



2. In addition, Transocean made illicit payments through Panalpina World Transport Holding Ltd.'s Pancourier express courier service to Nigerian government officials to expedite the import of various goods, equipment and materials into Nigeria. In most instances, customs duties for these items were not paid by either Panalpina or Transocean. In addition, Transocean made illicit payments through Panalpina to Nigerian government officials to expedite the delivery of medicine and other materials into Nigeria. Transocean's total gains from the conduct were approximately \$5,981,693.

3. Transocean violated Section 30A of the Securities Exchange Act of 1934 ("Exchange Act") by making unlawful payments through its customs agents to Nigerian government officials to obtain false documentation related to temporary import permits and false paperwork to make it appear that it had lawfully moved its rigs in and out of Nigerian territory ("paper moves"). Transocean also violated Section 30A by making unlawful payments through its customs agent to Nigerian government officials in connection with the inward clearance of its vessels into Nigerian waters, and by its use of Panalpina and Pancourier to import various goods, equipment and materials into Nigeria.

4. Transocean violated Section 13(b)(2)(B) of the Exchange Act by failing to maintain internal controls to detect and prevent unlawful payments to customs officials in Nigeria. Additionally, Transocean violated Section 13(b)(2)(A) of the Exchange Act by improperly recording the illicit payments to Nigerian customs officials 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]. Transocean,

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. **Transocean Inc. (“Transocean”)** was a Cayman Islands corporation during the relevant period with its principal executive offices in the Cayman Islands and Houston, Texas. Transocean was traded on the NYSE under the symbol “RIG” and was registered with the Commission pursuant to section 12(b) of the Exchange Act. In December 2008, Transocean completed a merger between Transocean Ltd., Transocean Inc., which was the former parent holding company, and Transocean Cayman Ltd. As a result, Transocean Inc. became a wholly owned subsidiary of Transocean Ltd. Transocean Ltd. is currently a Swiss corporation with principal executive offices in Vernier, Switzerland. The merged company continues to be registered with the Commission under Section 12(b) of the Exchange Act and trades on the NYSE under the symbol “RIG.” Transocean is the world’s largest international provider of offshore drilling services and equipment. Its clients are leading international oil companies as well as many government controlled and smaller independent oil companies. Transocean has offices throughout the world, including Nigeria and the United States.

### **RELEVANT ENTITIES/INDIVIDUALS**

8. **Panalpina World Transport Holding Ltd. (“Panalpina”)** is a Swiss company that provides freight forwarding and logistics services to businesses in more

than eighty countries. Panalpina also collaborates closely with local partners in eighty additional countries to provide freight forwarding services. Formerly a private company, Panalpina was listed on the Swiss Exchange on September 22, 2005. During the relevant period, Transocean used Panalpina and Pancourier, an express door to door courier service operated by Panalpina, to expedite the delivery of goods and to import goods into Nigeria without always paying applicable duties to the Nigerian government.

9. **Customs Agent 1** is a Nigerian corporation that provides freight forwarding, customs clearing, and haulage and general logistics services to companies doing business in Nigeria. During the relevant period, Customs Agent 1 was one of Transocean's customs agents in Nigeria.

10. **Customs Agent 2** is a Nigerian owned limited liability company that provides, among other things, customs clearing and freight forwarding and support services to oil and gas services companies operating in Nigeria. During the relevant period, Customs Agent 2 was one of Transocean's customs agents in Nigeria.

11. **Executive A**, a French citizen and United States permanent resident, worked at Transocean from 2000 to 2008 and was its President from approximately 2006 through 2008. From January to October 2002, Executive A was the Executive Vice President, Operations based in Houston. Beginning October 2002, Executive A was the Executive Vice President, Operations and Chief Operating Officer of Transocean. Executive A left Transocean in March 2008.

12. **Executive B**, a French citizen,, is currently an Executive Vice President at Transocean. From 2001 to 2003, Executive B was the Region Manager of Transocean's Africa Region, which covered offshore drilling operations in Nigeria. From 2003 to

2008, Executive B was in charge of Transocean's Europe and Africa Unit ("EAU"), first as the Unit Manager, then as Vice President.

