

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

U.S. SECURITIES AND EXCHANGE  
COMMISSION,  
100 F. Street, NE  
Washington, D.C. 20549

Plaintiff,

v.

INNOSPEC, INC.  
Innospec Manufacturing Park  
Oil Sites Road  
Ellesmere Port  
Cheshire  
United Kingdom

Defendant.

Civil Action No.

Case: 1:10-cv-00448  
Assigned To : Collyer, Rosemary M.  
Assign. Date : 3/18/2010  
Description: General Civil

COMPLAINT

Plaintiff, U.S. Securities and Exchange Commission (the "Commission"), alleges:

SUMMARY

1. Innospec Inc. ("Innospec") is a manufacturer and distributor of fuel additives and other specialty chemicals. From 2000 to 2007, Innospec violated the anti-bribery, books and records and internal controls provisions of the Foreign Corrupt Practices Act ("FCPA") when it routinely paid bribes in order to sell Tetra Ethyl Lead ("TEL"), a fuel additive, which boosts the octane value of gasoline, to government owned refineries and oil companies in Iraq and Indonesia. TEL is a sunset product because worldwide use of TEL has declined since 1973 following the enactment of the Clean Air Act of 1970 and similar legislation in other countries. Innospec engaged in bribery to

maintain its TEL business, which accounted for significant revenue during the relevant time period.

2. Innospec paid kickbacks to Iraq from 2001 to 2003 in order to obtain contracts under the United Nations (“UN”) Oil for Food Program (the “Program”). After the Program ended in early 2003, Innospec paid bribes to Iraqi government officials until late 2007 in order to secure additional contracts. Innospec’s bribery of government officials in Indonesia began as early as 2000, and continued until 2005, when Indonesia’s need for TEL ended. Innospec’s former management did nothing to stop the bribery activity, and in fact authorized and encouraged it. In addition, Innospec’s internal controls failed to detect the illicit conduct, which continued for nearly a decade.

3. In all, Innospec made illicit payments of approximately \$6,347,588 and promised an additional \$2,870,377 in illicit payments to Iraqi ministries, Iraqi government officials, and Indonesian government officials in exchange for contracts worth approximately \$176,717,341 in revenues and profits of \$60,071,613.

4. Innospec violated Section 30A of the Exchange Act by engaging in widespread bribery of government officials in Iraq during the post-Oil for Food period and government officials in Indonesia in order to sell TEL to the Iraqi Ministry of Oil (“MoO”) and state owned oil companies in Indonesia. Innospec violated Section 13(b)(2)(B) of the Exchange Act by failing to maintain internal controls to detect and prevent bribery of officials in Iraq and Indonesia as well as the illicit Oil for Food Program kickbacks. Finally, Innospec violated Section 13(b)(2)(A) of the Exchange Act by improperly recording all of the illicit payments to Iraq and Indonesia in its accounting books and records.

## JURISDICTION

5. This Court has jurisdiction over this action under Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]. Innospec, directly or indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

6. Venue is appropriate in this Court under Section 27 of the Exchange Act [15 U.S.C. § 78aa] or 28 U.S.C. § 1391(d).

## DEFENDANT

7. **Innospec Inc. (“Innospec”)**, previously known as Octel Corporation, is a Delaware corporation with its principal executive offices in the United States and Ellesmere Port, United Kingdom. Innospec manufactures, distributes and markets fuel and specialty chemicals to oil refineries and other chemical and industrial companies throughout the world. Its operations are divided into three distinct business areas: Fuel Specialties, Active Chemicals and Octane Additives. As part of its Octane Additives business Innospec manufactures and sells Tetra Ethyl Lead (“TEL”), a product that is used to boost the octane value of leaded gasoline and certain types of jet fuel. Innospec is registered with the Commission under Section 12(b) of the Exchange Act and since March 21, 2006, it has traded on the NASDAQ under the symbol “IOSP.” Prior to March 21, 2006, Innospec’s securities traded on the New York Stock Exchange. The company changed its name from Octel Corporation to Innospec, Inc. on January 30, 2006.

