UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA	)	13CR 734
	)	Criminal No.
v.	)	
	)	
WEATHERFORD SERVICES, LTD.,	)	15 U.S.C. § 78dd-3 and
	)	18 U.S.C. § 2
Defendant.	)	
	)	

INFORMATION

The United States charges that, at all times relevant to this Information, unless otherwise stated:

GENERAL ALLEGATIONS

The Foreign Corrupt Practices Act

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1, *et seq.* ("FCPA"), prohibited certain classes of persons and entities from corruptly offering, paying, promising to pay, or authorizing the payment of any money or anything of value, directly or indirectly, to a foreign government official for the purposes of obtaining or retaining business for, or directing business to, any person. The FCPA also required certain entities to maintain accurate books and records and adequate internal accounting controls.

2. In relevant part, the FCPA's anti-bribery provisions specifically prohibited any person, other than an issuer or domestic concern, while in the territory of the United States, from making 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 money or

anything of value to any person while knowing that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to a foreign official for the purpose of assisting in obtaining or retaining business for or with, or directing business to, any person. 15 U.S.C. § 78dd-3(a)(1), (a)(3).

Relevant Weatherford-Related Corporate Entities and Employees

3. Weatherford International Ltd. ("Weatherford") was a multinational corporation that provided equipment and services to the oil industry. Weatherford employed more than 50,000 employees and operated in more than 100 countries. Prior to March 2009, Weatherford was incorporated in Bermuda and headquartered in Houston, Texas, in the Southern District of Texas. As of March 2009, Weatherford was incorporated and headquartered in Switzerland, although it maintained a significant presence in Houston, Texas. Weatherford was a complex organization, comprising more than 500 legal entities. From at least in or around 1998 until the filing of this Information, Weatherford issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78*l*) and was required to file periodic reports with the U.S. Securities and Exchange Commission ("SEC") under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Weatherford was an "issuer" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1. Weatherford's shares traded on the New York Stock Exchange under the symbol "WFT."

4. The defendant, WEATHERFORD SERVICES, LTD. ("WSL"), was a wholly owned subsidiary of Weatherford incorporated in Bermuda. Among other functional responsibilities, WSL managed most of Weatherford's activities in Angola. WSL had between 886 employees (in 2005) and 1,298 employees (in 2007). WSL, a non-issuer foreign

corporation, was a "person," as that term is used in the FCPA, 15 U.S.C. § 78dd-3(f)(1). WSL was also subject to Weatherford's internal accounting controls, and WSL's financial results were included in the consolidated financial statements that Weatherford filed with the SEC.

5. "Weatherford Executive A," a citizen of the United States, held various positions relating to Weatherford's well screens business from in or around September 2004 until February 2013, including as Vice President of Completions and Production Systems.

6. "Weatherford Legal Counsel A," a citizen of the United States, was a Senior Corporate Counsel at Weatherford from in or around October 2004 until in or around June 2008.

7. "WSL Manager A," was WSL's Area Manager for the West Africa South Area from in or around March 2004 until in or around March 2005.

Relevant Entities and Foreign Officials in Angola

8. Sociedade Nacional de Combustíveis de Angola, E.P. ("Sonangol") was a government-owned and -controlled corporation established in 1976 by decree 52/76 of the Angolan government and headquartered in Luanda, Angola. Sonangol was the sole concessionaire for exploration of oil and gas in Angola, and was solely responsible for the exploration, production, manufacturing, transportation, and marketing of hydrocarbons in Angola. Sonangol was run by a board of directors established by governmental decree in 1999. Each member of the board was also appointed or renewed in their position by governmental decree. Because Sonangol was wholly owned, controlled, and managed by the Angolan government, it was an "agency" and "instrumentality" of a foreign government and its employees were "foreign officials," as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(2).

9. "Angolan Official 1," "Angolan Official 2," and "Angolan Official 3" were high-level, senior officials of Sonangol, and they had influence over contracts.

10. "Angolan Official 4" was a high-level, senior official of Angola's Ministry of Petroleum, and he had influence over contracts entered into by the Angolan government.

11. "Angolan Official 5" was a Sonangol official with decision making authority in Angola's Cabinda region.

12. The "Freight Forwarding Agent," a Swiss company, was a provider of freight forwarding and logistics services in, among other places, Angola.

Conduct in Angola

13. From in and around 2004 through at least 2008, WSL engaged in two schemes to bribe Sonangol officials to obtain or retain business.

The Angolan Joint Venture

14. One of those bribery schemes centered around a joint venture which WSL and other Weatherford employees established with two local Angolan entities. Angolan Officials 1, 2, and 3 controlled and represented one of the entities; a relative of Angolan Official 4 controlled and represented the other.