13. **Manager C**, a United Kingdom citizen, has been a Vice President at Transocean since 2006. From August 2001 to January 2004, Manager C was Transocean's Country Manager in Nigeria. From 2004 to 2006, he was a Director in the Human Resources department.

### FACTS

#### **I. Transocean Made Illicit Payments Through its Customs Agents to Nigerian Customs Officials in Order to Facilitate Paper Moves of Rigs**

14. Transocean provides offshore drilling services and equipment to oil companies worldwide, including Nigeria. In order to conduct business operations in Nigeria, Transocean must obtain permits for the temporary import of its rigs into Nigerian waters.

15. The Temporary Import Permits ("TIPs") are issued by the Nigerian Customs Service ("NCS") and are typically valid for one year. Two six month TIP extensions can be obtained, and a third extension is also available at the discretion of NCS. When a TIP or TIP extension expires, Transocean must remove its rigs from Nigeria or risk severe sanctions, including the forfeiture of its vessels to the government.

16. In 2002, certain Transocean managers, including Executive A, the then Executive Vice President and Chief Operating Officer "(COO)", authorized four "paper moves" for two rigs operating in Nigeria, the Searex XII and Sedco 709, because it was unwilling to interrupt profitable drilling operations once the relevant TIP or TIP extension had expired. Another paper move involving a third rig, the Trident VIII, also

occurred in 2002. Two additional paper moves involving a fourth rig, the M.G. Hulme, Jr., occurred in 2007. To create a fake paper trail and make it look as if the rigs had moved from their respective drilling locations, Transocean obtained documentation from its customs agents that falsely depicted the rigs entering or exiting Nigerian waters. Transocean made illicit payments through its customs agents to Nigerian government officials in connection with the paper moves, thus avoiding moving costs of approximately \$1,088,985 and gaining profits of approximately \$3,172,378.<sup>1</sup> Transocean's total gain from the paper moves was approximately \$4,261,363. Transocean's management failed to stop the illicit conduct and in some cases even approved it.

**A. The 2002 Paper Moves**

17. On June 10, 2002, Manager C, Transocean's then Country Manager in Nigeria, sent an e-mail to Executive B, the then Africa Region Manager, indicating that there was a temporary import issue related to three of Transocean's rigs, including the Sedco 709 and the Searex XII. In the e-mail Manager C sought permission to do paper moves which would falsely depict the rigs leaving and reentering the country when in fact they never moved.

18. Manager C indicated that the paper moves were necessary in order to create a more "defendable" file and to enable Transocean to avoid the severe penalties connected with failing to move the rigs once the relevant TIP had expired. The e-mail also contained a quote from Customs Agent 1 for the cost of obtaining false paperwork

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<sup>1</sup> There are substantial costs incurred when Transocean removes a rig from Nigerian waters. The costs include breaking down the rig, hiring tug boats, paying for licenses to tow the rig, and other associated costs. During the time that Transocean is breaking down the rig and transporting the rig out of Nigeria, Transocean is not operating the rig, and therefore obtains less revenue under a moving rate than would be earned from the drilling operation.

related to the paper moves from NCS. Manager C added that “The only alternative is to physically move the rigs out of the country, and this is clearly not acceptable.”

19. On June 11, 2002, Executive B sent an e-mail to Executive A, Transocean’s then Executive Vice President and COO in Houston, seeking authorization for the paper moves. In justifying the paper moves, Executive B wrote: “We are not able to stop the work-in-progress on each of these rigs to take them out of the country, since it would create a major drilling interruption in our Clients (sic) programs.” The same day, Executive A sent an e-mail to Executive B approving the paper moves. Both the June 10 and June 11 e-mails were copied to the then-Region Finance Manager who was located in Paris, France.

20. With management’s authorization, Transocean subsequently made payments to Customs Agent 1 knowing that some or all of the payments would be passed on to NCS officials, in order to obtain false paperwork showing that the Sedco 709 left Nigeria for Cameroon in June 2002. Transocean paid for additional paperwork showing that the rig re-entered Nigeria in October 2002 under a new TIP when, in reality, the rig did not move.

