

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 56533 / September 26, 2007**

**ACCOUNTING AND AUDITING ENFORCEMENT**

**Release No. 2727 / September 26, 2007**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12833**

**In the Matter of**

**BRISTOW GROUP INC.,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST  
PROCEEDINGS, MAKING FINDINGS, AND  
IMPOSING A CEASE-AND-DESIST ORDER  
PURSUANT TO SECTION 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**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 Bristow Group Inc. (“Bristow” or “Respondent”).

**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 Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

From at least 2003 through approximately the end of 2004, Bristow's wholly-owned United States subsidiary, AirLog International, Ltd. ("AirLog"), through its Nigerian affiliate, Pan African Airlines Nigeria Ltd. ("PAAN"), made improper payments totaling approximately \$423,000 (the "improper payments") to employees of the governments of two Nigerian states (the "tax officials") to influence them to improperly reduce the amount of expatriate employment taxes payable by PAAN to the respective Nigerian state governments. The improper payments were not properly recorded in AirLog's books and records, which were consolidated into Bristow's books and records. During the same time period, PAAN also underreported its expatriate payroll expenses in Nigeria. Those expenses were not properly recorded in AirLog's books and records, and accordingly, were not accurately reported in Bristow's books and records. Bristow's internal controls failed to detect and prevent the improper payments and underreported expatriate payroll expenses. In addition, Bristow's internal controls failed to provide reasonable assurances that the company's books and records accurately reflected the nature and purpose of the improper payments and the company's expatriate payroll expenses.<sup>2</sup>

#### Respondent

1. Bristow, a Delaware corporation with its headquarters in Houston, Texas, provides helicopter transportation services and operates oil and gas production facilities. Prior to August 22, 2005, Bristow was headquartered in Lafayette, Louisiana. Bristow's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange.

#### Other Relevant Entities

2. AirLog is a Delaware corporation headquartered in New Iberia, Louisiana. AirLog is a wholly-owned subsidiary of Bristow.

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<sup>1</sup> 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.

<sup>2</sup> During the same time period, another Bristow affiliate, Bristow Helicopters (International), Ltd. ("Bristow Helicopters"), also made similar improper payments to Nigerian tax officials through its Nigerian affiliate Bristow Helicopters (Nigeria), Ltd. ("Bristow Nigeria"). Neither Bristow Helicopters nor Bristow Nigeria is an issuer for purposes of Section 30A of the Exchange Act and neither company is organized under the laws of the United States. However, Bristow Helicopters' and Bristow Nigeria's financials were consolidated into Bristow Aviation Holding, Ltd.'s ("Bristow Aviation") financials, which were ultimately consolidated into Bristow's financials. Further, in addition to PAAN, Bristow Nigeria underreported its expatriate payroll expenses (collectively, "payroll expenses"). As a result, Bristow's reporting, books and records and internal controls violations are based on the improper payments of Bristow Helicopters, Bristow Nigeria, AirLog and PAAN as well as Bristow Nigeria and PAAN's underreported payroll expenses.

3. PAAN, a Bristow affiliate operating in Nigeria, was 40% owned by ALN Inc., a Delaware corporation which is a wholly-owned subsidiary of Bristow, during the relevant period.

4. Bristow Aviation, incorporated and headquartered in Redhill, England, is a Bristow affiliate. Bristow owns 49% of Bristow Aviation's common stock and 100% of Bristow Aviation's subordinated debt.

5. Bristow Helicopters, incorporated and headquartered in Redhill, England, is a Bristow affiliate and is ultimately owned by Bristow Aviation.

6. Bristow Nigeria, a Bristow affiliate operating in Nigeria, was 40% owned by Bristow Aviation during the relevant period.

## **Facts**

### **An Overview of the Improper Payments**

7. From at least 2003 through approximately the end of 2004, Bristow's subsidiary, AirLog, through its Nigerian affiliate, PAAN, made at least \$423,000 in improper payments to tax officials employed by two Nigerian state governments. These payments had the purpose and effect of influencing the tax officials to reduce the annual amount of expatriate employment tax, referred to as the expatriate "Pay As You Earn" ("PAYE") tax, PAAN owed to the Nigerian state governments. The payments were made with the knowledge and approval of senior employees of PAAN, and the release of funds for the payments was approved by at least one former senior officer of Bristow (the "senior officer").