15. The joint venture began because WSL sought a way to increase its share of the well screens market in Angola. When placed in oil wells, well screens filter out sand, gravel, and other impurities while allowing oil to flow through piping. In 2004, WSL learned that Sonangol was encouraging oil services companies to establish a well screens manufacturing operations in Angola with a local partner. Sonangol officials suggested that the major well screens supplier that established such a local manufacturing operation would control one hundred percent (100%) of the well screen market in Angola.

16. In a June 29, 2004, email, Weatherford Executive A noted that, "[i]n recent meetings with Sonangol, they made it very clear that whichever of the major suppliers establishes a local operation will dominate the Angolan market [for well screens] and Sonangol will block entry of additional competition. . . . If someone can pull it off affectively [sic], they would control an $8 – 10M/year market."

17. On July 12, 2004, a high-level Weatherford executive sent Angolan Official 1 a letter expressing Weatherford's intent to form a well screens manufacturing operation in Angola with a local partner and requesting Sonangol's participation in the process.

18. In a July 22, 2004, email, Angolan Official 1 advised WSL that Sonangol had selected local partners for WSL and that Sonangol would support the joint venture.

19. In September 2004, the parties agreed that two local Angolan entities ("Angolan Company A" and "Angolan Company B") would be WSL's joint venture partners. Angolan Officials 1, 2, and 3 conducted all business with WSL on behalf of Angolan Company A. Angolan Company B was owned in part by the daughter of Angolan Official 4.

20. Certain WSL and Weatherford employees knew from the outset of discussions regarding the joint venture that the members of Angolan Company A included a Sonangol employee and Angolan Official 3's wife, while Angolan Company B's members included Angolan Official 4's daughter and son-in-law. In an October 21, 2004, email, Weatherford Executive A advised Weatherford Executive B that, "[t]here will be two parties involved [in the joint venture], Sonangol through an entity named [Angolan Company A] and a private individual (the daughter of [Angolan Official 4]) through an entity named [Angolan Company B]." Weatherford Executive B replied, "[u]h oh. I am going to have to get scrutiny with our D.C.

trade lawyers since an individual related to the govt entity is involved . . . ." Weatherford Executive A replied, "I hope you are just being cautious and this isn't a deal killer."

21. In October 2004, Angolan Officials 1, 2, and 3 came to Weatherford's headquarters in Houston, Texas, in the Southern District of Texas, to negotiate the terms of the joint venture with employees of WSL and Weatherford. They were not accompanied by the nominal members of either Angolan Company A or Angolan Company B. On October 27, 2004, Angolan Official 2 and Weatherford Executive A signed a letter of intent between "Sonangol and or the designees" and Weatherford, which provided that Sonangol would negotiate exclusively with WSL and Weatherford for a well screens joint venture in Angola.

22. By mid-2005, the joint venture had not yet been established. In a May 17, 2005, email exchange, Weatherford executives discussed Angolan Officials 1, 2, and 3's displeasure with the slow pace of negotiations regarding the joint venture. Weatherford Executive A observed that, "[o]ur friends advised us they did their part and cancelled the $10M Kizomba contract and moved it over to us and it wouldn't be too much trouble to cancel it again and re-award it to [the competitor who originally had it]."

23. On July 8, 2005, Weatherford Executive A and Weatherford Legal Counsel A met with Angolan Officials 1 and 3, as well as the daughter of Angolan Official 4, in London, England, to negotiate the terms of the joint venture. As with the October 2004 meeting in Houston, the nominal members of Angolan Company A and Angolan Company B did not accompany the Angolan officials.

24. That same day, Weatherford Legal Counsel A emailed a high-level Weatherford executive to report that the joint venture, "will lock up 100% of screen business in Angola."

25. Prior to entering into the joint venture, neither Weatherford nor WSL conducted any meaningful due diligence of either joint venture partner.

26. In October 2004, Weatherford Legal Counsel A had contacted a law firm to discuss whether partnering with the Angolan companies raised issues under the FCPA. An attorney at that law firm sent Weatherford Legal Counsel A an email on October 22, 2004, advising that Weatherford needed to learn the identity of the true beneficiaries of Angolan Company A and that Weatherford may need a "potential recusal" from Angolan Company B. Despite the outside lawyer's attempts to follow-up, Weatherford Legal Counsel A never responded to that attorney again and did not follow the advice he had provided.

