



## TRACE COMPENDIUM

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# VANTAGE DRILLING INTERNATIONAL

## INDUSTRY

Extractive Industries/Mining/Oil & Gas

## CORPORATE HEADQUARTERS

Houston, Texas, United States

## SUMMARY OF ALLEGATIONS:

**Nationality of Foreign Officials:** Brazil

### Summary of Allegations:

TMT and Vantage co-owned a deep-water drilling ship named the Titanium Explorer and worked together to win a lucrative contract to lease the ship to Petrobras. In November 2008, after Vantage had allegedly been left off a final list of companies in the running for the contract, Hsin Chi Su, former director of Vantage and chief executive of TMT, and Hamylton Padilha, agent working on behalf of Vantage for the Petrobras contract, allegedly agreed to bribe key executives and politicians with USD 31 million sifted through a series of shell companies and bank accounts in Switzerland, Panama and Monaco. Mr. Su and Mr. Padilha allegedly paid such bribes to Jorge Zeleda, other ex-Petrobras officials, and Brazil's Democratic Movement party, which was part of President Dilma Rousseff's governing coalition. In January 2009, following the alleged bribe payments, Petrobras' board of directors approved the deal.

**Approximate Alleged Payments to Foreign Officials:** USD 31 million

**Business Advantage Allegedly Obtained:** Titanium Explorer contract which was expected to see revenues of USD 1.6 billion over the course of the 8 year deal.

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**Nationality of Foreign Officials:** Unspecified

### Summary of Allegations:

In early 2010, Vantage allegedly made improper payments to customs and immigration officials in Asia. Vantage's internal investigation on the matter concluded in 2011 with the company's determination that no disclosures were warranted.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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## ENFORCEMENT RESULTS

**Agencies:** Brazil: Ministry of Justice

**Results:** Criminal Fine, Plea Agreement

**Year Resolved:** 2015

**Compliance Monitor:**

**Ongoing:** No

Details:

On 6 August 2015, Brazilian prosecutors presented formal charges against Mr. Zelada and five others, including Mr. Su and Mr. Padilha, for corruption, tax evasion and money laundering associated with orchestrating a USD 31 million bribe to seal the Vantage contract with Petrobras.

On 11 August 2015, Mr. Padilha entered into a plea bargain agreement with the Brazilian Public Prosecution Office whereby he agreed to pay fines of USD 20 million to compensate Petrobras for graft. As part of the plea bargain, Mr. Padilha will be sentenced to a maximum eight years in prison, a sentence that may be changed to two to five years' house arrest, in exchange for his cooperation with the authorities in their investigation into the kickback scam involving Petrobras.

**Agencies:** United States: Department of Justice, United States: Securities and Exchange Commission

**Results:**

**Year Resolved:** 2017

**Compliance Monitor:**

**Ongoing:** No

Details:

4 August 2015 - Vantage disclosed in their SEC Form 10-Q that the company voluntarily contacted the U.S. Department of Justice ("DOJ") and U.S. Securities and Exchange Commission ("SEC") to advise them of the recent developments surrounding the Petrobras scandal.

13 May 2016 - In further cooperation with the authorities, Vantage disclosed in their SEC form 10-Q that the company advised both the DOJ and SEC that Vantage engaged outside counsel to investigate allegations of improper payments to customs and immigration officials in Asia in early 2010. Although Vantage's internal investigation had been concluded in 2011 with the company's determination that no disclosures were warranted, they decided to review the matter once again in light of the Petrobras scandal.

August 16, 2017 - Vantage announced that it had received a letter from the DOJ acknowledging Vantage's full cooperation in the DOJ's investigation concerning possible FCPA violations and indicating that the DOJ had closed its investigation without any action. The SEC investigation remains active.

9 May 2018 - According to Vantage Drilling's August 4th 10-Q SEC quarterly filing, it had reached "an agreement in principle," with the SEC to bring to a close the SEC's FCPA investigation of the company's Brazilian Titanium Explorer drillship deal.

19 November 2018 - Vantage settled with the SEC on its books and records offense related to its contracts with Petrobras, agreeing to disgorge \$5 million.

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## ENTITIES / INDIVIDUALS INVOLVED

Vantage Drilling Co ("Vantage")

Petroleo Brasileiro S.A. ("Petrobras") (Brazil's state-run oil company)

Jorge Zeleda (former head of Petrobras' international division from 2008 to 2012)

Taiwan Maritime Transportation ("TMT")

Hsin Chi Su (also known as "Nobu Su") (former director of Vantage & chief executive of Taiwanese shipping firm TMT)

Hamylton Padilha (agent for Vantage)

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## DETAILS OF HOW CONDUCT WAS DISCOVERED

**Discovery Method:** Discovered from separate investigation

**Details:**

Widespread investigation by Brazilian authorities into the Petrobras scandal led them to spot irregularities in the Titanium Explorer contract.

**Country:** Brazil

**Discovery Method:** Voluntary Disclosure

**Details:**

Vantage made voluntary disclosure to the SEC and DOJ.

**Country:**

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## RELATED DOCUMENTS

Reuters: "UPDATE 4-Brazil police arrest another former Petrobras exec in probe" (2 July 2015)

Press Release: "Vantage Drilling Responds to News Reports Regarding Petrobras" (Vantage Drilling Company) (2 July 2015)

Press Release: "Vantage Drilling Company Responds to Media Reports" (Vantage Drilling Company) (30 July 2015)

Vantage Drilling Company: Form 10-Q (4 August 2015)

Reuters: "UPDATE 1-Former Petrobras executive charged, said to favor Vantage Drilling" (6 August 2015)

Wall Street Journal: "Brazil Authorities Detail U.S. Link in Petrobras Case" (11 August 2015)

Empresa Brasil de Comunicacao: "Graft scheme indictee agrees to pay \$20m to compensate Petrobras" (11 August 2015)

Press Release: "Vantage Drilling Company Receives Notice of Drilling Contract Termination"(Vantage Drilling Company) (1 September 2015)

Vantage Drilling International: Form 10-Q (13 May 2016)

Wall Street Journal: "Petrobras Corruption Investigation Prompts Disclosure from Vantage" (16 May 2016)

Market Wired: Vantage Drilling International Announces Closing of FCPA Investigation by the DOJ (Aug. 16, 2017)

Compliance Week: "Vantage Drilling reaches 'agreement in principle' with SEC in FCPA case" (9 May 2018)

SEC: Cease-and-Desist Order (Vantage Drilling) (19 November 2018)

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