8. PAAN was responsible for paying an annual PAYE tax to the Nigerian state governments in each state where PAAN operated. At the end of each year, the government of each Nigerian state assessed a tax on the salaries, as determined by each Nigerian state, of PAAN employees in that state and sent PAAN a demand letter. The Nigerian state governments used their own pre-determined, or "deemed," salaries in making their demand calculations. PAAN then negotiated with the tax officials to lower the amount assessed. In each instance, the PAYE tax demand amount was lowered and a separate cash payment amount for the tax officials was negotiated. Each state government then sent a new demand letter to PAAN, reflecting only the negotiated payment to the state government, and not the separate cash payment negotiated for the tax officials. Upon payment, each state government provided PAAN with a receipt reflecting only the amount payable to the state government. The demand letters and receipts were sent to lower level accounting personnel at AirLog in the United States. That documentation was not forwarded to Bristow's corporate headquarters.

### **Bristow's Discovery of the Improper Payments and its Response**

9. Bristow discovered the potentially improper payments at a company management meeting in October 2004 where Bristow's newly appointed chief executive officer ("CEO") heard a comment suggesting the possibility that payments had been made to government officials in

Nigeria. The CEO immediately brought the matter to the attention of the audit committee and contacted outside counsel. The audit committee hired independent counsel to conduct an internal investigation. Bristow promptly brought this matter to the Commission’s staff’s attention.

The Specifics of the Improper Payments

10. PAAN made the following payments for 2002 and 2003 PAYE tax to two Nigerian state governments and additional personal payments in cash:<sup>3</sup>

State/Year	Original Demand	Negotiated Payment	Tax Paid to State (received)	Personal Payment (unreceipted cash)	Bristow’s Savings
Delta State – 2002	\$568,000	\$165,000	\$54,690	\$110,310	\$403,000
Delta State – 2003	\$660,940	\$270,000	\$54,870	\$215,130	\$390,940
Lagos State – 2002	\$130,000	\$50,000	\$5,780	\$44,220	\$80,000
Lagos State – 2003	Unknown	\$60,000	\$6,360	\$53,640	Unknown
<b>TOTAL</b>	<b>\$1,358,940</b>	<b>\$545,000</b>	<b>\$121,700</b>	<b>\$423,300</b>	<b>\$873,940</b>

Improper Payments to the Nigerian Delta State

11. In 2003 the Nigerian Delta State (“Delta State”) made an initial demand on PAAN for its 2002 PAYE tax of \$568,000, although the demand was made in local currency. PAAN’s accounting personnel in Nigeria negotiated with the tax officials and the demand was reduced to \$165,000. The government then sent PAAN a new demand for \$54,690. This new demand did not reflect the negotiated \$165,000 amount because the balance was to be paid in cash to the tax officials. PAAN employees requested that AirLog wire transfer \$165,000 to PAAN for payment of the PAYE tax. The senior officer approved the transfer of funds. PAAN paid the difference between the \$165,000 negotiated and the \$54,690 in the demand letter, \$110,310, in cash to the tax officials. The Delta State provided PAAN with a receipt for only \$54,690 for the 2002 PAYE tax. The improper payments helped Bristow avoid \$403,000 in taxes.

12. Similarly, in 2004 the Delta State demanded 2003 PAYE tax of \$660,940. PAAN negotiated the amount down to \$270,000. The Delta State then sent PAAN a demand letter for \$54,870. PAAN paid the difference between the \$270,000 negotiated and the \$54,870 in the demand letter, \$215,130, in cash to the tax officials. After PAAN negotiated the original demand down to \$270,000, in May 2004, the senior officer received an e-mail from PAAN’s former general manager requesting approval to pay the negotiated amount. The senior officer approved

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<sup>3</sup> Payment amounts are approximate and are based on a conversion rate of 139 Nigerian naira to the United States dollar.

the release of funds for the payment. The Delta State provided PAAN with a receipt for only \$54,870 for the 2003 PAYE tax. The improper payments helped Bristow avoid \$390,940 in taxes.