27. In a July 18, 2005, email, a different law firm, which was involved in the joint venture negotiations on WSL's and Weatherford's behalf, advised Weatherford Legal Counsel A to "[p]lease check the convenience of this Section [the FCPA clause in the joint venture agreement] since we suspect that the partners of [Angolan Company A] and [Angolan Company B] have close relationship or are employees of a State owned company in Angola." In response, Weatherford Legal Counsel A falsely told the outside counsel that the joint venture had been vetted and approved by other outside counsel, when, in fact, no outside law firm ever conducted such vetting or gave such approval.

28. On September 21, 2005, WSL signed the final joint venture agreement with Angolan Company A and Angolan Company B. Under the terms of the agreement, another Angolan-based Weatherford entity and Angolan Company A each owned forty-five percent (45%) of the joint venture, while Angolan Company B owned the remaining ten percent (10%). Neither Angolan Company A nor Angolan Company B provided any personnel or expertise to the joint venture. Nor did they make any capital contribution. Instead, on May 3, 2007, WSL

and Weatherford paid capital contributions to the joint venture on behalf of both local companies, in the amount of $25,000 each.

29. In April 2006, approximately seven months after the joint venture agreement had been executed, Weatherford Legal Counsel A emailed another law firm seeking advice about "any potential problems under the FCPA" regarding the joint venture. The law firm responded with a number of questions about, *inter alia*, why the joint venture partners were selected, what due diligence WSL and Weatherford had conducted on the joint venture partners, and whether the individuals involved in the joint venture could influence the award of work to the joint venture. Weatherford Legal Counsel A never responded to these questions. Current counsel for Weatherford and WSL is not any of the law firms discussed in this Information.

30. No nominal member of Angolan Company A had any involvement in the negotiation of the joint venture agreement or in the operation of the joint venture. Angolan Official 1 primarily handled negotiations on Angolan Company A's behalf, as well as operational decisions once the joint venture began to function. Angolan Official 4's daughter primarily gave operational input on behalf of Angolan Company B.

31. In a January 2006 email to Weatherford Executive A, on which Angolan Official 3 and the daughter of Angolan Official 4 were copied, Angolan Official 1 noted that "The Local partners ([Angolan Company A] and [Angolan Company B]) are not getting any financial benefits, even if you already received contracts without any bid . . . . SONANGOL EP is analyzing the possibility of not giving any new contract to Weatherford, until that situation is changed."

32. In an August 1, 2006, email, Weatherford Executive A discussed the need to meet the "named partners" to finalize registration documents relating to the joint venture, but that

"[s]eparate from that, [another Weatherford executive] would like to meet with the 'real' partners – [Angolan Officials 1, 2, and 3]."

33. In September 2006, several WSL and Weatherford employees, including high-level executives, met with Angolan Officials 1 and 3, and the daughter of Angolan Official 4, in Paris. WSL arranged and paid for all attendees' travel and hotel accommodations. At that meeting, WSL and Weatherford executives and employees and the Angolan officials discussed the contemplated terms of the joint venture.

34. In 2008, Angolan Company A and Angolan Company B received joint venture dividends for 2005 and 2006, including on revenues received in 2005 before the September 21, 2005, execution of the joint venture agreement. The dividends included payment of the withholding tax Angolan Company A and Angolan Company B owed for those two years. In total, the joint venture paid Angolan Company A $689,995.54, and paid Angolan Company B $136,901.92. The joint venture did not pay dividends for any other years.

35. Prior to the distribution of joint venture dividends, WSL executives knew that Angolan officials were directing the distribution of those dividends. For example, in a September 19, 2007, email, Angolan Official 1 provided a WSL executive with Angolan Company A's bank account details.

36. WSL benefited from the joint venture arrangement. As early as December 7, 2004, before the joint venture had even been finalized, Sonangol began taking well screens business away from WSL's competitors, even when a competitor was supplying non-governmental companies, and awarding it to WSL.

37. Once the joint venture was in place, WSL received additional improper benefits from Angolan Officials 1, 2, and 3. For example, WSL received awards of business for which its

bids were, by its own admission, not price-competitive. In a January 25, 2006, email, for example, a WSL executive advised a Weatherford executive that a valuable well screens contract had been awarded to WSL in spite of being priced 30% higher than the competition, stating that "[o]ur connections in Sonangol have again help[ed] us to secure the contract."

38. On November 9, 2006, a WSL executive emailed Sonangol Official 2 after learning that Sonangol had approved a competitor receiving a well screen contract from a private oil company. The WSL executive asked that Sonangol Official 2 "intervene as soon as possible" and added, "I do not know exactly what happened during the tender process and we hope this is just a miss communication [sic] between the departments in Sonangol, but ha [sic] have to make sure during our next meeting the end of November to establish a procedure for all screen related tenders." The WSL executive directed Sonangol Official 2 to "check with [Sonangol Official 3 and another Sonangol official] in which way we can get the order for [the joint venture] and cancel the contract with [the competitor]."