## RELEVANT ENTITIES/INDIVIDUALS

8. **Innospec Limited**, previously known as Associated Octel Company, Ltd., a wholly owned subsidiary of Innospec, manufactured and sold fuel and specialty chemicals, including TEL. During the relevant period, Innospec Limited was headquartered in Ellesmere Port in the United Kingdom. Innospec Limited's financial results were consolidated with those of Innospec throughout the relevant period.

9. **Alcor Chemie Vertriebs GMBH ("Alcor")**, a wholly owned subsidiary of Innospec, manufactures and sells TEL to oil companies and refineries in several countries, including Iraq. Alcor is incorporated in Switzerland and headquartered in Zug, Switzerland. Alcor's financial results were consolidated with those of Innospec throughout the relevant period.

10. **Iraqi Agent**, a Lebanese/Canadian citizen, was Alcor's agent in Iraq from at least 1995 until 2008, and maintained principal offices in Abu Dhabi, United Arab Emirates. Iraqi Agent was the principal of two companies.

11. **Executive A**, a British citizen, was the Chief Executive Officer of Innospec and Innospec Limited in or around April 2005.

12. **Executive B**, a United States citizen, was a senior executive of Innospec after in or around December 2002.

13. **Executive C**, a British citizen, was the Chief Financial Officer of Innospec from March 1998 to November 2002

14. **Alcor Manager**, a German citizen, was the General Manager of Alcor in or around June 2001 to at least 2005.

15. **Business Director**, a British citizen, was a division managing director for Innospec.

16. **The Iraqi Ministry of Oil**, including its component oil refineries, is an agency of the Government of Iraq. During the relevant period, the Ministry of Oil purchased TEL from Alcor for use at the Basrah, Daura and Baiji refineries in Iraq.

17. **Managing Director**, a British citizen, was Innospec's Managing Director for the Asia Pacific Region from 2001 to 2003.

18. **Indonesian Agent**, an Indonesian citizen, was Alcor's agent in Indonesia during the relevant period. Indonesian Agent was the principal of a company based in Indonesia.

19. **Pertamina, BP Migas and Lemigas**, are all state owned oil and gas related companies in Indonesia. During the relevant period, Alcor and Indonesian Agent negotiated contracts for the sale of TEL to Pertamina and BP Migas.

20. **Official X**, was a senior official at BP Migas, an Indonesian state owned oil and gas company and who previously was a senior official at the Ministry of Energy and Mineral Resources.

21. **Official Y**, was a senior official at Pertamina, an Indonesian state owned oil and gas company.

22. **Official Z**, was a senior official who replaced Official Y at Pertamina, an Indonesian state owned oil and gas company.

## FACTS

### **I. Background on The United Nations Oil for Food Program**

23. The Oil for Food Program was intended to provide humanitarian relief for the Iraqi population, which faced severe hardship under the international trade sanctions that followed Iraq's 1990 invasion of Kuwait. The Program permitted the Iraqi government to sell its crude oil and use the proceeds to purchase food, medicine, and critical infrastructure supplies.

24. The proceeds of the oil sales were transferred directly from the buyers to an escrow account (the "U.N. Escrow Account") maintained in New York by the United Nations 661 Committee. Funds in the U.N. Escrow Account were available for the purchase of humanitarian supplies, subject to U.N. approval and supervision. The intent of this structure was to prevent the proceeds of Iraq's crude oil sales from undermining the sanctions regime by supplying cash to Saddam Hussein.

25. Corruption was rampant within the Program. By mid-2000 Iraqi ministries, on the instruction of top government officials, instituted a policy requiring suppliers of humanitarian goods to pay a ten percent kickback on each contract. This kickback requirement was euphemistically referred to as an "after-sales service" fee ("ASSF"); however, no services were provided. Suppliers competing to obtain contracts under the Program were encouraged to include a ten percent markup in their bids or purchase orders.

