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Two UK Citizens Charged by United States with Bribing Nigerian Government Officials to Obtain Lucrative Contracts as Part of KBR Joint Venture Scheme

WASHINGTON – Two citizens of the United Kingdom have been charged in an indictment unsealed today in the United States for their alleged participation in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement and construction (EPC) contracts, Acting Assistant Attorney General Rita M. Glavin of the Criminal Division announced. The EPC contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria, were valued at more than \$6 billion.

Jeffrey Tesler, 60, of London, England, and Wojciech Chodan, 71, of Maidenhead, England, were indicted on Feb. 17, 2009, in U.S. District Court for the Southern District of Texas. The defendants are each charged with one count of conspiracy to violate the Foreign Corrupt Practices Act (FCPA) and ten counts of violating the FCPA. The indictment also seeks forfeiture of more than \$130 million from the defendants. At the request of the United States, Tesler was arrested by the London Metropolitan Police today. There is an outstanding arrest warrant in the United States for Chodan. The Justice Department is seeking the defendants' extradition from the United Kingdom to the United States to stand trial.

According to the indictment, Tesler was hired in 1995 as an agent of a four-company 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. Chodan was a former salesperson and consultant of a United Kingdom subsidiary of Kellogg, Brown & Root Inc. (KBR), one of the four joint venture companies. At so-called "cultural meetings," Chodan and other co-conspirators allegedly discussed the use of Tesler and other agents to pay bribes to Nigerian government officials to secure the officials' support for awarding the EPC contracts to the joint venture.

According to the indictment, the joint venture hired Tesler to bribe high-level Nigerian government officials, including top-level executive branch officials, and another agent to bribe lower level Nigerian government officials, including employees of NLNG. At crucial junctures before the award of the EPC contracts, KBR's former CEO, Albert "Jack" Stanley, and others allegedly met with three successive former holders of a top-level office in the executive branch of the Nigerian government to ask the office holder to designate a representative with whom the joint venture should negotiate the bribes. Stanley and others allegedly negotiated bribe amounts with the office holders' representatives and agreed to hire Tesler and the other agent to pay the bribes. The joint venture entered into a series of consulting contracts with a Gibraltar corporation allegedly controlled by Tesler to which the joint venture paid approximately \$132 million for Tesler to use to bribe Nigerian government officials. On behalf of the joint venture and the four joint venture companies, Tesler allegedly wire transferred bribe payments to or for the benefit of various Nigerian government officials, including officials of the executive branch, NNPC, NLNG, and for the benefit of a political party in Nigeria.

If convicted on all charges, each defendant faces a maximum prison sentence of 55 years.

An indictment is merely a charge and defendants are presumed innocent until proven guilty.

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 as well as make reports to the company and the Department of Justice.

Stanley pleaded guilty in September 2008 to conspiring to violate the FCPA for his participation in the bribery scheme. Stanley's sentencing is currently scheduled for Aug. 27, 2009.

The case is being prosecuted by Senior Trial Attorneys William J. Stuckwisch and Patrick F. Stokes of the Criminal Division's Fraud Section, with investigative assistance from the FBI and IRS-Criminal Investigation in Houston. The Criminal Division's Office of International Affairs provided substantial assistance. Significant assistance was provided by the SEC's Division of Enforcement and by the authorities in France, Italy, Switzerland and the United Kingdom, including in particular the Serious Fraud Office's Anti-Corruption Unit, the London Metropolitan Police and the City of London Police.

Indictment

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