### Improper Payments to the Nigerian Lagos State

13. In 2003, PAAN received an initial demand from the Nigerian Lagos State (“Lagos State”) for \$130,000, for its 2002 PAYE tax. PAAN accounting employees in Nigeria negotiated the amount down to \$50,000. The senior officer approved the transfer of funds. PAAN paid \$5,780 to the Lagos State government for PAYE tax and \$44,220 in personal cash payments. The improper payments helped Bristow avoid \$80,000 in taxes. Similarly, regarding the 2003 PAYE tax, PAAN paid \$6,360 to the Lagos State government for taxes and \$53,640 in personal cash payments.

### Underreported Payroll Expenses

14. During Bristow’s investigation into the improper payments, Bristow discovered that it had underreported PAAN and Bristow Nigeria’s payroll expenses to certain Nigerian state governments. As a result, its periodic reports filed with the Commission did not accurately reflect certain of the company’s payroll-related expenses. Bristow restated its financial statements for the fiscal years 2000 through 2004 and the first three quarters of 2005, in part, to correct inaccuracies regarding the improper payments and underreported payroll expenses in Nigeria.<sup>4</sup> The underreported payroll expenses in Nigeria were the primary factor that caused Bristow to restate.

### Bristow Improperly Recorded the Improper Payments and Payroll Expenses in its Books and Records

15. Bristow has conducted business through AirLog and PAAN in Nigeria since 2002 and through Bristow Helicopters and Bristow Nigeria since the acquisition of its interest in Bristow Aviation in the late 1990s. During the relevant period, the books and records of AirLog, PAAN, Bristow Helicopters and Bristow Nigeria were a component of the consolidated financial statements included in Bristow’s Commission filings.

16. AirLog and Bristow Helicopters’ books and records improperly reflected PAAN and Bristow Nigeria’s cash payments to the tax officials as legitimate tax expenses. The PAYE tax payments were recorded in summary fashion, either broken out in a line item for “PAYE taxes” or compiled together with other expenses. AirLog and PAAN booked both the amount that was paid to the government and the cash amount that was given to the tax officials as “payroll tax expenses.” Additionally, PAAN and Bristow Nigeria underreported their payroll expenses. As a result, Bristow’s books, records and accounts did not, in reasonable detail, accurately and fairly reflect PAAN and Bristow Nigeria’s improper payments and payroll-related expenses for the relevant time period, when AirLog and Bristow Helicopters’ books and records were consolidated into Bristow’s.

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<sup>4</sup> The restatement also covered underreported payroll expenses outside of Nigeria, customer reimbursements and severance benefits.

Bristow Lacked Adequate Internal Controls to Detect and Prevent  
Foreign Corrupt Practices Act Violations and Underreported Payroll Expenses

17. Prior to Bristow's internal investigation in Fall 2004, the internal controls at Bristow, AirLog, Bristow Helicopters, PAAN, and Bristow Nigeria were deficient and were not adequately designed to safeguard against Foreign Corrupt Practices Act violations. As a result, Bristow's internal controls failed to provide reasonable assurances that its affiliates' books and records accurately reflected the nature and purpose of the improper payments. Similarly, Bristow's internal controls failed to provide reasonable assurances that the company's payroll-related expenses were accurately stated in accordance with generally accepted accounting principles.

**Federal Securities Laws Violations**

18. As a result of the improper payments described above, Bristow violated Section 30A of the Exchange Act, which prohibits any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, in order to obtain or retain business, from giving, or authorizing the giving of, anything of value to any foreign official for purposes of influencing the official or inducing the official to act in violation of his or her lawful duties, or to secure any improper advantage; or to induce a foreign official to use his influence with a foreign government or foreign governmental instrumentality to influence any act or decision of such government or instrumentality.

19. As a result of the conduct described above, Bristow violated Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13 and 12b-20 thereunder.

20. As a result of the conduct described above, Bristow violated Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect their transactions and disposition of their assets.

21. As a result of the conduct described above, Bristow violated Section 13(b)(2)(B) of the Exchange Act, which requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded in accordance with management's general or specific authorization; transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorization; and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

### **Bristow's Remedial Efforts**

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

#### **IV.**

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

Accordingly, it is hereby ORDERED that Respondent Bristow cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

By the Commission.

Nancy M. Morris  
Secretary