UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

U.S. SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	**4:13-cv-3500**
v.	
WEATHERFORD INTERNATIONAL LTD.	
Defendant.	

COMPLAINT

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

SUMMARY

1. This action arises from violations of the Foreign Corrupt Practices Act ("FCPA") by Weatherford International Ltd. ("Weatherford"), a Swiss corporation with operations in Houston, Texas, that is a global provider of equipment and services to the oil and gas industry.

2. Between at least 2002 and July 2011, Weatherford and its subsidiaries authorized bribes and improper travel and entertainment intended for foreign officials in multiple countries to obtain or retain business or for other benefits. Weatherford and its subsidiaries also authorized illicit payments to obtain commercial business in Congo and authorized kickbacks in Iraq to obtain United Nations Oil for Food contracts.

Weatherford realized over $59.3 million in profits from business obtained through the use of illicit payments.

3. In addition, from 2002 to 2007, Weatherford and its subsidiaries engaged in commercial transactions with Cuba, Iran, Syria and Sudan ("sanctioned countries") that violated U.S. sanction and export control laws. During the relevant time period, exporting or re-exporting goods or services from the United States or by a U.S. person to sanctioned countries was generally prohibited by U.S. law. Certain employees of Weatherford and its subsidiaries employed various schemes to conceal numerous commercial transactions with sanctioned countries that violated U.S. sanctions and export control laws, including creating false books and records. The company's improper sales to sanctioned countries generated over $118 million in revenues and more than $30 million in profits.

4. Weatherford violated Section 30A of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78dd-1] when it authorized and/or paid bribes to foreign officials in order to obtain or retain business. Weatherford violated Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78 m(b)(2)(A)] when it created false books and records to conceal the authorization of bribe payments, kickbacks, and excessive travel and entertainment, and to conceal transactions with sanctioned countries. Weatherford also violated Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78 m(b)(2)(B)] by failing to have sufficient internal accounting controls in place to detect and prevent the authorization or payment of bribe payments and the improper sales to sanctioned countries.

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]. Weatherford, 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] and 28 U.S.C. § 1391(d).

DEFENDANT

7. Weatherford is a Swiss corporation with its headquarters in Geneva and significant operations in Houston, Texas. Until March 2009, Weatherford was a Bermuda corporation with its headquarters in Houston. It is a provider of products and services that span the life cycles of oil and natural gas wells. Weatherford is a complex organization comprising more than 500 legal entities. The company is organized into geographic reporting segments as well as product and service line groups. Weatherford oversees the operations of these diverse entities using a matrix reporting system. Throughout the relevant period, Weatherford's shares were registered pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l] and quoted on the New York Stock Exchange (symbol: "WFT"). The company had revenues in excess of $15 billion in 2012.

RELATED ENTITIES AND INDIVIDUALS

8. Weatherford Oil Tool Middle East Limited ("WOTME") is a wholly-owned subsidiary of Weatherford that principally operates in North Africa and the Middle East. It is incorporated in the British Virgin Islands and is headquartered in Dubai. WOTME's financial statements are consolidated into the financial statements of Weatherford.

9. Weatherford Services, Limited ("WSL") is a wholly-owned subsidiary of Weatherford that is incorporated in Bermuda, with a business support branch in Aberdeen, Scotland. WSL is the primary Weatherford entity that operates in Angola and Congo. WSL's financial statements are consolidated into the financial statements of Weatherford.

10. Weatherford Mediterranean S.p.A. ("WEMESPA") is a wholly-owned subsidiary of Weatherford based in Ortona, Italy. WEMESPA's financial statements are consolidated into the financial statements of Weatherford.

FACTUAL ALLEGATIONS

A. Bribery Schemes in West Africa

1. Angola Cabinda Contract

11. In 2006 and 2007, WSL, a Weatherford subsidiary, retained a Swiss freight-forwarding and logistics services company (the "Swiss Agent") to pay bribes to an Angolan official so that he would approve the renewal of a lucrative oil services contract in the Cabinda region of Angola (the "Cabinda contract"). WSL initially had provided services to a non-governmental oil company pursuant to a five-year contract awarded in 1998, and the parties had extended the contract in yearly increments between

2003 and 2005, with the final one expiring October 31, 2006. Sonangol, the Angolan state-owned oil company, must approve the award of oil services contracts in Angola, even with private companies, and a Sonangol Drilling Manager was responsible for approving the contract award.

