

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT of 1934

Release No. 95030 / June 2, 2022

ADMINISTRATIVE PROCEEDING

File No. 3-20875

In the Matter of

TENARIS S.A.

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 Tenaris S.A. (“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 matter concerns violations of the anti-bribery, books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA") by Tenaris, as a result of a bribe scheme involving agents and employees of its Brazilian subsidiary to obtain and retain business from a Brazil state-owned entity ("SOE") **Petróleo Brasileiro S.A. ("Petrobras")**. Between 2008 and 2013, approximately \$10.4 million in bribes were funded on behalf of a Tenaris Brazilian subsidiary by companies affiliated with Tenaris' controlling shareholder and paid to a Brazilian government official in connection with the bidding process at the SOE. During the same relevant period, the Tenaris Brazilian subsidiary obtained more than \$1.0 billion in contracts from Petrobras.

Respondent

2. **Tenaris S.A. ("Tenaris")** is a global manufacturer and supplier of steel pipe products and related services, headquartered in Luxembourg. Tenaris trades ADRs on the New York Stock Exchange (NYSE: TS) and has filed periodic reports pursuant to Section 12(b) of the Exchange Act with the Commission since at least 2003. Tenaris is part of a conglomerate of companies referred to as "Techint" or "the Techint Group" which is controlled by a private company, San Faustin, through the holding company Techint Holdings S.a.r.l. San Faustin controlled the majority of Tenaris' shares during the relevant time period and Tenaris disclosed San Faustin as its controlling shareholder in its filings with the Commission. In 2011, Tenaris entered into a Non-Prosecution Agreement with the Department of Justice and a Deferred Prosecution Agreement with the Commission involving bribes Tenaris paid to obtain business from an SOE in Uzbekistan.

Other Relevant Entities and Individuals

3. **San Faustin, S.A. ("San Faustin")** is a Luxembourg private limited liability company, which controls the Techint Group, an international conglomerate with interests in the steel, oil & gas, and engineering and construction sectors. During the relevant period, San Faustin, through its wholly owned subsidiary Techint Holdings S.a.r.l., owned 60.45% of Tenaris' shares. San Faustin shared certain common officers and directors with Tenaris.

4. **Confab Industrial S.A. ("Confab")** is Tenaris' operating subsidiary in Brazil. During the relevant period, Tenaris controlled Confab and consolidated Confab's results of operations into its financial statements.

5. **Petróleo Brasileiro S.A. ("Petrobras")** is a Brazilian multinational mixed joint stock corporation in the petroleum industry headquartered in Rio de Janeiro, Brazil. Its ADRs

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

trade on the New York Stock Exchange (NYSE: PBR/PBRA) and Petrobras has filed periodic reports pursuant to Section 12(b) of the Exchange Act with the Commission since at least 2002. Under the company's Bylaws, the Brazilian federal government controls Petrobras and owns the majority of Petrobras' voting shares. The Brazilian federal government also has the right to elect a majority of Petrobras' directors regardless of any rights that Petrobras minority shareholders may have to such election.

6. **Government Official** is a Brazilian national and was a high-ranking manager in Petrobras' supply procurement and tender process department. Government Official pled guilty in Brazil to corruption-related crimes in connection with his position at Petrobras.

7. **Uruguayan Company** is a Uruguayan shell entity incorporated in 2009. During the relevant period, bribe payments were deposited into the Uruguayan Company bank account for the benefit of Government Official.

8. **Panamanian Company** is a Panamanian off-the-shelf shell entity incorporated and eventually liquidated at the behest of employees of entities within the Techint Group who had roles or close associational ties with Tenaris and/or its management.

Facts

9. During the relevant period, Tenaris was a global supplier of steel pipes and related services for the world's energy industry. Tenaris was listed on the New York Stock Exchange, Buenos Aires Stock Exchange, Mexican Stock Exchange, and the Italian Stock Exchange. It operated in North and South America, Europe, Asia and Africa. In Brazil, Tenaris held 99% of the voting shares² of its subsidiary, Confab, a Brazilian producer of welded steel pipe products.

