U.S. Securities and Exchange Commission

SEC Sanctions Statoil for Bribes to Iranian Government Official

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Washington, D.C., Oct. 13, 2006 - The Securities and Exchange Commission today announced the institution of a settled enforcement action against Statoil, ASA, a Norway-based and New York Stock Exchange listed multinational oil company, for violations of the Foreign Corrupt Practices Act (FCPA), which prohibits bribery of foreign government officials. The Commission's Order finds that Statoil paid bribes to an Iranian government official in return for his influence to assist Statoil in obtaining a contract to develop a significant oil and gas field in Iran and to open doors to additional projects in the Iranian oil and gas industry.

Without admitting or denying the Commission's allegations, Statoil consented to entry of an administrative Order that requires Statoil to pay disgorgement of $10.5 million. The Order also requires Statoil to cease and desist from committing violations of the antibribery, internal controls and books and records provisions of the FCPA and to retain an independent compliance consultant to review and report on Statoil's compliance with the FCPA. In a related criminal proceeding announced today, Statoil has agreed to pay a criminal penalty of $10.5 million pursuant to a deferred prosecution agreement with the United States Department of Justice and the United States Attorney's Office for the Southern District of New York. Three million of the $10.5 million penalty is deemed satisfied by a penalty previously paid to the Norwegian criminal authorities.

"The Foreign Corrupt Practices Act makes it unlawful for public companies to pay bribes to a foreign government official," said Mark K. Schonfeld, Director of the Commission's Northeast Regional Office. "The Commission is charged with enforcing this anti-corruption law against public companies in order to maintain a level playing field and encourage fair play and competition."

The Order finds that:

- In June 2002 and January 2003, Statoil paid bribes to an Iranian government official intending to (i) induce the Iranian Official to use his influence with the Iranian state-run oil company; (ii) influence the Iranian state-run oil company's decision about whether to award Statoil a development contract; and (iii) secure improper advantage for Statoil by positioning it to obtain future business in Iran, potentially worth hundreds of millions of dollars.

- Statoil agreed to pay the Iranian official through a vaguely defined consulting contract with an offshore intermediary company organized in Turks and Caicos and owned by a third party located in London, England. The consulting contract obligated Statoil to make initial payments of $200,000 and $5 million, and ten subsequent annual payments of $1 million each. Statoil made the initial payments of $5.2 million to the Iranian official, but in June 2003, Statoil suspended further payments.

- In return for the payments, the Iranian official used his influence to assist Statoil in obtaining business in Iran by, for example, providing Statoil employees in Iran nonpublic information concerning oil and gas projects in Iran and showing Statoil copies of bid documents of competing companies that were otherwise not available to Statoil. In October 2002, Statoil obtained the contract to develop a significant oil and gas field.

- During the relevant time period, Statoil employees circumvented Statoil's internal controls and procedures that were in place to prevent illegal payments, and Statoil lacked sufficient internal controls. In addition, by mischaracterizing the payments as legitimate consulting fees, Statoil violated the books and records provisions of the federal securities laws.

Statoil cooperated with the Commission's investigation and took a number of remedial steps as outlined in the Commission's Order.

The Commission appreciates the assistance in this investigation of the United States Department of Justice, Fraud Division, and the United States Attorney's Office for the Southern District of New York.

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Additional materials: Administrative Proceeding; Release No. 34-54599

http://www.sec.gov/news/press/2006/2006-174.htm