

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, April 6, 2011

## **JGC Corporation Resolves Foreign Corrupt Practices Act Investigation and Agrees to Pay a \$218.8 Million Criminal Penalty**

### **\$1.5 Billion in Total Penalties Obtained to Date for Scheme to Bribe Nigerian Government Officials to Obtain Contracts**

WASHINGTON – JGC Corporation has agreed to pay a \$218.8 million criminal penalty to resolve charges related to the Foreign Corrupt Practices Act (FCPA) for its participation in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement and construction (EPC) contracts, the Justice Department's Criminal Division announced today.

With today's resolution, each of the four companies in the TSKJ joint venture, the former chairman of the U.S. joint venture partner, and several other individuals have now been held accountable for a massive conspiracy to bribe Nigerian government officials to obtain lucrative construction contracts," said Principal Deputy Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division. "The approximately \$1.5 billion in criminal and civil penalties that have been imposed on the members of the joint venture far exceed their profits from the scheme. Foreign bribery is a serious crime, and as this case makes clear, we are investigating and prosecuting it vigorously."

The department filed a deferred prosecution agreement and a criminal information today against JGC in U.S. District Court for the Southern District of Texas. The two-count information charges JGC with one count of conspiracy and one count of aiding and abetting violations of the FCPA. JGC is a Japanese engineering and construction company headquartered in Yokohama, Japan.

JGC, Kellogg Brown & Root Inc. (KBR), Technip S.A. and Snamprogetti Netherlands B.V. comprised the four-company TSKJ joint venture that was awarded four EPC contracts by Nigeria LNG Ltd. (NLNG) between 1995 and 2004 to build LNG facilities on Bonny Island. The government-owned Nigerian National Petroleum Corporation (NNPC) was the largest shareholder of NLNG, owning 49 percent of the company. The EPC contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria, were valued at more than \$6 billion.

According to court documents, JGC authorized the joint venture to hire two agents - Jeffrey Tesler and a Japanese trading company - to pay bribes to a range of Nigerian government officials, to assist JGC and the joint venture in obtaining the EPC contracts. The joint venture hired Tesler as a consultant to pay bribes to high-level Nigerian government officials, including top-level executive branch officials, and hired the Japanese trading company to pay bribes to lower-level Nigerian government officials. At crucial junctures preceding the award of EPC contracts, JGC's co-conspirators met with successive holders of a top-level office in the executive branch of the Nigerian government to ask the office holders to designate a representative with whom TSKJ should negotiate bribes to Nigerian government officials. TSKJ paid approximately \$132 million to a Gibraltar corporation controlled by Tesler and more than \$50 million

to the Japanese trading company during the course of the bribery scheme. According to court documents, JGC intended for these payments to be used, in part, for bribes to Nigerian government officials.

Under the terms of the deferred prosecution agreement, the department agreed to defer prosecution of JGC for two years. JGC agreed to retain an independent compliance consultant for a term of two years to review the design and implementation of its compliance program, to enhance its compliance program to ensure that it satisfies certain standards, and to cooperate with the department in ongoing investigations. If JGC abides by the terms of the deferred prosecution agreement, the department will dismiss the criminal information when the term of the agreement expires.

In a related criminal case, KBR's successor company, Kellogg Brown & Root LLC, pleaded guilty in February 2009 to charges related to the FCPA for its participation in the scheme to bribe Nigerian government officials. Kellogg Brown & Root LLC was ordered to pay a \$402 million fine and to retain an independent compliance monitor for a three-year period to review the design and implementation of its compliance program. In another related criminal case, the department filed a deferred prosecution agreement and criminal information against Technip in June 2010. According to that agreement, Technip agreed to pay a \$240 million criminal penalty and to retain an independent compliance monitor for two years. In July 2010, the department filed a deferred prosecution agreement and criminal information against Snamprogetti, which also agreed to pay a \$240 million criminal penalty.

In other related criminal cases, KBR's former CEO, Albert "Jack" Stanley, pleaded guilty in September 2008 to conspiring to violate the FCPA for his participation in the bribery scheme. Tesler and Wojciech J. Chodan, a former salesperson and consultant of a United Kingdom subsidiary of KBR, were indicted in February 2009 on FCPA-related charges for their participation in the bribery scheme. In March 2011, Tesler was extradited from the United Kingdom and subsequently pleaded guilty to conspiring to violate and violating the FCPA and agreed to forfeit \$148,964,568. In December 2010, Chodan was extradited from the United Kingdom and subsequently pleaded guilty to conspiring to violate the FCPA and agreed to forfeit \$726,885.

The criminal case is being prosecuted by Assistant Chief William J. Stuckwisch and Deputy Chief Patrick F. Stokes of the Criminal Division's Fraud Section, with investigative assistance from the FBI-Houston Division. The Criminal Division's Office of International Affairs provided substantial assistance. Significant assistance was provided by the SEC's Division of Enforcement and by authorities in France, Italy, Switzerland and the United Kingdom.

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**Component(s):**

Criminal Division

**Press Release Number:**

11-431

*Updated September 15, 2014*