12. In late 2005, the Cabinda project was put out for public bid. During the bid process, the Sonangol Drilling Manager demanded a bribe from a Weatherford area manager. The area manager refused to pay the bribe and reported in his 2006 ethics questionnaire response that Weatherford personnel were making payments to government officials in Angola and elsewhere. Weatherford did not investigate these allegations.

13. In late 2005 or early 2006, the Sonangol Drilling Manager met with a WSL regional manager and another WSL employee and repeated his demand for a bribe payment. The employees agreed to pay the Sonangol Drilling Manager $250,000 in installments in exchange for his approval of the Cabinda contract, as well as additional payments in order to maintain a good general relationship with Sonangol.

14. WSL entered into a consultancy agreement with the Swiss Agent. The original draft of the consultancy agreement used by Weatherford's legal department included an FCPA clause prohibiting the Swiss Agent from giving anything of value, directly or indirectly, to an official or employee of any government. The Swiss Agent rejected the clause in an email stating that "in view of the nature of the business I cannot accept the original wording." Despite this red flag, no steps were taken to ensure that the agent was not paying bribes to foreign officials. Instead, Weatherford's legal department in Houston permitted WSL to enter into the consulting agreement without the FCPA clause, and with an alternate clause simply requiring the agent to "comply with all

applicable laws, rules and regulations issued by any governmental entity in the countries of business…"

15. WSL produced sham work orders for consulting services that the Swiss Agent never performed, and the Swiss Agent, in turn, generated sham invoices for those same nonexistent services. On some occasions, WSL paid the Swiss Agent before an invoice was received, or backdated documents. Other times, WSL paid the Swiss Agent's invoices that were above the grant of authority level of WSL management. The Swiss Agent passed those monies on, less a commission, either in cash via WSL employees, or by wire transfer to the Sonangol Drilling Manager. Moreover, in some instances, Weatherford paid the Sonangol Drilling Manager's travel expenses, including a week-long February 2008 trip to Italy and Portugal that included only one day of business-related training.

16. WSL mischaracterized the payments to the Swiss Agent as legitimate consulting expenses on its books and records. The Sonangol Drilling Manager approved the award to WSL of the Cabinda contract and it was awarded to WSL in February 2007. Weatherford earned $11,741,909 in profits from increased pricing obtained from the Cabinda contract.

2. Angola Joint Venture

17. WSL also engaged in a second bribery scheme in Angola. In June 2004, Sonangol officials informed Weatherford that it could obtain one hundred percent of the Angolan well screens market if it created a joint venture with companies they selected and established a wells screens manufacturing operation in Angola. In 2005, a Weatherford subsidiary entered into a joint venture in Angola with two local entities

selected by the Sonangol officials, one of which was controlled by the Sonangol officials ("Angolan Company A") and one of which was controlled by the relative of an Angolan Minister ("Angolan Company B").

18. Angolan Company A's named principals included the wife of one of the Sonangol officials and relatives of other Angolan officials. Angolan Company B's principals included the relative of an Angolan Minister, the relative's spouse, and another Angolan official. The Weatherford subsidiary owned 45% percent of the joint venture, and Angolan Company A and Angolan Company B owned 45% and 10% respectively. Neither Angolan Company A nor Angolan Company B provided any personnel, expertise or capital to the joint venture.

19. In October 2004, the Weatherford executive who was leading the joint venture effort for Weatherford advised internal counsel in Houston that, "[t]here will be two parties involved [in the joint venture], Sonangol through an entity named [Angolan Company A] and a private individual (the [relative of an Angolan Minister]) through an entity named [Angolan Company B]." Internal counsel replied, "I am going to have to get scrutiny with our D.C. trade lawyers since an individual related to the govt entity is involved…." The Weatherford executive commented, "I hope you are just being cautious and this isn't a deal killer."

20. In October 2004, the Sonangol officials traveled to Houston to discuss the joint venture and sign a letter of intent between "Sonangol and or the designees" and Weatherford. The letter of intent provided that Sonangol would negotiate exclusively with the joint venture for well screens.