21. Similarly, in 2002 Transocean made payments to Customs Agent 1 knowing that some or all of it would be passed on to NCS officials in exchange for false paperwork showing that the Searex XII rig left Nigeria for Cameroon in June 2002, and returned to Nigeria in January 2003 on a one year TIP.

22. Prior to the date of the e-mail described above, in March 2002 Transocean made illicit payments to Customs Agent 2 to obtain false paperwork showing that another

vessel, the Trident VIII, had left Nigeria in March 2002, when in fact the rig did not depart Nigeria until November 2003.

**B. The 2007 Paper Moves**

23. Two more paper moves occurred in 2007 when Transocean made payments through Customs Agent 2 to NCS officials to obtain false paperwork showing that the M.G. Hulme, Jr. rig had left Nigeria in May 2007 and re-entered Nigeria in June 2007 on a one year TIP. In fact, the rig did not leave Nigeria, but instead moved to another off shore drilling location before leaving Nigeria in July 2007. The moves occurred even though, according to one October 10, 2002 e-mail from Transocean's Business Unit Supply Chain Manager - Nigeria to Manager C and others, Transocean had planned to cease doing paper moves after 2002. At the time of the 2007 paper moves, Transocean was on notice of problems with its TIP process.

24. On April 27, 2004, the Nigerian Temporary Import Permit Panel (the "TIP Panel") notified Transocean that Transocean would be penalized approximately \$1.17 million (162 million naira) after an investigation showed Transocean had not complied with TIP laws. In May 2004, Transocean's Corporate Affairs Manager in Nigeria sent several emails informing the Transocean customs supervisor that he had visited a member of the TIP Panel and discussed making a payment to reduce the penalty. In particular, the email stated that "We will spend money on them [TIP Panel members] through him, but definitely we will pay less to the Federal Government." On July 28, 2004, the penalty was reduced to \$340,000 (45 million naira). While there is no record indicating what payment, if any, was in fact made to the Nigerian TIP Panel official, the TIP Panel investigation put Transocean on notice that there were problems with the TIP process.



**II. Transocean Made Illicit Payments through its Customs Agent to Nigerian Customs Officials in Connection with the Inward Clearance of its Rigs into Nigerian Waters**

25. In addition to the paper moves described above, from approximately 2002 to 2006, Transocean made illicit payments totaling \$207,170 to Customs Agent 2 for what were described on invoices as “customs intervention” charges related to six rigs. Transocean’s employees believed that the invoiced “intervention” charges, which related to the inward clearance of Transocean’s rigs into Nigeria and the registration of a bond, were likely illicit payments to customs officials.

26. The intervention payments were illicit payments to ensure that Transocean could operate its rigs in Nigerian waters without proper paperwork and without compliance with local law requirements. The payments were made in U.S. dollars to Custom Agent 2’s account at Citibank N.A. in New York. The payments were recorded as legitimate business expenses in Transocean’s books and records.

**III. Transocean Made Illicit Payments through Panalpina and Pancourier to Nigerian Customs Officials to Import Goods into Nigeria and to Avoid Paying Applicable Duties to Nigerian Customs Officials**

27. From 2002 to 2007, Transocean made illicit payments to Nigerian customs officials through Panalpina, a freight forwarding company headquartered in Switzerland, and Panalpina’s express door to door courier service, Pancourier, to import goods and materials into Nigeria without paying applicable duties to Nigerian customs officials.

28. From January 2002 to September 2005, Transocean used Pancourier 404 times to import various goods and materials into Nigeria without paying any customs duties to the Nigerian government. The total invoiced amount for the 404 shipments was \$472,341.87.

29. Files maintained by Transocean show that Pancourier invoiced Transocean for “local processing charges” related to the shipments, and that the invoice amounts were typically 25% to 40% of the actual duties that were owed.

