

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 97381 / April 26, 2023

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4403 / April 26, 2023

ADMINISTRATIVE PROCEEDING
File No. 3 - 21397

In the Matter of

FRANK'S
INTERNATIONAL N.V.,

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 Frank’s International N.V., now known as Expro Group Holdings N.V. (“Frank’s” or “Respondent”).¹

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.

¹ On October 1, 2021, Frank’s merged with Expro Group Holdings International Limited and was renamed Expro Group Holdings N.V., which has a class of securities registered under Section 12(b) of the Exchange Act and is publicly traded on the New York Stock Exchange under the ticker symbol XPRO.

III.

On the basis of this Order and Respondent's Offer, the Commission finds² 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 ("FCPA") by Frank's. From approximately January 2008 through October 2014, Frank's paid commissions to a sales agent in Angola when Frank's subsidiary employees based in the region knew that there was a high probability that the agent would use the commissions to bribe Angolan government officials on behalf of Frank's. In fact, some of the funds were diverted to an Angolan government official to influence the award of oil and natural gas services contracts. During the relevant period Frank's lacked adequate internal accounting controls related to the retention and payment of agents that interacted with foreign government officials on behalf of the company.

RESPONDENT

2. **Frank's International N.V.** was a global provider of engineered tubular services, tubular fabrication, and specialty well construction and well intervention solutions to the oil and gas industry, incorporated in the Netherlands, with its headquarters in Den Helder, the Netherlands. From its August 9, 2013, initial public offering, until October 1, 2021, Frank's had a class of securities registered under Section 12(b) of the Exchange Act and its shares traded on the New York Stock Exchange under the ticker symbol FI. Prior to Frank's initial public offering, the company conducted business through several privately held predecessors.

OTHER RELEVANT ENTITIES AND INDIVIDUALS

3. **Frank's Angolan Operations** included Frank's wholly owned subsidiaries which operated in Angola during the relevant time period.

4. **Angola Agent** was Frank's sales agent in Angola.

5. **Sociedade Nacional de Combustíveis de Angola, E.P.** ("Sonangol") was the Angolan state-owned enterprise responsible for the award of oil and natural gas exploration, development, and production contracts in that country.

6. **Angola Official** was a senior Sonangol official responsible for Sonangol contract awards.

² 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.

FACTS

Background

7. Frank's was founded in 1938 and originally operated from its founder's garage in Lafayette, Louisiana. The company, and its successors, were majority-owned and managed by the founder's family for most of its history. The company was privately held until its August 2013 IPO.

8. Frank's was a Netherlands corporation during the relevant time period. Many of its senior executives were located in Houston, Texas, although some leadership and oversight over West Africa was located abroad. Frank's General Counsel and Chief Financial Officer were based in Houston, with other legal and finance representatives located abroad. Houston-based employees reviewed and approved the contracts between Frank's Angolan Operations and Angola Agent relevant to the bribe scheme described below. Frank's initiated the commission payments prior to becoming a public company and it continued to pay the commissions after it became an issuer.

Frank's Sonangol Problem

9. Angolan state-owned oil company, Sonangol, awarded concessions to major international oil companies granting the exploration and production rights to onshore and offshore areas referred to as blocks. Frank's Angolan Operations sought to provide tubular services and technology to support the drilling of primarily deep water wells in Angola's offshore blocks. Although Frank's was hired by the various major international oil companies that received the concessions, the oil companies would not contract with vendors disfavored by Sonangol.

10. Beginning in September 2007, Frank's tried to increase its business in Angola, but learned through an oil company that Sonangol was blocking its hiring and it could no longer use Frank's to provide tubular services. Senior Frank's managers learned that Sonangol directed the customer to use a competitor of Frank's that purportedly made a superior financial investment in Angola. But a senior Sonangol executive relayed that Sonangol could change its mind if Frank's established a consulting company and paid five percent of the value of the contract to the consulting company for the benefit of high-ranking Sonangol officials. A Frank's employee based in the region assessed the seriousness of the situation in a contemporaneous email and wrote, "I do not think it's an exaggeration to say we are fighting for our survival." During September and October 2007, Frank's considered the request that it establish a consulting company. Frank's did not form the consulting company, but instead hired a sales agent.