21. On July 8, 2005, the Weatherford executive and internal counsel met with two of the Sonangol officials in London to negotiate the final terms of the joint venture. Afterwards, internal counsel sent an email to a more senior internal counsel, advising that the successful formation of the joint venture "will lock up 100% of screen business in Angola." Internal counsel also wrote that outside counsel needed to conduct additional due diligence, noting that two of the persons negotiating on behalf of Angolan Company A were Sonangol employees and that one of their wives was an owner of Angolan Company A. The joint venture agreement was signed in September 2005 without completing the due diligence.

22. The Sonangol officials controlled Angolan Company A and took all actions on behalf of the entity, including negotiating the joint venture agreement, attending meetings, providing bank account information, and approving the dividends to be paid. The relative of the Angolan Minister represented Angolan Company B's interest by attending meetings and negotiating the dividend payments. In April 2006, when a more senior Weatherford executive asked the Weatherford executive to summarize the ownership interests in the joint venture, the Weatherford executive replied, "[p]lanned is 45% WFT, 45% [Angolan Company A] (ties back to Sonangol) and [Angolan Company B] (ties back to … minister)."

23. Weatherford obtained competitors' bid information and its use of the joint venture guaranteed the award of contracts, which had to be approved by Sonangol. In 2006, after Weatherford learned that a contract had been awarded to a competitor, a regional manager asked one of the Sonangol officials to intervene. The contract was

taken away from the competitor and given to Weatherford. This is memorialized in a 2006 email where one of the Weatherford attendees wrote internal counsel that:

> I sat in a meeting this morning with ourselves, [the competitor], and [the counterparty to the contract] as they told [the competitor] they were cancelling the $7M Block 4 contract they had received and awarding it to us. I then told [the counterparty] that we would need another 10-15% to cover our local activities and they didn't flinch. Every now and then, life gets good.

24. In March 2008, Angolan Company A and Angolan Company B were paid dividends for 2005 and 2006, and the joint venture paid each partner's required withholding taxes. Angolan Company A received $689,995 and Angolan Company B received $136,901. Weatherford received $2,036,263 in joint venture profits and $3,484 in profits from the Block 4 contract that was taken from a competitor.

3. Congo

25. In addition to bribery schemes involving Angolan government officials, WSL made over $500,000 in commercial bribe payments through the Swiss Agent to employees of a commercial customer, a wholly-owned subsidiary of an Italian energy company, between March 2002 and December 2008.

26. In 2002, WSL retained the Swiss Agent as its agent to make payments to employees of the commercial customer in order to obtain and retain business. The Swiss Agent's role in the scheme included submitting false invoices and sending payments to individuals as directed by WSL employees and others. WSL employees created and sent false work orders to the Swiss Agent. The Swiss Agent, WSL employees and others knew the services would not be performed and that the work orders were a pretext to funnel money to the Swiss Agent. The Swiss Agent forwarded the money, less a

commission, to the bank accounts of individuals designated by the WSL employees and others at Weatherford subsidiaries.

27. WSL mischaracterized the bribe payments as legitimate expenses on its books and records. Bank account records and a U.S. brokerage account statement show that among the recipients were two employees of the commercial customer who were responsible for awarding contracts to WSL. Weatherford obtained profits of $1,304,912 from commercial business in Congo relating to payments made by Swiss Agent.

B. Improper Payments Authorized in the Middle East

28. Between 2005 and 2011, another Weatherford subsidiary, WOTME, awarded improper "volume discounts" to a company that served as an agent, distributor and reseller in the Middle East who supplied Weatherford products to a state-owned and controlled national oil company, believing that those discounts were being used to create a slush fund with which to make bribe payments to decision makers at the national oil company. Weatherford used WOTME, a wholly-owned subsidiary, as the vehicle to sell its goods and services to the national oil company.

29. At a meeting in 2001, officials at the national oil company directed WOTME to sell goods to the company through a particular distributor. Prior to entering into the contract with the distributor, neither WOTME nor Weatherford conducted any due diligence on the distributor, despite: (a) the fact that the distributor would be furnishing Weatherford goods directly to an instrumentality of a foreign government; (b) the fact that a foreign official had specifically directed WOTME to contract with that particular distributor; and (c) the fact that executives at WOTME knew that a member of the country's royal family had an ownership interest in the distributor. In late 2001,

WOTME entered into a representation agreement with the distributor to sell Weatherford's Completion and Production Systems products to the national oil company. New agreements, covering additional product lines, were entered into in 2006 and 2009. When the agreement was renewed in 2009, Weatherford became the direct counterparty to the agreement.