26. The inflated contract prices were incorporated into the Oil for Food contracts as a way to permit the suppliers to recover from the U.N. Escrow Account the kickback payments they had paid secretly to Iraq. Following the 2004 release of a report

by the U.S. General Accounting Office exposing some of the abuses, the U.N. commissioned an independent inquiry committee, headed by former Federal Reserve Chairman Paul Volcker (the "Volcker Committee"), to investigate the Program's performance. That committee's October 27, 2005, final report estimated that the Iraqi government had diverted \$1.7 billion in illicit income from the Program.

**II. Innospec's Payment of After Sales Service Fees in Connection with the U.N. Oil For Food Program**

27. From 2000 through 2003, Innospec participated in the U.N. Oil for Food Program through its Swiss subsidiary, Alcor. During that period Alcor entered into five contracts for the sale of TEL to the Iraqi Ministry of Oil and its component oil refineries ("MoO") and paid kickbacks equaling 10% of the contract value on three of the contracts. In all, Innospec paid kickbacks of \$1,853,754 and offered additional kickbacks of \$1,985,897 to Iraq, earning revenues of approximately \$45,804,915 on the five Oil for Food contracts and profits of \$23,125,820.

28. Alcor executed five contracts with Iraq's MoO and paid kickbacks to three MoO refineries, Basrah, Daura and Baiji. Alcor used Iraqi Agent to funnel the payments to Iraq. On December 14, 2001, Alcor increased Iraqi Agent's standard commission on three of the program contracts from 2% to 14% to enable him to pay the kickbacks.

29. For each of the three contracts, Alcor artificially inflated its prices in its bids provided to the UN by the 10% after sales service fee ("ASSF"). Alcor did not notify the UN of the secretly inflated prices or of Alcor's intent to kickback 10% to Iraq. In order to meet Iraq's demand that the kickback be paid prior to the shipment of TEL, Alcor forwarded the ASSF amount to Iraqi Agent's bank account in Switzerland thirty days in advance of shipment.

30. In a fax to Innospec, Innospec's agent stated that the contract price included a "2% + 2%" fee for his company, plus an additional 10% for "Third Party Reimbursement." On June 2, 2001, Alcor Manager signed a side agreement on behalf of Alcor promising to pay Iraq the 10% kickback referred to in Iraqi Agent's fax. Thereafter Alcor wired the 10% ASSF, plus additional agent's fees, to Iraqi Agent's Swiss account. Innospec entered into additional side agreements with Iraq to pay the ASSFs.

31. On the last two Oil for Food contracts, Alcor inflated its bid by 10% to include an ASSF. However, due to the subsequent invasion of Iraq by U.S. allied forces, the kickbacks on the final two contracts were never collected by Iraqi officials and Alcor incorporated the additional 10% into its profits. The kickback payments on the contracts were improperly booked as legitimate commission payments.

### **III. Innospec's Post-Oil For Food Bribery Payments In Iraq**

32. After the Oil for Food Program was terminated in late 2003, Innospec continued to use Iraqi Agent to pay bribes to Iraqi officials in order to secure TEL business from Iraq.

33. From at least 2004 through 2007, Innospec made payments totaling approximately \$1,610,327 and promised an additional \$884,480 to MoO officials so as to garner good will with Iraqi authorities, obtain additional orders under a Long Term Purchase Agreement that was executed in October 2004 (the "2004 LTPA") and ensure the execution of a second LTPA in January 2008 (the "2008 LTPA"). The total profit received from the conduct was \$15,439,183.



A. **Innospec Bribed Iraqi Government Officials in Connection with the 2004 LTPA**

34. After the Oil for Food Program ended, Alcor entered into a three year Long Term Purchase Agreement for the sale of TEL to the Iraqi MoO. The 2004 LTPA was executed in October 2004, and was performed pursuant to six purchase orders dated February 2005 through December 2007.

35. Under the contract, Alcor sold a total of 5,932 Metric Tons (“MT”) of TEL at a price of €10,500 per MT. Innospec’s revenues from the contract were \$82,340,489, and profits were \$15,198,125.