30. In 2005, after customs issues related to the use of Panalpina began to surface publicly, Transocean instructed its employees in Nigeria to conduct an internal investigation of their use of Pancourier. One of the employees involved in the internal investigation, the Nigeria customs supervisor, was one of the employees using Pancourier to import goods and materials into Nigeria without paying applicable customs duties.

31. The employees set up a meeting with a manager of Panalpina, who admitted that Pancourier was not compliant with Nigerian law, and that Panalpina had “made arrangements” with Nigerian customs officials related to shipments on behalf of Transocean and others.

32. The Transocean employees prepared a report of their findings in August 2005, and sent it to various individuals within the company, including Transocean’s General Counsel in Houston. The report contained a recommendation that Transocean cease using Pancourier because of its “100% non compliance” with the law.

33. In August 2005, in response to the investigation, Transocean’s management put a new policy in place, which was memorialized in an e-mail, allowing for limited use of Pancourier, but only with management pre-approval and proof of duty payments.

34. Despite the new policy, Transocean used Pancourier eleven times between August 2005 and September 23, 2005, and did not pay applicable customs duties or value added taxes. After September 23, 2005, Transocean used Pancourier seven additional

times; however, it appears that applicable customs duties were paid. The total invoiced amount for the seven additional shipments to Nigeria was \$100,720.49.

35. The total customs duties that Transocean avoided through its use of Pancourier for the 404 shipments to Nigeria were approximately \$1,480,419.

36. Aside from its use of Pancourier, Transocean also used Panalpina to expedite delivery of medicine and other goods into Nigeria. Transocean made illicit payments through Panalpina to Nigerian government officials for the importation of those goods totaling \$32,741.

#### **IV. Transocean Committed Anti-Bribery, Internal Controls, and Books and Records Violations**

37. Transocean violated Section 30A when Transocean's senior management and employees made illicit payments through their freight forwarding and customs agents to Nigerian government officials to assist in obtaining or retaining business. As described above, Transocean's senior management and employees made the payments through Transocean's freight forwarding and customs agents in Nigeria for the purposes of avoiding applicable customs duties on goods and materials imported into Nigeria, and in connection with Temporary Import permits and the clearance of its rigs into Nigeria.

38. Transocean made the payments for the purpose of influencing Nigerian customs officials and retaining profitable oil drilling contracts with its clients. Transocean Inc. was headquartered in Houston at the time of the conduct, and one individual in Transocean's senior management was located in Houston at the time that he authorized illicit payments. Transocean made use of U.S. mails and interstate commerce, including the use of U.S. banks, to carry out the scheme.

39. In connection with all of the illicit payments, Transocean failed to make and keep accurate books, records and accounts. Many of the payments were mischaracterized as legitimate business expenses in Transocean's books and records. Some of Transocean's conduct involved the use of false paperwork and false invoices.

40. Moreover, as evidenced by the extent and duration of the improper payments to Nigerian officials, the improper recording of these payments in Transocean's books and records, the failure of Transocean's management to detect these irregularities, and the actual involvement of certain members of senior management, Transocean failed to devise and maintain an effective system of internal controls to prevent or detect these violations.

## **CLAIMS FOR RELIEF**

### **FIRST CLAIM**

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

Paragraphs 1 through 40 are realleged and incorporated by reference.

41. As described above, Transocean, through its officers, employees, and agents, 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 Transocean in obtaining or retaining business.

42. By reason of the foregoing, Transocean 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 42 are realleged and incorporated by reference.

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

44. By reason of the foregoing, Transocean 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 44 are realleged and incorporated by reference.

45. As described above, Transocean 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.

46. By reason of the foregoing, Transocean 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)].

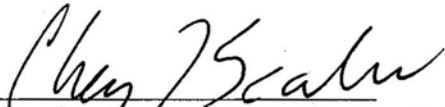
**PRAYER FOR RELIEF**

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

- A. Permanently restraining and enjoining Transocean 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 Transocean to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct and prejudgment interest thereon; and
- C. Granting such further relief as the Court may deem just and appropriate.

Dated: November 4, 2010

Respectfully submitted,

  
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