

Former Halliburton Subsidiary Pleads Guilty to Bribing Nigerian Officials

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Houston-based KBR pleaded guilty yesterday to federal criminal charges alleging it paid millions of dollars in bribes to Nigerian officials to win contracts to build a massive natural gas project in the country.

The engineering giant and military contractor will pay \$402 million in fines and spend three years under the watch of a court-appointed monitor, according to the plea agreement entered before US District Judge Keith Ellison.

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KBR's former parent company, Halliburton, will pay most of the fine under terms of the two companies' separation almost two years ago. KBR General Counsel Andrew Farley entered the guilty plea on behalf of the company.

The five charges-one count of conspiring to violate the Foreign Corrupt Practices Act and four counts of violating the act-stem from allegations of a decade-long scheme in which KBR, through intermediaries, paid more than \$180 million in bribes to Nigerian officials to get contracts to build a \$6 billion gas liquefaction plant on Nigeria's Bonny Island.

Gas liquefaction is the process of turning natural gas into a liquid so it can be transported on tankers.

In a statement yesterday, KBR Chairman and Chief Executive, William P. Utt, said the settlement of the criminal case and related Securities and Exchange Commission complaints "close both a regrettable and unfortunate chapter in KBR's rich and storied history." Utt said KBR cooperated with the government during the five-year investigation.

Last September, Albert "Jack" Stanley, a former chairman of the company previously called Kellogg Brown & Root, admitted he took part in the dealings. Stanley, of Houston, served as Kellogg Brown & Root's senior representative on a Madeira, Portugal-based consortium known as TSKJ, which was awarded four separate contracts for work on that complex.

Stanley is scheduled to be sentenced on May 6.

Last month Halliburton said it planned to pay nearly \$560 million to settle allegations related to the case.

Halliburton said yesterday it will pay \$382 million of the KBR fine, and KBR will pay \$20 million. Halliburton will pay an additional \$177 to settle SEC complaints, without admitting

or denying wrongdoing, the company said.

KBR's spinoff from Halliburton was completed in April 2007, with Halliburton agreeing to cover KBR "for certain contingent liabilities" related to any fines that come out of the case, according to filings by both companies.

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