Frank's Retains Angola Agent

11. In November 2007, without conducting due diligence and without a contract in place, the company retained Angola Agent, who had known the country manager for another Frank's subsidiary operating in Africa for more than two decades. Angola Agent did not have the relevant technical background to advocate on the company's behalf before Sonangol and, in fact, did not attend technical meetings with Sonangol. However, he had personal relationships with Angola Official and other Sonangol employees. Frank's retained Angola Agent despite the fact that employees based in the region were aware of the high probability that Angola Agent would

use the payments he received from Frank's to bribe Angolan government officials. After hiring Angola Agent, the company's meetings with Sonangol went from short, unproductive meetings to successful gatherings with approximately 20 officials in attendance.

12. On December 18, 2007, Frank's VP of Africa & the Middle East emailed Frank's Dubai-based Regional Chief Operating Officer regarding the customer contract that Sonangol had initially blocked: "Pls advise how you want to handle the timing of the payment to [Angola Agent].... Believe timing is critical in this matter from a political point of view." The following day, he sent another email to the Regional COO regarding a different offshore block, "Spoke to [Angola Agent]; he confirms that no payment should take place before contract is signed."

13. Frank's Angolan Operations paid its first commission to Angola Agent on January 15, 2008. Shortly after, a major oil company informed Frank's that Sonangol had questioned Frank's commitment to "Angolanization"—a term used to describe the use of local businesses and workers on Sonangol projects. Frank's VP of Africa & the Middle East emailed Frank's Regional COO stating, "[A]s you are aware, [Angola Official] is on [Angola Agent's] payroll (white Angolan) will see what we can do."

14. Frank's Angolan Operations continued to use Angola Agent, still without a contract and without having conducted due diligence, throughout 2008. Shortly before the end of the year, Frank's CFO and Chief Accounting Officer asked questions about the commission payments. To satisfy the requests from Houston for supporting documentation, Frank's Regional COO and its VP of Africa & the Middle East approved an agency agreement with one of Angola Agent's companies, which was backdated to January 1, 2008, to support the approximately \$688,000 that had already been paid by Frank's Angolan Operations. After paying these commissions, Frank's Angolan Operations retained its previously at risk contracts and obtained two new contracts.

15. In January 2011, Frank's Angolan Operations began paying Angola Agent under a second agency agreement. Although the second agency agreement provided for a 10 percent sales commission related to specific projects, the invoices submitted by Angola Agent and paid by Frank's Angolan Operations generically referred to "various marketing expenses paid on behalf of Frank's International." Although the agreement referenced 10 percent commissions, only 2.2 percent was actually paid in commissions. As before, Angola Agent served as a bribe conduit, but Frank's recorded the payments as "business expenses—entertainment and meals" in its books and records.

16. Angola Agent funneled a portion of the money he received from Frank's Angolan Operations pursuant to the second agency agreement to Angola Official. In January 2011, Frank's Angolan Operations made the first payment of \$60,000 to Angola Agent. In turn, Angola Agent paid Angola Official \$54,000 two months later. A similar series of transactions occurred during July 2011 when Angola Agent diverted \$191,000 of \$212,000 paid by Frank's Angolan Operations to Angola Official. In January 2012, Frank's Angolan Operations received and paid a \$328,000 invoice from Angola Agent. In March of that year, Angola Agent paid Angola Official \$289,000. During the time period when Frank's Angolan Operations paid commissions to Angola Agent pursuant to the second agency agreement, it obtained four new contracts in Angola.

17. In October 2012, Frank's Angolan Operations and Angola Agent entered into a third agency agreement that granted Angola Agent a 2.75% commission for sales up to \$40 million and 2.5% of sales exceeding that amount. The contract had an effective date of April 1, 2012, and after it was signed, Angola Agent began sending invoices that purported to compensate Angola Agent for "representation fees" owed from April through October 2012. Frank's employees based in the region continued to authorize payments to Angola Agent, despite being aware of the high probability that the funds would be used corruptly. Frank's recorded the payments as legitimate "commissions."