36. With the approval of management, including Business Director and Executive B, Iraqi Agent continued to make improper payments to Iraqi officials to facilitate TEL shipments under the 2004 LTPA. In an e-mail dated October 10, 2005, Iraqi Agent informed Business Director and Executive B that prior to opening a letter of credit for a 740 MT shipment of TEL, Iraqi officials were demanding a 2% kickback from Alcor, which equaled \$195,912.78. Iraqi Agent’s e-mail further stated that: “We are sharing most of our profits with Iraqi officials. Otherwise, our business will stop and we will lose the market. We have to change our strategy and do more compensation to get the rewards.”

37. Business Director responded to Iraqi Agent’s e-mail on October 13, 2005, confirming that the requested kickback would be paid through an additional 2% “commission” to Iraqi Agent. On October 20, 2005, Business Director and Alcor Manager discussed the wording of the invoice that Iraqi Agent would submit to Alcor to support the kickback, with Business Director stating that “the fewer words the better!” That same day, Business Director e-mailed Iraqi Agent the fictitious language that he

wanted the agent to include in the invoice submitted to Alcor for the \$195,912.78 payment.

38. In a similar e-mail dated February 5, 2006, Iraqi Agent informed Business Director that Iraqi officials were again demanding a 2% kickback in order to open a letter of credit for an order of 2000 MT (later revised to 2200 MT) of TEL under the 2004 LTPA.

39. In an e-mail dated February 7, 2006, Executive B approved the kickback payment, and on February 10, 2006, Business Director wrote Iraqi Agent to confirm that Alcor would pay him an additional 2% "commission" in connection with the order. In July 2006, Alcor officially increased Iraqi Agent's commission on the 2004 LTPA from 3% to 5% with the understanding that the additional 2% would be used to pay off Iraqi officials on future LTPA orders.

40. In all, from October 2005 to 2007, Innospec paid approximately \$1,369,269 in bribes to Iraqi officials in connection with the 2004 LTPA. The payments were improperly booked as legitimate commission payments.

**B. Innospec Bribed Iraqi Government Officials to Ensure the Failure of a 2006 Trial Test of MMT and to Facilitate the Execution of a Second LTPA with Iraq in 2008**

41. In addition to the bribes to facilitate TEL orders on the 2004 LTPA, Innospec paid Iraqi Agent a total of \$155,000 in September 2006 and April 2007, so that he could ensure the failure of a 2006 field trial test of MMT, a fuel product manufactured by a competitor of Innospec and that competed with TEL.

42. Innospec was concerned that if the MMT test was successful it would cause Iraq to purchase substantial amounts of MMT for its oil refineries and lead to a

corresponding decrease in demand for TEL in 2008. Accordingly, on September 18, 2006, Business Director approved a payment of \$105,000 to Iraqi Agent, purportedly “for additional technical support and security operations required to nurture and protect ongoing TEL business in Iraq.”

43. On February 28, 2007, Iraqi Agent sent Business Director a letter enclosing the official MoO report for the MMT field trial test and noting his success in making sure that the MMT test failed “against all odds.” Iraqi Agent also enclosed a \$50,000 invoice to Innospec, saying that he had been required to pay an extra \$50,000 to ensure that the MMT report came out in Innospec’s favor.

44. On April 3, 2007, Innospec reimbursed Iraqi Agent for the additional \$50,000 payment. The two payments totaling \$155,000 were improperly booked as legitimate commission payments.

45. Aside from paying \$155,000 up front to ensure that the MMT test failed, Iraqi Agent, on Alcor’s behalf, also promised additional bribes to Iraqi officials in connection with future TEL orders. In an e-mail dated March 21, 2007, to Business Director, Iraqi Agent described how he would use his 5% commission from remaining shipments in 2007 and the new LTPA “to cover my promise to these people for the loss of their remuneration from MMT, which is a very small price we are paying versus the loss of my money and your money if MMT were admitted in.”