39. Sonangol then directed that the contract be taken away from the competitor and given to the joint venture. On November 29, 2006, Weatherford Executive A emailed Legal Counsel A that "I sat in a meeting this morning with ourselves, [the competitor], and [the counterparty to the contract] as they told [the competitor] that they were cancelling the $7M Block 4 contract they had received and awarding it to us. I then told [the counterparty] that we would need another 10-15% to cover our local activities and they didn't flinch. Every now and then, life gets good."

40. In a January 19, 2007, email, a WSL executive told a Weatherford executive that he would "get the actual prices [for a bid] from our competition next week from Sonangol." The Weatherford executive responded that such "info should not be distributed via e-mail."

The Cabinda Region Contract Renewal

41. In the second bribery scheme in Angola, WSL bribed Angolan Official 5 so that he would approve the renewal of a contract under which WSL provided oil services to a non-governmental oil company in the Cabinda region of Angola. WSL had initially won that five-year contract in 1998, and the parties had extended the contract in yearly increments between 2003 and 2005, with the final one expiring October 31, 2006.

42. The contract was between WSL and another non-governmental company. Angolan law required, however, that it be approved by Sonangol before being finalized. Angolan Official 5 was the Sonangol official responsible for approving or denying the renewal contract.

43. During the contract renewal bid process, WSL Manager A met with Angolan Official 5 in late 2005. At that meeting, Angolan Official 5 slid an envelope across the table with a slip of paper inside. The paper had "250,000" written on it. WSL Manager A understood this to be a solicitation for a bribe, and he refused to pay it. Indeed, in his 2006 end-of-year ethics questionnaire response, WSL Manger A indicated that he believed that other WSL and Weatherford personnel had been making illegal payments to government officials in Angola and elsewhere.

44. In 2006, after WSL Manager A had been transferred out of Angola, WSL executives agreed to pay the bribe Angolan Official 5 had demanded. In exchange for these payments, WSL received the renewal contract to provide oil services in Angola's Cabinda region.

45. WSL made those payments to Angolan Official 5 through the Freight Forwarding Agent, who had previously paid bribes on behalf of WSL. WSL retained the Freight Forwarding

Agent via a consultancy agreement fully executed on July 5, 2006. In the original draft of the consultancy contract, WSL and Weatherford had included an FCPA clause prohibiting the Freight Forwarding Agent from giving anything of value, directly or indirectly, to an official or employee of any government. The owner of the Freight Forwarding Agent rejected the clause, stating that "in view of the nature of the business I cannot accept the original wording." WSL and Weatherford acquiesced by removing the FCPA clause and inserting a clause requiring the Freight Forwarding Agent to "comply with all applicable laws, rules, and regulations issued by any governmental entity in the countries of business involved."

46. WSL generated sham purchase orders for consulting services the Freight Forwarding Agent never performed, and the Freight Forwarding Agent, in turn, generated sham invoices for those same nonexistent services. When paid for those invoices, the Freight Forwarding Agent passed some of those monies on to Angolan Official 5. The monies were given to Angolan Official 5 either in cash or by wire transfer into an account controlled by one of his employees.

COUNT ONE
(Foreign Corrupt Practices Act)

47. Paragraphs 1 through 46 of this Information are realleged and incorporated by reference as if fully set forth herein.

48. From in or around 2004 through in or around 2008, defendant WEATHERFORD SERVICES, LTD., a "person" within the meaning of the Foreign Corrupt Practices Act, while in the territory of the United States, knowingly did use and cause to be used the means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay and authorization of the payment of any money, and offer, gift, promise to give, and authorization of the giving of anything of value to any foreign official, or any person, while

knowing that all or a portion of such money and thing of value would be offered, given, and promised, directly and indirectly, to any foreign officials for purposes of: (i) influencing the acts and decisions of such foreign officials in their official capacities; (ii) inducing such foreign officials to do and omit to do acts in violation of their lawful duties; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government and instrumentalities, in order to assist WEATHERFORD SERVICES, LTD. in obtaining and retaining business for and with, and directing business to, itself and its parent, Weatherford International Ltd.

All in violation of Title 15, United States Code, Sections 78dd-3, and Title 18, United States Code, Section 2.

Dated:

JEFFREY H. KNOX
CHIEF, FRAUD SECTION
CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE

BY: _____
Jason Linder
Trial Attorney