30. Between 2001 and 2005, Weatherford completed few sales to the national oil company via the distributor. Beginning in 2005, certain employees of WOTME and other Weatherford subsidiaries, including regional and product line managers, allowed the distributor to create a slush fund by providing the distributor with unauthorized volume discounts and pricing discounts, in addition to the agent's 5% commission. The WOTME employees intended that the slush fund would be used for payments to national oil company officials. The "volume discounts" to the distributor were typically between 5-10% of the contact price. The discounts allowed the distributor to accumulate funds that the employees of WOTME and other subsidiaries believed would be used to pay bribes to national oil company officials.

31. The volume discounts were not an official contractual item included in any contract between WOTME and the distributor. WOTME recorded the volume discounts in a contra revenue account on its general ledger entitled "Volume Discount Account." The representation agreements with, and volume discounts for, the distributor were approved by employees within Weatherford. Weatherford did not perform any due diligence on the distributor, even after the parent company became the counterparty to the agreement. No efforts were made to obtain proof that the discounts were provided to the end user or to otherwise ensure that the payments were not used for illicit purposes.

During this time period, the sales of Weatherford's expandable sand screen products to the national oil company significantly increased.

32. Contemporaneous emails make it clear that employees of WOTME and other subsidiaries intended, and believed, that the volume discounts were being used to influence national oil company officials. For example, in September 2006, a manager employed by a Weatherford U.K. subsidiary proposed to the distributor that they reduce the volume discounts by "half the total that they and their allies were initially wanting." In response to this suggestion, the distributor replied: "Yes, I agree that we should not risk our relationship with [national oil company]. However, your suggestion would do exactly that; it is not purchasing but our friends who will be directly impacted. They and not purchasing, are in a position to influence the agreement and control the generation, direction and volume of business we and others receive, and as such the volume discount may not be subject to negotiations."

33. In March 2007, Weatherford equipment undergoing a trial test at the national oil company failed. At the time, there was concern that the equipment failure would lead to the cancellation of a pending order by the national oil company. A WOTME manager wrote to another company employee, "I think we need to discuss with [distributor] and see if [its] team of influential [national oil company employees] can assist here, I'm sure they are keen not to loose [sic] their cut of the 'volume discount'!!!!."

34. Weatherford did not permit WOTME or its other subsidiaries to enter into transactions above set dollar amounts. When the dollar amounts of certain sales transactions involving the distributor exceeded those set limits, the purchase orders

showing the volume discount as a line item were approved in the U.S. by Weatherford. Weatherford employees approved the purchase orders despite the fact that the volume discounts were not authorized by the representation agreement. Intercompany pricing for products for sale to the national oil company were also approved by Weatherford personnel in the U.S and on a number of occasions, an executive of the distributor traveled to Houston to discuss and assist Weatherford with its business in the Middle East.

35. Weatherford granted the distributor in excess of $11.8 million in volume discounts intended to influence national oil company officials to obtain and retain sales contracts. Weatherford obtained sales revenue of nearly $122 million, and $37.14 million in profits in connection with transactions involving the use of volume discounts.

C. Improper Travel and Entertainment in Algeria

36. Weatherford also provided improper travel and entertainment to officials of Sonatrach, an Algerian state-owned company, that were not justified by a legitimate business purpose.

The improper travel and entertainment to Sonatrach officials include:

- June 2006 trip by two Sonatrach officials to the FIFA World Cup soccer tournament in Hanover, Germany;
- July 2006 honeymoon trip of the daughter of a Sonatrach official; and
- October 2005 trip by a Sonatrach employee and his family to Jeddah, Saudi Arabia, for religious reasons that were improperly booked as a donation.