46. In the end, Alcor’s efforts to sabotage Iraq’s use of MMT were successful and in January 2008 Alcor executed a second LTPA with the MoO. The agreement took effect in June 2008 and on February 24, 2009, the MoO opened a letter of credit in favor

of Alcor for \$17,000,000. Had the agreement gone forward, 5% of the \$17,000,000, i.e. \$850,000, would presumably have been shared with Iraqi officials via Alcor's agent.

47. The agreement, however, did not go forward. The negotiations leading up to the agreement were tainted by bribery, and as a result, the 2008 LTPA was not performed and Innospec did not pay its agent any commissions on the contract.

**C. Innospec Paid Travel and Entertainment Expenses for MoO Officials**

48. In order to incur good will with the MoO and ensure that it continued to receive TEL orders, Innospec paid bribes to Iraq by funding lavish trips for Iraqi officials from 2002 through at least 2006.

49. For example, in 2002 Innospec, through Iraqi Agent, offered to send a delegation of Iraqi officials to visit Alcor's offices in Zug, Switzerland at an estimated cost of \$36,500. The trip was to include "in principle one morning office visit and [the] rest, tourism."

50. In June 2005, Innospec arranged for Iraqi Agent to pay \$22,732 to cover the costs of a trip by eight Iraqi officials to Innospec's Ellesmere plant in the UK. The 2005 trip expenses included hotel accommodations, food and transportation costs, as well as the provision of approximately \$1,800 in "pocket money" for seven of the officials and approximately \$3,600 for the eighth official, who was head of the Iraqi delegation.

51. In another instance, Iraqi Agent submitted an invoice dated March 12, 2006, to Innospec for reimbursement of \$13,750 for expenses related to a trip taken by MoO officials to a 2006 Oil refining conference in Dubai. The invoice covered air fare, hotel accommodations, and pocket money for three high level government officials and

described the pocket money as “per diem payments as required by the Iraqi Ministry of Oil.”

52. Finally, in 2006, Innospec paid \$13,076 for a trip taken by a MoO official to Jordan and then Thailand for a seven day honeymoon. Innospec’s payment covered hotel accommodations, food, and transportation costs within Thailand.

53. On January 30, 2008, Iraqi Agent submitted another invoice to Alcor for reimbursement of \$34,480 for travel costs incurred by Iraqi MoO officials who traveled to Lebanon to finalize the 2008 LTPA with Alcor. Due to the ongoing investigations being conducted by U.S. regulators, Alcor never paid the invoice, which sought reimbursement for hotel accommodations, food, mobile phone cards, three cameras and \$15,000 in “pocket money” for officials.

#### **IV. INNOSPEC PAID BRIBES TO INDONESIAN GOVERNMENT OFFICIALS AT STATE OWNED OIL AND GAS COMPANIES**

54. Aside from its illicit conduct in Iraq, Innospec also paid bribes to Indonesian government officials from at least 2000 through 2005 in order to win contracts for the sale of TEL to state owned oil and gas companies in Indonesia. The bribes were made through Indonesian Agent and totaled approximately \$2,883,507. Innospec’s revenues in connection with the illicit bribes were approximately \$48,571,937 and profits were \$21,506,610.

##### **A. Innospec paid Bribes to an Official at BP Migas in order to Generate More Tel Sales**

55. From 2000 until approximately 2005, Innospec used Indonesian Agent and his company to pay bribes of approximately \$1,323,507 to Official X of the Ministry of

Energy and Mineral Resources and who later became a senior official at BP Migas, an Indonesian state owned oil and gas company.

56. The scheme was outlined in an e-mail dated January 8, 2001 from Managing Director to Business Director stating that in 2000 and 2001 Innospec agreed to pay Official X \$40 per MT for all TEL orders in excess of 4000 tons and \$50 per MT for all TEL orders in excess of 5,000 tons. Based on the volume of TEL sold to BP Migas, Innospec owed Official X \$261,055 in 2000 and \$294,970 in 2001.

