



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 24, 2007
WWW.USDOJ.GOV

CRM
(202) 514-2008
TDD (202) 514-1888

PARADIGM B.V. AGREES TO PAY \$1 MILLION PENALTY TO RESOLVE FOREIGN BRIBERY ISSUES IN MULTIPLE COUNTRIES

Paradigm Disclosed Improper Payments Discovered Through Pre-Public Offering Due Diligence

WASHINGTON – The Department of Justice has entered into an agreement with Paradigm B.V. related to the making of improper payments to government officials in China, Indonesia, Kazakhstan, Mexico and Nigeria in violation of the Foreign Corrupt Practices Act (FCPA), Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

The agreement requires that Paradigm pay a \$1 million penalty, implement rigorous internal controls, retain outside compliance counsel, and cooperate fully with the Department of Justice. The agreement acknowledges Paradigm's voluntary disclosure and thorough self-investigation of the underlying conduct, the full cooperation provided by the company to the Department, and the extensive remedial efforts undertaken by the company as it prepares for listing on a U.S. stock exchange as a public company.

"The Justice Department's enforcement of the Foreign Corrupt Practices Act is designed to encourage compliance with the FCPA, to stop the bribery of foreign officials by U.S. companies, individuals, and others to whom the law applies," said Assistant Attorney General Fisher. "Paradigm's actions in this matter, including voluntary disclosure and remedial efforts, are consistent with our view of responsible corporate conduct when FCPA violations are uncovered. Accordingly, the Department has resolved this case to permit the company to move forward on sound footing, governed by ethical business practices."

Paradigm, a private limited liability company headquartered in The Netherlands with its principal place of business in Herzliya, Israel, until July 2005, and in Houston, since July 2005, is a provider of enterprise software to the global oil and gas exploration and production industry. As described in the agreement, Paradigm has acknowledged responsibility for the actions of its employees and agents who made or offered payments to foreign government officials.

Paradigm admitted to the payment of \$22,250 into the Latvian bank account of a British West Indies company recommended as a consultant by an official of KazMunaiGas, Kazakhstan's national oil company, to secure a tender for geological software. Paradigm performed no due diligence on the British West Indies company, did not enter into any written

agreement with the company, and does not appear to have received any services from the company.

Paradigm also acknowledged the use of an agent in China to make commission payments to representatives of a subsidiary of the China National Offshore Oil Company (CNOOC) in connection with the sale of software to the CNOOC subsidiary. In addition, Paradigm directly retained and paid employees of Chinese national oil companies or state-owned entities as so-called internal consultants to evaluate Paradigm's software and to influence their employers' procurement divisions to purchase Paradigm's products.

Paradigm also admitted to similar conduct in dealings in Mexico, Indonesia and Nigeria. In Nigeria, Paradigm representatives agreed to make corrupt payments of between \$100,000 and \$200,000 through an agent to Nigerian politicians to obtain a contract to perform services and processing work for a subsidiary of the Nigerian National Petroleum Corporation.

Paradigm identified conduct in January 2007 that appeared to violate the FCPA during due diligence being conducted in connection with its anticipated initial public offering. In response, Paradigm conducted an investigation through outside counsel, voluntarily disclosed its findings to the Justice Department, cooperated fully with the Department, and instituted extensive remedial compliance measures.

As a result of these significant mitigating factors, the Justice Department has agreed not to prosecute Paradigm for the making of and agreement to make improper payments, provided Paradigm satisfies its obligations under the agreement for a period of 18 months. Those obligations include: ongoing cooperation; further remedial steps, including the adoption of rigorous internal controls; retention of outside compliance counsel; and payment of the \$1 million penalty.

This case is being prosecuted by Deputy Chief Mark F. Mendelsohn and Assistant Chief Robertson T. Park of the U.S. Department of Justice, Criminal Division, Fraud Section.

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