37. In addition, on at least two other occasions, Weatherford provided Sonatrach officials with cash sums while they were visiting Houston. For example, in May 2007, Weatherford paid for four Sonatrach officials, including a tender committee official, to attend a conference in Houston. Prior to the trip, a Weatherford finance

executive sent an email to a Weatherford officer requesting $10,000 cash to be advanced to a WOTME employee without providing any explanation for the cash advance. The request was approved and a portion of the funds was provided to the tender committee official. There is no evidence the cash was used for legitimate business or promotional expenses. In connection with a December 2007 trip by three Sonatrach officials traveling to Houston, a Weatherford finance employee questioned the propriety of a WOTME employee's request for a $14,000 cash advance in connection with the trip. The finance employee sent an email stating "... I don't like the looks of this request.... [The WOTME employee] will be arriving in Houston this Sunday. ... he is being accompanied by three senior management members of Sonatrach Algeria. And they want cash...." The finance employee's concern was disregarded and the request was ultimately approved at high levels within Weatherford and a portion of the funds was provided to the officials.

38. In total, Weatherford spent $35,260 on improper travel, entertainment and gifts for Algerian officials from May 2005 through November 2008 that were recorded in the company's books and records as legitimate expenses.

D. Improper Payments to Albanian Tax Authorities

39. From 2001 to 2006, the general manager and financial manager at a Weatherford Italian subsidiary, WEMESPA, misappropriated over $200,000 of company funds, a portion of which was improperly paid to Albanian tax auditors. WEMESPA's general manager and financial manager misappropriated the funds by taking advantage of Weatherford's inadequate system of internal accounting controls. They misreported cash advances, diverted payments on previously paid invoices, misappropriated government rebate checks and received reimbursement of expenses that did not relate to business

activities, such as golf equipment and perfume. The lack of sufficient internal accounting controls created a risk of improper payments, embezzlement and other unauthorized access to corporate assets.

40. In July 2006, a co-worker confronted the general manager and financial manager regarding the misappropriation of government rebate checks payable to WEMESPA and threatened to expose the misconduct. In January 2007, the general manager terminated the co-worker's employment. On the date he was terminated and again a few weeks later, the co-worker reported the misappropriation of company funds to the Audit Committee by email, which led to an internal investigation. The general manager and financial manager returned more than half of the stolen funds to the company.

41. A memo drafted by the general manager and financial manager in the months after their co-worker confronted them discussed the misappropriated funds and indicated that funds were paid to tax auditors in Albania and others for the benefit of WEMESPA. The general manager, financial manager and the Albania Country Manager made $41,000 in payments to Albanian tax auditors who questioned details of the company's accounts and demanded payment to close out the audit or speed up the certification process in 2001, 2002 and 2004.

42. In addition to the cash payments, in 2005, after a regime shift in Albania, the Country Manager provided three laptop computers for the tax director and two members of Albania's National Petroleum Agency, which the WEMESPA executives approved and misrecorded in the books and records.

E. Kickbacks to Obtain Oil for Food Contracts in Iraq

43. The Oil for Food Program ("OFFP") provided humanitarian relief for the Iraqi population due to international trade sanctions. The OFFP permitted the Iraqi government to sell crude oil and use the proceeds to purchase humanitarian goods. The proceeds of the oil sales were transferred to an escrow account in New York by the United Nations 661 Committee to allow for the purchase of humanitarian supplies, subject to U.N. approval. The intent of this structure was to prevent the supply of cash to Saddam Hussein. By mid-2000, however, Iraqi ministries had circumvented the sanctions by requiring suppliers of humanitarian goods to pay a ten percent kickback on each contract. This kickback was referred to as an "after-sales service" fee ("ASSF"); however, no services were provided.

44. WOTME sold oil equipment through the OFFP to Iraqi ministries. By mid-2001, WOTME's Country Manager in Iraq learned of the ASSF requirement, agreed to pay kickbacks, and signed at least two side letters to that effect. In order to generate funds to pay the ASSFs and to conceal those payments, WOTME inflated the price of the contracts by ten percent before submitting them to the UN for approval. Correspondence between WOTME and the Iraqi ministries confirms that the Iraqis assessed the ASSF, which WOTME paid. The ASSF payments were incorrectly recorded as cost of goods sold on the company's books and records.

45. Between February and July 2002, WOTME paid more than $1.4 million in improper payments on nine contracts. Iraqi ministries also demanded improper "inland transportation fees" in an effort to subvert the UN program. WOTME acquiesced to the Iraqi demands and paid inland transportation fees totaling more than $115,000. Some of

the invoices paid by WOTME included charges for transportation on items that did not require inland delivery, charges for delivery to multiple locations when delivery to only one location was required or references to a port services company that was a front for the Iraqi government. Weatherford obtained $7,032,376 in profits from this conduct.