Frank's Continues Using Angola Agent and Providing Benefits to Angola Official after Becoming a Public Company

18. On August 9, 2013, Frank's successfully completed its initial public offering, and became an issuer for purposes of the FCPA, when its shares began trading on the New York Stock Exchange. Frank's Angolan Operations continued paying Angola Agent commissions pursuant to the third agency agreement and continued to record the suspect payments as "commissions." After the IPO, Angola Agent diverted funds he received from Frank's Angolan Operations to offshore accounts held by companies whose ultimate ownership was untraceable. During this period after becoming an issuer, Frank's Angolan Operations obtained five new contracts in Angola.

19. While Frank's was a public company, Frank's VP of Africa & the Middle East, who authorized Angola Agent's commissions despite being aware of the high probability that Angola Agent would use the funds to bribe Angola Official or other government officials, approved additional benefits to Angola Official in the form of travel and entertainment in 2013 and 2014. This included obtaining a travel visa for Angola Official, by falsely claiming the official was a Frank's Angola sales employee. The trips included roundtrip airfare, lodging, dining, sightseeing tours, and local transportation for Angola Official and his companion.

20. Between January and June 2014, the Houston-based General Counsel drafted and approved two new agency agreements between Angola Agent and Frank's Angolan Operations (collectively, "fourth agency agreement"). Although the fourth agency agreement, like the prior agreements, purported to pay legitimate sales commissions, the nature of Angola Agent's work remained unchanged.

21. During the course of his representation between 2008 and 2014, Angola Agent's businesses received approximately \$5.5 million from Frank's Angolan Operations, a portion of which was paid to Angola Official. Frank's received at least \$4,176,858 in post-IPO net profits from its contracts with oil companies where Sonangol was the ultimate customer and for which Angola Official, or other Sonangol officials, possessed decision-making authority.

LEGAL STANDARDS AND FCPA VIOLATIONS

22. Under Section 21C(a) of the Exchange Act, 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.

Frank's Violated Exchange Act Section 30A

23. The anti-bribery provisions of the FCPA, Section 30A of the Exchange Act, make it unlawful for any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any employee or agent of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift or promise to give anything of value to any foreign official for purposes of influencing any act or decision of such foreign official in his official capacity in order to assist such issuer in obtaining or retaining business for or with any person. 15 U.S.C. § 78dd-1. As a result of the conduct described above, Frank's violated Exchange Act Section 30A.

Frank's Violated Exchange Act Section 13(b)(2)(A)

24. The books and records provision of the FCPA, Section 13(b)(2)(A) of the Exchange Act, requires every issuer with a class of securities registered pursuant to Section 12 of the Exchange Act 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. 15 U.S.C. § 78m(b)(2)(A). As a result of the conduct described above, Frank's violated Exchange Act Section 13(b)(2)(A).

Frank's Violated Exchange Act Section 13(b)(2)(B)

25. Section 13(b)(2)(B) of the Exchange Act requires companies with a class of securities registered under Section 12 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. 15 U.S.C. § 78m(b)(2)(B). As a result of the conduct described above, Frank's violated Exchange Act Section 13(b)(2)(B).

DISGORGEMENT AND CIVIL PENALTIES

26. The disgorgement and prejudgment interest ordered in section 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 U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in section IV. shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

FRANK'S REMEDIAL EFFORTS

27. In determining to accept the Offer, the Commission considered Frank's self-reporting, remedial actions, and cooperation afforded the Commission staff. Its cooperation included bringing witnesses from outside the U.S. for interviews, voluntarily producing relevant documents, and sharing facts uncovered during its internal investigation—including facts relating to conduct that occurred before becoming an issuer. Its remediation included terminating the involved employees, terminating the relationship with Angola Agent, improving its internal accounting controls, and further enhancements to its internal controls environment and compliance program following its merger with Expro Group.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent 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 [15 U.S.C. §§ 78 dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)].

B. Respondent shall, within 14 days of the entry of this Order, pay disgorgement of \$4,176,858 and prejudgment interest of \$821,863 and a civil money penalty in the amount of \$3,000,000 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 of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600, and if timely payment of the civil penalty 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 Frank's International N.V. 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 Charles Cain, Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

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.

By the Commission.

Vanessa A. Countryman
Secretary