10. In order to increase sales in Brazil, in 2008, Confab's long-time agent ("Confab Agent") entered into an understanding with Government Official that Government Official would use his authority to influence Petrobras to forgo an international tender process for certain contracts for pipes and tubes, thereby favoring Confab, by continuing its status as the only domestic supplier, and allowing direct negotiations with it. Confab would benefit through the elimination of international competitors which may have submitted lower bids and forced Confab to lower its price, if not lose the contract altogether. Further, with a steady stream of business from Petrobras, Confab would maintain full operation of its production unit in Brazil, further advantaging it over potential international competitors who had expensive shipping costs that Confab did not. In exchange Government Official received approximately 0.5% of Confab's revenue from these contracts.

11. In an effort to conceal the bribe payments, Government Official recruited an associate ("Associate") to help him arrange for the receipt of payments. Associate arranged for the formation of Uruguayan Company, a shell company in Uruguay, and the opening of a bank account in its name. During the relevant period, the bribes were paid into Uruguayan Company's bank account for the benefit of Government Official.

² Tenaris acquired all remaining minority shares in Confab in 2012.

12. Associate communicated with Confab Agent and later a senior Confab employee about the bribe scheme including about the timing of bribe payments being deposited into the Uruguayan Company bank account.

13. The bribe payments to Government Official were sourced initially from a bank account in the name of a San Faustin controlled offshore company, which itself was funded by Tenaris-affiliated and San Faustin-affiliated companies. From there, the money passed through various offshore San Faustin-related holding companies and bank accounts located in both the U.S. and foreign jurisdictions. Each of these companies and accounts were controlled by employees of entities within the Techint Group who had roles or close associational ties with Tenaris and/or its management. One such entity and related bank account used in the scheme was Panamanian Company. In 2013, the payments to Government Official's Uruguayan Company's bank account came from Panamanian Company.

14. To conceal the bribe payments, fake contracts were executed between Uruguayan Company and Panamanian Company in which Panamanian Company agreed to pay Uruguayan Company for purported past and future consultancy and advisory services that Uruguayan Company performed for "the companies of the group to which [Panamanian Company]" was a part.

15. Additional bribe payments were funneled to Government Official through similar means.

16. In total, Government Official received at least \$10.4 million in bribes between 2008 and 2013. Government Official used the money for various purposes, including to purchase real estate and artwork.

17. The various transactions by which illicit payments were routed in connection with the Petrobras contracts were inaccurately reflected in Confab's books and records. Confab's books and records were consolidated into Tenaris' for purposes of Commission filings.

18. Despite known corruption risks in connection with its Brazilian operations and having been previously the subject of a Non-Prosecution Agreement with the Department of Justice and a Deferred Prosecution Agreement with the Commission as a result of bribes Tenaris paid to obtain business from an SOE in Uzbekistan, Tenaris failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances to detect and prevent the payment of bribes and to adequately identify and disclose related party transactions.

Legal Standards and Violations

19. Under Exchange Act Section 21C(a), the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

20. As a result of the conduct described above, Respondent violated Section 30A of the Exchange Act, which prohibits any issuer with a class of securities registered pursuant to

Section 12 of the Exchange Act, or any officer, director, employee, or agent acting on behalf of such issuer, or any stockholder acting on behalf of an issuer, in order to obtain or retain business, from corruptly giving or authorizing the giving of anything of value to any foreign official for the purposes of influencing the official or inducing the official to act in violation of his or her lawful duties, or to secure any improper advantage, or to induce a foreign official to use his influence with a foreign governmental instrumentality to influence any act or decision of such government or instrumentality.

21. As a result of the conduct described above, Respondent violated Section 13(b)(2)(A) of the Exchange Act, which requires issuers with 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 reflected the transactions and dispositions of assets.

22. As a result of the conduct described above, Respondent violated Section 13(b)(2)(B) of the Exchange Act, which requires issuers with 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.