F. Weatherford Conceals its Business With Sanctioned Countries in its Books and Records

46. From at least 2002 to 2007, Weatherford and its subsidiaries employed various schemes to conceal transactions with Cuba, Iran, Syria and Sudan ("sanctioned countries") that violated U.S. sanctions and export control laws. Generally, these laws prohibit business transactions with sanctioned countries that involve U.S. persons, companies or goods. Employees of Weatherford and its subsidiaries falsified books and records to hide sanctioned countries transactions, and Weatherford failed to have adequate internal accounting controls to prevent or detect the conduct. Weatherford obtained over $118 million in revenues and $31,646,907 in profits from its business in sanctioned countries.

47. For example, from 2003 to 2006, WOTME sold products to an Iranian state-owned entity. Certain Weatherford employees involved in the sales to Iran, including the contract negotiations, equipment procurement, financing arrangements and supervision of employees working on the project concealed the transactions in Weatherford's internal emails and correspondence, and books and records by using code names for Iran such as "Dubai across the water" and placing key transaction documents in mislabeled binders. One employee failed to disclose the improper transactions on Weatherford's annual ethics questionnaires.

48. In another example, Weatherford maintained a centralized inventory accounting system in the United States to track procurement and inventory of U.S. goods. In 2004, employees at WOTME implemented a scheme to fulfill orders destined for sanctioned countries. The employees created a special prefix in the system to allow them to procure and track equipment from the United States for Iran, Syria and Sudan while concealing that the orders were destined for those countries and to conceal that requests for design work from U.S. engineering personnel were for those countries. The employees also removed U.S.-origin inventory labels from products and replaced them with labels that misstated the country of origin. The employees used code words in internal communications, invoices and journal entries to conceal the true destination of the products.

49. From 2005 to 2008, employees at a Weatherford Canadian subsidiary managing business that another Weatherford subsidiary had acquired created false shipping documents and used code words to make it appear that products were being shipped to "Barcelona, Venezuela" rather than Cuba. They also created a false shipping destination called Barcelona, Venezuela in Weatherford's computer inventory and accounting system. As a result, the Cuba transactions were masked on Weatherford's shipping documents, asset tracking system, invoices, and journal entries as Barcelona, Venezuela transactions.

50. Weatherford also removed serial numbers from products to conceal the destination of its U.S. goods. Further, U.S. executives of Weatherford participated in the acquisition of two foreign companies that did business in Iran while attempting to mask their involvement through the use of code names for Iran. Weatherford also took steps to

conceal in its transaction records the role of U.S. persons in obtaining business in sanctioned countries.

51. During the relevant period, Weatherford did not have adequate internal accounting controls over transactions in sanctioned countries. The company lacked adequate export control training programs. The legal department, in conjunction with the internal audit group, conducted an annual "Ethics Questionnaire" in an effort to capture ethics and compliance violations. However, there is no evidence that the company had a protocol in place for performing further investigation into allegations of unethical or corrupt conduct included in the Ethics Questionnaire responses. Further, in 2005, when Weatherford responded to comment letters from the SEC's Division of Corporation Finance regarding the company's Form 10-K for the year 2003, Weatherford asserted that it was in full compliance with and had established corporate policies on U.S. economic sanctions and export control laws.

G. Misconduct During the Investigation and Subsequent Remediation Efforts

52. Certain conduct by Weatherford and its employees during the course of the Commission staff's investigation compromised the investigation. These activities involved the failure to provide the staff with complete and accurate information, resulting in significant delay. In one instance, the staff sought information concerning the Iraq Country Manager who signed letters agreeing to pay bribes to Iraqi officials during the Oil for Food Program. The staff was informed that the Country Manager was missing or dead when, in fact, he remained employed by Weatherford. In at least two instances, email was deleted by employees prior to the imaging of their computers. On another

occasion, Weatherford failed to secure important computers and documents and allowed potentially complicit employees to collect documents subpoenaed by the staff.

53. Subsequent to the misconduct, Weatherford greatly improved its cooperation and engaged in remediation efforts, including disciplining employees responsible for the misconduct, establishing a high level Compliance Officer position, significantly increasing the size of its compliance department, and conducting numerous anti-corruption reviews in many of the countries in which it operates.