57. In order to pay the bribes, Indonesian Agent submitted two fictitious invoices for \$265,000 and \$295,150 to Innospec, falsely describing the payments as reimbursements relating to Pertamina/Migas/Lemigas travel and other costs "in the promotion of Octel's products, as earlier agreed."

58. Pertamina, BP Migas and Lemigas are all Indonesian state owned oil and gas companies. On January 9, 2001, Innospec paid the invoice for \$265,000, and on January 8, 2002, it paid the \$295,150. Both payments were approved by Managing Director and in both cases Innospec falsely recorded the bribes, booking the January 2001 payment as "legal fees" and the January 2002 payment as a "sales commission."

59. The bribery likely continued until 2005, when Indonesia converted to unleaded fuel and no longer needed TEL. On June 19, 2001, Managing Director sent Business Director an e-mail regarding "Pertamina pricing 2002 and on," and recapped the terms of a new payment arrangement with Indonesian Agent that had recently been agreed upon with Executive A, saying that the new arrangement would be "completely separate and in addition to.... the [payments to the Official X] fund that is agreed annually in advance and paid annually in arrears once the required tonnage is achieved."

**B. Innospec made Improper Payments to an Account at Pictet Bank In Switzerland in Exchange for TEL Orders from Pertamina**

60. In 2000 and 2001, Innospec also made payments to government officials at Pertamina, another state owned oil company related to BP Migas. In an undated letter addressed to Executive C, a company employee said that Octel had “agreed to a special commission for TEL sales” in exchange for obtaining 100% of Pertamina’s TEL business from 2000 to 2003.

61. The letter identified a bank account at Pictet & Cie (“Pictet”) a privately owned bank in Geneva, Switzerland, which would receive the “special commission” payments. Accordingly, in 2000 Innospec wired a total of \$400,000 to the Pictet account and in 2001 it wired an additional \$300,000. Innospec booked the payments as “sales commissions.”

**C. Innospec Paid Bribes to a Government Official at Pertamina in Order to Sell 446.4 Metric Tons of TEL**

62. In addition to the payments to Official X of BP Migas and to Pertamina officials through the use of the Pictet account, Business Director and Indonesian Agent on Innospec’s behalf also bribed other officials at Pertamina in order to influence their decisions regarding TEL purchases.

63. For instance, on December 18, 2003, an employee of Indonesian Agent e-mailed Business Director saying that Indonesian Agent had just returned from a meeting with Official Y of Pertamina and that Official Y had said he would help Octel, but he wanted more than just “cents” in return.

64. On May 14, 2004, the same employee e-mailed Business Director to say that Indonesian Agent had been working hard to try and stop Indonesian officials from

switching to unleaded fuel in January 2005, and that Indonesian Agent “might need some extra money to support the Lead Defense activities” in Indonesia.

65. In an e-mail dated August 16, 2004, to management, Business Director said that the entire Board of Pertamina had been replaced and that “the old position of [Official Y was] no more.” Business Director added that Official Y’s role would be filled by Official Z, a senior Pertamina official who was well known to Innospec and was being checked.

66. In January, 2005, Indonesian Agent secured an order on Innospec’s behalf for 446.4 metric tons of TEL from Pertamina. In exchange, Innospec, through Business Director, agreed to a “one off payment” of \$300,000 to Indonesian Agent with the understanding that it would be passed on to Official Z at Pertamina.

67. The payment was arranged in two parts. First, Innospec increased Indonesian Agent’s commission on the order from 6% to 10%, leading to an extra payment of \$184,363.20, which was credited to the agent’s account in Singapore. To cover the balance, Business Director told Indonesian Agent to submit an invoice for \$115,636.81 to Innospec, and provided the fictitious language that he wanted included in the invoice to justify the payment.

68. On February 8, 2005, Indonesian Agent sent Business Director an e-mail saying that he had opened an account for Official Z and that Official Z had called requesting his balance payment. On February 14, 2005, Indonesian Agent submitted the \$115,636.81 invoice to Innospec, and Business Director and Executive B approved it. On March 18, 2005, Innospec credited the invoice payment to Indonesian Agent’s



account in Singapore. Innospec falsely booked the entire \$300,000 payment to Indonesian Agent as “sales commissions.”

