

**WILLBROS GROUP INC. AGREES TO PAY \$32 MILLION IN PENALTIES,
DISGORGEMENT, AND PREJUDGMENT INTEREST FOR VIOLATIONS OF THE
FOREIGN CORRUPT PRACTICES ACT**

On May 14, 2008, Willbros Group Inc. (“Willbros Group”), a publicly traded company that provides construction, engineering, and other services to the oil and gas industry, settled enforcement proceedings related to alleged violations of the Foreign Corrupt Practices Act (“FCPA”) and securities laws. Willbros Group entered into a settled enforcement action with the U.S. Securities and Exchange Commission (the “SEC”) and, along with its wholly-owned subsidiary, Willbros International Inc. (collectively with Willbros Group, “Willbros”), a Deferred Prosecution Agreement (“DPA”) with the U.S. Department of Justice (the “DOJ”), resolving allegations related to Willbros’ operations in Nigeria, Ecuador, and Bolivia. As part of its settlement, Willbros agreed to pay over \$32 million in combined penalties, disgorgement, and prejudgment interest.

The bases for the charges against Willbros, as outlined in the criminal information filed by the DOJ and the SEC complaint, are that Willbros (1) agreed to, authorized, and paid bribes to officials and employees of a joint venture majority-owned by the Nigerian government to obtain and retain \$387 million in contracts, (2) paid bribes to officers of a state-owned oil and gas company in Ecuador to obtain and retain two contracts worth over \$3 million, and (3) devised a tax-avoidance scheme in Bolivia that resulted in material misstatements in the company’s financial statements.

As part of the DPA between Willbros and the DOJ, Willbros agreed to pay a criminal fine of \$22 million and retain an independent compliance monitor for three years. Without admitting or denying the allegations in the complaint filed by the SEC, Willbros Group also agreed to a consent order permanently enjoining it from any further violations of the FCPA and agreed to pay \$10.3 million in disgorgement and prejudgment interest.

According to the public filings, beginning in 2003, Willbros agreed to pay in excess of \$6 million in bribes to officials and employees of a joint venture majority-owned by the Nigerian government to obtain and retain \$387 million in engineering, procurement, and gas pipeline construction contracts. As part of this scheme, Willbros employees fabricated invoices in order to procure cash from the company’s administrative headquarters in Houston. In Ecuador, Willbros paid \$300,000 in bribes to officials of a state-owned oil company to obtain and retain two contracts worth over \$3 million. Finally, a tax-avoidance scheme in Bolivia materially understated Willbros’ contract costs, Value Added Tax liabilities, and Foreign Withholding Tax liabilities, resulting in material misstatements that were incorporated into its financial reports filed with the SEC.

In separate but related proceedings in 2006 and 2007, former Willbros executives Jim Bob Brown and Jason Steph pled guilty to bribing foreign officials in violation of the FCPA. Both men are cooperating with the government’s ongoing investigation. Additionally, Steph and two other former Willbros employees in Nigeria and one in Bolivia entered into settlements with the SEC.

Steph's financial penalty will be determined by a court in the future; two of the former employees agreed to fines of \$30,000 and \$35,000; and the fourth former employee received no financial penalty.

These dispositions are notable for several reasons. *First*, Willbros' payment of over \$32 million in penalties, disgorgement, and prejudgment interest is the second largest FCPA settlement in history, even though both the DOJ and the SEC praised the company's cooperation. In recent years, increasingly aggressive prosecution of FCPA violations by the DOJ and the SEC has yielded steadily rising penalties. In April 2007, Baker Hughes agreed to the largest overall FCPA penalty in history, \$44 million. Also in 2007, three subsidiaries of Vetco International Ltd. agreed to pay \$26 million in criminal fines. The size of Willbros' total financial settlement is even more surprising considering that both Baker Hughes and predecessor entities to Vetco had prior FCPA violations, making them "repeat offenders" of sorts. *Second*, it appears that because the joint venture was majority-owned by a Nigerian government entity, the DOJ and the SEC considered all of its employees -- even employees contributed by a private joint-venture partner -- to be "foreign officials" for the purposes of the FCPA. *Third*, the disposition of the FCPA charges against Willbros with a DPA and compliance monitor highlights the continued willingness of the DOJ to resolve criminal violations through such agreements, notwithstanding recent Congressional inquiries into the DOJ's use of DPAs and monitors. *Finally*, the prosecution of the individual Willbros employees and the ongoing nature of the investigation demonstrate that the DOJ and the SEC are continuing to pursue dual prosecutions of corporations and individuals. In 2007, the DOJ brought twice as many actions against individuals for FCPA violations as it had in each of the two previous years.

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If you have any questions concerning the foregoing or would like additional information, please contact Martin J. Weinstein (202-303-1122, mweinstein@willkie.com), Robert J. Meyer (202-303-1123, rmeyer@willkie.com), Jeffrey D. Clark (202-303-1139, jdclark@willkie.com), or the attorney with whom you regularly work.

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