H. Anti-Bribery Violations

54. Weatherford's conduct in the Middle East and Angola violated Section 30A of the Exchange Act. From 2005 through 2011, Weatherford authorized $11.8 million in payments to national oil company officials through a distributor intended to wrongfully influence national oil company decision makers to obtain and retain business. Weatherford also violated Section 30A when it retained the Swiss Agent to funnel bribes to a Sonangol official to obtain the Cabinda contract. Weatherford similarly violated Section 30A by bribing other Sonangol officials via the joint venture in return for contracts and preferential treatment. Employees of state-owned and controlled oil companies are "foreign officials" as the term is defined in the FCPA, 15 U.S.C. §78dd-1(f)(1)(A). Operationally, Weatherford's subsidiaries and their employees and third parties acted as agents of Weatherford in connection to the conduct described above, and certain Weatherford employees and employees of its subsidiaries were directly involved in or consciously disregarded the high probability that the distributor might misuse the payments to improperly influence foreign officials. Weatherford, its employees, and its

agents made use of the mails or other means or instrumentalities of interstate commerce corruptly in furtherance of the bribery schemes in the Middle East and Angola.

I. Failure to Maintain Books and Records

55. Weatherford, directly and through its subsidiaries, also violated Exchange Act Section 13(b)(2)(A) when it made numerous payments and engaged in many transactions that were incorrectly described in the company's books and records. In the Middle East, for example, the money given to a distributor to be used as bribes was reflected in Weatherford's books and records as legitimate volume discounts. In Angola and Congo, payments to foreign officials and others were described as legitimate consulting fees rather than bribe payments. Payments to Sonangol executives through the joint venture were misrecorded as legitimate dividend payments.

56. Weatherford employees created false accounting and inventory records in an effort to hide illegal sales to Cuba, Syria, Sudan and Iran. The financial statements of the subsidiaries involved in the conduct and their books and records were consolidated into the financial statements of the parent company issuer.

J. Failure to Maintain Adequate Internal Controls

57. Weatherford violated Section 13(b)(2)(B) of the Exchange Act by failing to devise and maintain an adequate system of internal accounting controls. The violations were widespread and involved conduct at Weatherford's headquarters as well as at numerous subsidiaries. Executives, managers and employees throughout the organization were aware of the conduct, which lasted a decade. Weatherford paid millions of dollars to consultants, agents and joint venture partners without adequate due diligence. Weatherford approved cash payments to Algerian officials traveling to

Houston without any justification for the payments. Employees made payments to agents without regard to grants of authority and, on some occasions, without even receiving an invoice. In Italy, internal accounting controls were ineffective, allowing executives to embezzle and pay bribes for years.

58. In the Middle East, the company failed on several occasions to perform due diligence on the distributor it used, despite the fact that the agent was imposed upon them by a national oil company official and would be selling to a government entity. The use of large volume discounts was not routinely reviewed. For years, Weatherford failed to have any internal controls over their accounting of transactions in sanctioned countries, and invoices, purchase orders, shipping documents and inventory records were falsified to conceal the conduct. Weatherford also failed to provide FCPA or export compliance training. While Weatherford did require certain employees to complete a yearly ethics questionnaire seeking instances of alleged misconduct, Weatherford failed to investigate or even review the responses.

CLAIMS FOR RELIEF

FIRST CLAIM

[Violations of Section 30A of the Exchange Act]

59. Paragraphs 1 through 58 are re-alleged and incorporated by reference.

60. As described above, Weatherford, 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 Weatherford in obtaining or retaining business.

61. By reason of the foregoing, Weatherford 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]

62. Paragraphs 1 through 61 are re-alleged and incorporated by reference.

63. As described above, Weatherford, 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.

64. By reason of the foregoing, Weatherford 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]

65. Paragraphs 1 through 64 are re-alleged and incorporated by reference.

66. As described above, Weatherford 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.

67. By reason of the foregoing, Weatherford 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 Weatherford 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 Weatherford to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct, along with prejudgment interest;

C. Ordering Weatherford to pay a civil monetary penalty; and

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

Dated: November 26, 2013

Respectfully submitted,

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