69. In order to ensure that Official Z approved the 446.4 MT order, Innospec also paid for a trip taken by Official Z and his family to the UK in April 2005. Innospec’s revenues on the sale of 446.4 metric tons of TEL to Pertamina were \$4,796,155 and its profits were \$1,898,571.

V. **INNOSPEC COMMITTED ANTI-BRIBERY, INTERNAL CONTROLS, AND BOOKS AND RECORDS VIOLATIONS**

70. Innospec made millions in illicit payments and promised payments, either directly or indirectly, to Iraqi government officials during the post-Oil for Food period and to Indonesian government officials for the purpose of influencing their decisions and obtaining or retaining business through the sale of TEL. Innospec, a U.S. issuer, made use of U.S. mails and interstate commerce to carry out the scheme, and at least one U.S. person and officer was complicit in the scheme.

71. In connection with all of the illicit payments in Iraq, including the Oil for Food payments, as well as the payments in Indonesia, Innospec failed to make and keep accurate books, records and accounts. Many of the bribes were mischaracterized as legitimate commissions, travel and legal fees in Innospec’s books and records.

72. Moreover, as evidenced by the extent and duration of the improper payments to foreign officials made by Innospec, the improper recording of these payments in Innospec’s books and records, the failure of Innospec’s former management to detect these irregularities, and the significant involvement of certain members of management at the highest levels of the company, Innospec failed to devise and maintain

an effective system of internal controls to prevent or detect these anti-bribery and books and records violations.

## **CLAIMS FOR RELIEF**

### **FIRST CLAIM**

#### **[Violations of Section 30A of the Exchange Act]**

Paragraphs 1 through 72 are realleged and incorporated by reference.

73. As described above, Innospec, through its officers, agents, and subsidiaries, corruptly offered, promised to pay, or authorized payments to one or more persons, while knowing that all or a portion of those payments would be offered, given, or promised, directly or indirectly, to foreign officials for the purpose of influencing their acts or decisions in their official capacity, inducing them to do or omit to do actions in violation of their official duties, securing an improper advantage, or inducing such foreign officials to use their influence with foreign governments or instrumentalities thereof to assist Innospec in obtaining or retaining business.

74. By reason of the foregoing, Innospec violated, and unless enjoined will continue to violate, Section 30A of the Exchange Act. [15 U.S.C. § 78dd-1]

### **SECOND CLAIM**

#### **[Violations of Section 13(b)(2)(A) of the Exchange Act]**

Paragraphs 1 through 74 are realleged and incorporated by reference.

75. As described above, Innospec, through its officers, agents and subsidiaries, failed to keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets.

76. By reason of the foregoing, Innospec violated, and unless enjoined will continue to violate, Section 13(b)(2)(A) of the Exchange Act. [15 U.S.C. § 78m(b)(2)(A)]

### **THIRD CLAIM**

#### **[Violations of Section 13(b)(2)(B) of the Exchange Act]**

Paragraphs 1 through 76 are realleged and incorporated by reference.

77. As described above, Innospec failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

(i) transactions were executed in accordance with management's general or specific authorization; and (ii) transactions were 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 its assets.

78. By reason of the foregoing, Innospec violated, and unless enjoined will continue to violate, Section 13(b)(2)(B) of the Exchange Act. [15 U.S.C. § 78m(b)(2)(B)]

### **PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

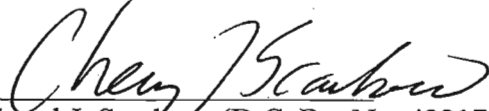
A. Permanently restraining and enjoining Innospec from violating Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)];

B. Ordering Innospec to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct; and

C. Granting such further relief as the Court may deem just and appropriate.

Dated: March 17, 2010

Respectfully submitted,



Cheryl J. Scarborough (D.C. Bar No. 422175)

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