit in writing to the Staff, within thirty (30) days of receiving the Report, an alternative policy or procedure designed to achieve the same objective or purpose. Respondent and the Independent Consultant shall attempt in good faith to reach an agreement relating to each recommendation Respondent considers unduly burdensome, impractical, or costly. In the event that Respondent and the Independent Consultant are unable to agree on an alternative proposal within thirty (30) days, Respondent will abide by the determinations of the Staff.
14. After 180 days of completion of the implementation, the Independent Consultant shall have thirty (30) calendar days to complete a follow-up review to confirm that Respondent has implemented the recommendations or agreed-upon alternatives and continued the application of the Policies and Procedures, and to deliver a supplemental report to the Board of Directors of Respondent and the Staff setting forth its conclusions and whether any further improvements should be implemented.
15. Respondent agrees that the Staff may extend any of the dates set forth above at its direction.
16. Respondent shall certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. Respondent shall submit the certification and supporting material to Ansu N. Banerjee, Assistant Regional Director, Division of Enforcement, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.
17. Respondent agrees that these undertakings shall be binding upon any successor in interest to Respondent or any acquirer of substantially all of Respondent's assets and liabilities or business.

## V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Jeannot Lorenz, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Jeannot Lorenz under this Order or

any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Jeannot Lorenz of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields  
Secretary