Disgorgement

23. The disgorgement and prejudgment interest referenced in paragraph IV is consistent with equitable principles, does not exceed Respondent's net profits from its violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the United States Treasury is the most equitable alternative. The disgorgement and prejudgment interest referenced in paragraph IV shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

Commission Consideration of Tenaris' Cooperation and Remedial Efforts

24. In determining to accept the Offer, the Commission considered Tenaris' cooperation and remedial efforts. Tenaris' cooperation included providing translated copies of various documents and relevant witness testimony and encouraging parties outside of the Commission's subpoena power to provide relevant evidence and information.

25. Tenaris made and continues to make enhancements to its internal accounting controls, global compliance organization and its policies and procedures regarding due diligence, use of third parties, and maintenance of adequate records. Tenaris' remedial measures have

included terminating its commercial agents in Brazil and significantly reducing its use of commercial agents worldwide. Tenaris implemented a Code of Conduct, a Code of Ethics for Senior Financial Officers, a Business Conduct Policy and several related procedures, and regular anti-bribery and compliance training.

Undertakings

Respondent undertakes to:

1. During a two-year term as set forth below, Respondent shall report to the Commission staff periodically, at no less than six-month intervals, the status of its remediation and implementation of compliance measures related to the effectiveness of the anti-corruption policies, procedures, practices, internal accounting controls, recordkeeping, and financing reporting processes particularly as to preventing the use of unaccounted funds for illicit purposes to benefit Tenaris, including the use of funds available to Tenaris' officers, directors, employees and/or agents as a result of their dual affiliation with Tenaris and San Faustin and related entities. During this two-year period, should Respondent discover credible evidence, not already reported to the Commission staff, that questionable or corrupt payments or questionable or corrupt transfers of value may have been offered, promised, paid, or authorized by Respondent, or any entity or person acting on behalf of Respondent, or that related false books and records have been maintained; or that Respondent's internal controls failed to detect and prevent such conduct, Respondent shall promptly report such conduct to the Commission staff.

2. During this two-year period, Respondent shall (1) conduct an initial review and submit an initial report, and (2) conduct and submit at least two follow-up reviews and reports, and (3) conduct and submit a Final Report, as described below:

- a. Respondent shall submit to the Commission staff a written report within 180 calendar days of the entry of this Order setting forth a complete description of its Foreign Corrupt Practices Act ("FCPA") and anti-corruption related remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of Respondent for ensuring compliance with the FCPA and other applicable anticorruption laws, and the parameters of the subsequent reviews (the "Initial Report"). The Initial Report shall be transmitted to Tracy L. Price, Deputy Unit Chief, FCPA Unit, Division of Enforcement, United States Securities and Exchange Commission, 100 F St. NE, Washington, DC 20549-5631. Respondent may extend the time period for issuance of the Initial Report with prior written approval of the Commission staff.
- b. Respondent shall undertake at least two follow-up reviews, incorporating any comments provided by the Commission staff on the previous report, to further monitor and assess whether the policies and procedures of Respondent are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws (the Follow-up Reports). The first Follow-up Report shall be submitted by no later than 180 days after the Initial Report. The second Follow-up Report shall be submitted by no later than 360 days after the submission of the Initial Report.

- c. Respondent shall undertake a final review to further monitor and assess the operation of its FCPA and anti-corruption compliance program and whether Respondent's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws (the "Final Report"). The Final Report shall be submitted by no later than 540 days after the submission of the Initial Report. Respondent may extend the time period for issuance of the Follow-up Reports with prior written approval of the Commission staff.

3. The periodic reviews and reports submitted by Respondent will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) is otherwise required by law.

4. 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 Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Tracy L. Price, Deputy Unit Chief, FCPA Unit, 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.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Tenaris' Offer.

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall, within 30 days of the entry of this Order, pay disgorgement of \$42,842,497 and prejudgment interest of \$10,257,841 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. Respondent shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$25,000,000 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 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent 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) Respondent 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 Tenaris as the Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Tracy L. Price, Deputy Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5631.

C. 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 agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it 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 agrees that it 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.

D. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of \$ 25,000,000 based upon its cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or

(2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

E. Respondent shall comply with the undertakings enumerated in Section III above.

By the Commission.

Vanessa A. Countryman
Secretary